Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED

SECOND SUPPLEMENTARY APPLICATION RECORD

(returnable July 14, 2017)

VOLUME 1 OF 2

July 12, 2017

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Zaherali Visram

COURT FILE NO. CV-17-11811-00CL

Professional Court Reporters Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ZAHERALI VISRAM,

APPLICANT,

AND

2220277 ONTARIO INC.,

RESPONDENT,

CROSS-EXAMINATION OF
ZAHERALI VISRAM

WEDNESDAY, JUNE 14, 2017
10:00 A.M.

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ALSO APPEARING:
NAHEEL SULEMAN, MR., OBSERVER
EVAN KARRAS, MR., OBSERVER

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NOTE: The above-recorded indices are provided for ease of reference only and are not to be relied upon in any manner whatsoever by the parties hereto or any third party.

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CROSS-EXAMINATION OF ZAHERALI VISRAM

WEDNESDAY, JUNE 14, 2017

10:00 A.M.

ZAHERALI VISRAM, sworn,

EXAMINATION BY MR. SCHORR:

COURT REPORTER: My name is Athavan. I'm the court reporter with the firm of Professional Court Reporters who will be taking today's testimony in the matter of Visram versus the numbered company, 2220277 Ontario Inc. We're at the offices of Professional Court Reporters, 4950 Yonge Street, Suite 802, M2N 6K1. Today is the 14th day of June 2017 and the time is 10:00 a.m. The Court File No. is CV-17-11811-00CL. And now we will place the witness under oath. So Mr. Visram, I'm going to be placing you under oath. Did you want to swear on the bible or take a personal affirmation?

THE DEPONENT: Doesn't matter.

COURT REPORTER: You've got to pick one.

THE DEPONENT: How about I swear.

COURT REPORTER: So please -- please state your name for the record, sir.

THE DEPONENT: Zaherali Visram.

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COURT REPORTER: Do you solemnly swear that the evidence that you shall give in this examination shall be the truth, the whole truth and nothing but the truth so help you God?

THE DEPONENT: I do.

COURT REPORTER: We're now on the record and the time is 10:00 a.m. Counsel, you may proceed.

BY MR. SCHORR:

1. Q. Yes, Mr. Visram, I see that you've sworn on the bible. Are you Christian or Jewish?

A. No.

2. Q. As such, does this bible have any significance to you?

A. No, it's a religious book.

3. Q. Pardon?

A. It's a religious book and I swear on it.

4. Q. Do you feel that this book is binding on your conscience to tell the truth?

A. Correct, yes.

5. Q. You do?

A. Yes.

6. Q. All right. So I understand that long before you met my client, numbered company, which is Evan Karras, you were familiar with the Suleman family?

011

A. Not too -- not too much longer than when I met Evan Karras.

7. Q. Well, when did you first meet Mr. Suleman Senior?

A. Must be around 2007 or 2008.

8. Q. Could you speak up, please?

A. 2007 or 2008. I don't remember exactly.

9. Q. Right. And you didn't meet Mr. Karras until at least sometime late in 2011, correct?

A. Correct.

10. Q. All right. And how was it that you came to know Mr. Suleman Senior?

A. Because we belong to the same community. And I ---

11. Q. Pardon me?

A. We belong to the same community and I had a few dealings with him.

12. Q. And what community is that, sir?

A. It's my community Aga Khan.

13. Q. Sorry?

A. The Aga Khan Community.

14. Q. And did any of those dealings involve the lending of money?

A. Yes.

15. Q. And when did you commence lending money to

members of the Suleman family or their companies?

A. Oh, I don't remember exactly.

16. Q. And I see that in connection with the matters in question in these proceedings there's a considerable amount of documentation. I'm assuming that you would have documented whatever transactions you had with the Sulemans?

A. I would imagine so.

17. Q. All right. And when -- before you came here to be examined you received, through your counsel, a notice of examination?

A. Yes.

18. Q. All right. And in the notice of examination it required you to bring any relevant documents with you. But without limiting the generality of that it sets out specific documentation. Did you go through that?

A. Yes.

19. Q. That list? Good. All right. So we're going to move forward a little bit and then probably go back. In your affidavit that you swore on May 15th, 2017 you say that you were introduced to Mr. Karras in 2011 by Naheel Suleman who you had known for a few years. Naheel is the son? Is that correct?

A. Son of whom?

20. Q. Of the -- the Naheel who was a member of your community. The older gentleman. Well ---

A. Oh, do you -- what are you asking?

MR. RAPPOS: What is the father's name, Counsel?

MR. SCHORR: Father's name? All right.

MR. RAPPOS: You're asking him ---

BY MR. SCHORR:

21. Q. Yeah. Do you know who the father's name is?

A. Musa Suleman.

22. Q. Pardon?

A. Musa Suleman.

23. Q. Yes. All right. Well, isn't he the first one that you first met ---

A. Yeah.

24. Q. --- in the family?

A. Musa Suleman, yes.

25. Q. Right. And then through him you met the son?

A. Correct.

26. Q. All right. And did you meet them about the same time?

A. Yes.

27. Q. Okay. And the son was active in a home

building business?

A. Correct.

28. Q. And did you have experience in lending money to builders?

A. Yes.

29. Q. All right. Previously you'd loaned some money on a hotel called Templer.

MR. RAPPOS: How is that relevant, Counsel, to issues?

MR. SCHORR: To establish the -- the experience and Templer was a hotel. That he had experience in loaning money ---

THE DEPONENT: No, I did not loan any money ---

MR. SCHORR: --- with hotels.

THE DEPONENT: --- to Templer.

BY MR. SCHORR:

30. Q. You didn't loan any money to Templer?

A. No.

31. Q. I see. All right. And you say in paragraph 16 of your May 15th, 2017 affidavit that Karras was looking for bridge financing for the property as he needed temporary funds to revitalize the heritage building and convert it into a boutique hotel while he continued to search out longer term construction

financing. So stopping there, your involvement with Mr. Karras was in connection with his request for funding to convert this building into a boutique hotel. Is that correct?

A. Correct.

32. Q. All right. Mr. Karras didn't come to you and say, "Mr. Visram, I'd like you to loan me money so that I can give it to the Sulemans to pay off their debts to you." Agreed?

MR. RAPPOS: Counsel, I think the affidavit says what it says.

MR. SCHORR: I know what it says but I have the right to ask this witness that question.

MR. RAPPOS: He has stated in the -- in his affidavit what Mr. Karras came to him.

MR. SCHORR: That's right.

MR. RAPPOS: So why are you asking what Karras did not come to him?

MR. SCHORR: Because that's what it turns out occurred.

MR. RAPPOS: And that ---

MR. SCHORR: That this wasn't a loan to Karras at all. But we'll get to that.

MR. RAPPOS: And we will get to that.

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MR. SCHORR: Yes. All right.

BY MR. SCHORR:

33. Q. You talk about this being a heritage building. Where did you get this information?

A. I was under the impression -- I -- I think it got it from Karras.

34. Q. I see.

A. I wouldn't know otherwise.

35. Q. So it's information you got.

A. That's right.

36. Q. It's not something you know from your personal knowledge, nor did any person knowledgeable in municipal affairs advise you of this.

A. No.

37. Q. All right. And in connection with Mr. Karras' request for money he had a detailed budget, did he not?

A. I don't know about it.

38. Q. Let me show you an email from Mr. Karras to Naheel. "Attached is the mortgage statement I had obtained earlier this month confirming that the Bay Street mortgage is up to date in good standing as provided for the commitment from Zaher." And then Mr. Naheel Suleman's answer, "Need the budget. Zaher is coming in by 1:00 p.m." Now, you may not have seen

those emails. I suspect you didn't because ---

A. No.

39. Q. --- you're not copied on them but I'm advised by Naheel that you did meet with them that day and that you got the budget.

A. I don't remember.

40. Q. You don't remember? Have you searched your records to see whether or not you could find this budget?

A. Yes.

41. Q. All right. And you couldn't find it?

A. I couldn't find it.

42. Q. Are we agreed that as Mr. Karras says in his affidavit, "The budget was approximately $1 million"?

MR. RAPPOS: Sir, I think he said that he didn't see a budget. So ---

MR. SCHORR: But the amount of money that Karras was asking for, that he said he needed to do this conversion was about $1 million. Agreed?

THE DEPONENT: I wouldn't know it.

BY MR. SCHORR:

43. Q. Pardon?

A. If I haven't seen the budget how would I know it?

44. Q. Well, he would have told you how much he

wanted.

A. He wanted a million. He -- him and Naheel, we met downtown asking for this money once we had a meeting. And they said they want $1 million or $1.2 million. This is what we did. They determined that they would need $1.2 million which I agreed to.

45. Q. Okay. So you say in paragraph 17, "I was informed by Naheel that he was Karras' partner with respect to the property and a shareholder in the company and that he had or would be investing his own funds in this project." What did Mr. Karras tell you?

A. That he is a partner.

46. Q. All right. And did he tell you in what percentage?

A. No.

47. Q. Did he show you the agreement?

A. No.

48. Q. Did he tell you that, regrettably, the Suleman family were in breach of the agreement?

A. Not at that time.

49. Q. Okay. Did you learn that later?

A. Later on. Much later.

50. Q. Much later. So you say in paragraph 18 that you agree to loan 1.2 million to the debtor. And the debtor is the numbered company?

A. Correct.

51. Q. And you attach as Exhibit 5 a mortgage loan commitment agreement that, at page 53 of your record, appears to have been signed by you as a commitment and accepted by the debtor and the guarantors named in that agreement -- in that commitment, correct?

A. Correct.

52. Q. All right. And the first opening words are, "I am pleased to confirm the approval of your application for second mortgage loan on 650 Bay Street, being a proposed hotel building." Correct?

A. Yes.

53. Q. So the purpose of this loan was to provide the funding for the numbered company to convert this building into a hotel. Are we agreed on that?

A. Yes.

54. Q. And you were proposing a three month term?

A. Correct.

55. Q. Did you think that the hotel could be completed in three months?

A. They wanted it for three months.

56. Q. They only wanted it for three months?

A. Correct.

57. Q. I see. And then in paragraph 7 it says,

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"Funds shall be advanced in two draws. The first advance", and I think if it opposed the words it should be "shall not" rather than "not shall", "...exceed the sum of $200,000. There shall be a construction lien holdback of 50,000 which shall be held back from the second advance." So the first advance was to be 200,000, correct?

A. Not more than 200,000.

58. Q. Right. And then in 8, "The funds advanced pursuant to the mortgage shall be placed in a separate bank account solely in name and under the control of Hush Homes Inc." Is that something you wanted?

A. No, they wanted it that way.

59. Q. But this is your commitment.

A. Yes, but that's -- this is a -- the arrangement we had. They -- they told me that Hush Homes is going to be the construction contractor.

60. Q. Yes.

A. And the funds should be controlled by them.

61. Q. I see. All right. Well, then it says, "400,000 of the funds advanced shall be used to pay down the mortgage from 2173252 Ontario Inc." Who is that?

A. It's one of the Hush Companies. Hush's companies. Hush Homes.

62. Q. Can you tell me how paying down a mortgage from some third party is going to provide funding to convert this building into a hotel?

MR. RAPPOS: Don't answer that. We refuse the --answer the question.

MR. SCHORR: I see.

(Whereupon REFUSAL NO. 1: To advise how paying down a mortgage from a third party is going to provide funding to convert building into a hotel.)

BY MR. SCHORR:

63. Q. And it goes on to say, "The balance of the mortgage funds shall be used solely for the purpose of completing construction and other related costs respect to the property." So tell me about this mortgage to 2173252. Where is this mortgage, on what property? What documentation ---

MR. RAPPOS: Counsel, how is ---

MR. SCHORR: --- is there?

MR. RAPPOS: How is that relevant?

MR. SCHORR: It's extremely relevant.

MR. RAPPOS: How so?

MR. SCHORR: What if there's no money owed on the mortgage?

MR. RAPPOS: That was an arrangement

between my client and your client.

MR. SCHORR: You know ---

MR. RAPPOS: So it was -- it was to your client. If your client agreed that funds are to be advanced or to be repaid to this numbered company, effectively your client guaranteed that loan, and that was -- that was the commercial bargain that was agreed to by the parties.

MR. SCHORR: Counsel, I realize that's your position. You'll argue that position in court. I understand your whole case is based upon the fact that experienced business people entered into agreements. I accept that. But I have the right to cross-examine to show that this was an unconscionable transaction throughout.

MR. RAPPOS: And we have the right to ---

MR. SCHORR: And illegal.

MR. RAPPOS: And we have the right to -- to refuse questions that are -- that we deem are not relevant.

MR. SCHORR: And you don't think that's relevant?

MR. RAPPOS: And we do not believe that's relevant.

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MR. SCHORR: I see. All right. So you're not going to produce any evidence of your lending activities with 2173252 Ontario?

MR. RAPPOS: Correct.

MR. SCHORR: Is that right?

MR. RAPPOS: Correct.

MR. SCHORR: Okay.

(Whereupon REFUSAL NO. 2: To produce any evidence of lending activities with 2173252 Ontario.)

BY MR. SCHORR:

64. Q. And then there's a lender's fee of $48,000. Is that correct?

A. Correct.

65. Q. Then there's a reference in page 51 ---

MR. RAPPOS: So page 4 of the record?

MR. SCHORR: Yes.

MR. RAPPOS: Okay.

BY MR. SCHORR:

66. Q. To an appraiser. Do you have that appraisal?

A. We have that appraisal?

MR. RAPPOS: Do you have the appraisal?

THE DEPONENT: This appraisal was

from place on internet.

BY MR. SCHORR:

67. Q. Stry Appraisals dated December 19th of '11.

A. I don't -- I don't know.

68. Q. You don't know?

A. I don't know.

69. Q. Do you recall whether such an appraisal was provided to you?

A. No, I don't remember.

MR. RAPPOS: Counsel, if you'd like we can undertake to Mr. Visram to review his records to see if he has a copy of that appraisal if that's what you're asking for.

MR. SCHORR: Yes.

MR. RAPPOS: Yeah, we'll undertake to do that.

(Whereupon UNDERTAKING NO. 1: To review Mr. Visram's records for a copy of appraisal.)

MR. SCHORR: Because you see at tab E of the respondent's record there is an appraisal that was done at the Royal Bank dated May 15th of '12. It makes no reference to the prior appraisal so I'm assuming that that appraisal was not the basis upon which you made this loan, the appraisal at tab E?

MR. RAPPOS: Sorry, Ali, he is

asking -- sorry, to assist, Counsel, sorry, at tab E of his record he produces a copy of an appraisal prepared for Royal Bank of Canada dated May 15th, 2012. He's asked to confirm that you didn't rely on that appraisal in making your loan from January 2012, three months before this appraisal -- or, sorry, four or five months before the appraisal. That's the question he's asking you.

THE DEPONENT: So the appraisal was dated May 15th, right?

BY MR. SCHORR:

70. Q. Yeah.

A. And -- and then this -- this was signed January. So I couldn't have seen this ---

71. Q. Is that -- is that ---

A. Yes.

72. Q. So you're going to search your records to see if you can find that Stry appraisal?

MR. RAPPOS: Correct, we've given that ---

MR. SCHORR: Yes.

MR. RAPPOS: --- undertaking.

MR. SCHORR: Yes, thanks.

BY MR. SCHORR:

73. Q. And then item 2 on page 51 is, "Receipt and

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satisfactory proof property is zoned and approved for the operation of a hotel." Did you get that?

A. No.

74. Q. And then you ask for a mortgage statement from the first mortgagee confirming that the first mortgagee is in good standing with a principal balance outstanding of not more than 2.5 million. Did you get that?

A. Do we have it with the lawyers?

MR. RAPPOS: Counsel, we can undertake to review Mr. Visram's document to see if he received that mortgage statement.

MR. SCHORR: Yes. Because, again, I refer you to the email from Mr. Karras to Naheel on January 23rd. "Attached is the mortgage statement I obtained earlier this month confirming Bay Street mortgage is up to date and in good standing as provided for in the commitment from Zaher." And that you were coming into his office at one o'clock and he needed the -- the budget to give to you. And presumably Mr. Suleman also provided you with the mortgage statement.

MR. RAPPOS: Yeah, we'll undertake to ---

BY MR. SCHORR:

75. Q. Do you recall that?

A. I don't remember.

76. Q. You don't remember. Okay. But you're going to look for it?

A. Yes.

MR. RAPPOS: Correct.

MR. SCHORR: Thank you.

(Whereupon UNDERTAKING NO. 2: To look for the mortgage statement from the first mortgage.)

BY MR. SCHORR:

77. Q. You and the guarantee -- guarantor warrant that neither you, your guarantor or property manager are experiencing financial difficulties or are parties to any special financial arrangement to solve such difficulties. Did you get that?

MR. RAPPOS: Sorry, Counsel, that's -- that's a warranty. What -- what are you -- what are you asking that he -- what does he get?

MR. SCHORR: He didn't get any further documentation?

BY MR. SCHORR:

78. Q. Well, this mortgage that was outstanding with 2173252 Ontario Inc., was it outstanding?

A. What's that? The first of ---

79. Q. The $400,000 funds that were advanced to pay

down ---

A. It wasn't a mortgage.

80. Q. --- this mortgage.

A. It was a loan.

81. Q. Well, if it says, "Pay down the mortgage" --
-

A. No, it was a ---

82. Q. --- "from two-one" -- so it was an unsecured loan?

A. Correct.

83. Q. I see. And was that loan in default?

MR. RAPPOS: Sorry. What loan are you referring to?

MR. SCHORR: At page 49 ---

MR. RAPPOS: Yes.

MR. SCHORR: --- at paragraph 8. The $400,000 loan, which he describes it as a loan as opposed to a mortgage, to 21732 ---

MR. RAPPOS: Yes.

MR. SCHORR: --- 652, was that in arrears or in default?

THE DEPONENT: No, it wasn't.

MR. SCHORR: It was not. Why did you want it paid down?

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MR. RAPPOS: Counsel, well -- well, my client just answered that question. I -- I've indicated that we're not -- we were, one, refusing questions with respect to two-one. And also, this is a warranty provided by your client ---

THE DEPONENT: Yeah.

MR. RAPPOS: --- and Mr. Suleman. This is not -- this is their warranty and their representation. So whether or not they gave a false representation on a document is -- is their issue.

MR. SCHORR:

84. Q. Well, you were the lender to the Suleman family. This wasn't your only loan, the loan to 217, was it? You had lots of loans.

A. Not to this company. I -- I think that ---

85. Q. Pardon me?

A. Not to this company. This was the only loan to that company I have.

86. Q. Yes, but to the Suleman family and their various companies you had quite a few different loans. Are we agreed on that?

MR. RAPPOS: You can confirm that --

-

THE DEPONENT: Yes.

MR. RAPPOS: --- that's true.

THE DEPONENT: Yes.

MR. SCHORR: All right. And were they all up to date and in good standing at the time when you gave this commitment?

MR. RAPPOS: That's not relevant.

(Whereupon REFUSAL NO. 3: To advise if all of the loans were up to date and in good standing at the time the commitment was made.)

MR. SCHORR:

87. Q. And did you have any concerns about the financial viability of the Suleman family and their companies at the time when you made this commitment to Mr. Karras' numbered company?

MR. RAPPOS: Sorry, how is that relevant with what his risk profile was in -- in granting a loan to these parties? The loan was granted. If he made a credit decision, that's how he made a credit decision. How is it relevant to the issues?

MR. SCHORR: It all raise the rights to the fact that $400,000 as a minimum, didn't go to my clients to convert their building into a -- into a hotel. And I'm trying to find out why.

MR. RAPPOS: And we said that that's the part of the arrangement that the parties went

into.

MR. SCHORR: You said that my client signed something agreeing to that. I understand that.

MR. RAPPOS: Yes.

MR. SCHORR: But I'm getting behind that and I have the right to do that ---

MR. RAPPOS: Yeah.

MR. SCHORR: --- to find out the facts.

MR. RAPPOS: Yes. And you have ---

MR. SCHORR: Okay. The facts are --

-

MR. RAPPOS: --- the right to find out relevant facts.

MR. SCHORR: Yeah. And I want to know why.

MR. RAPPOS: Why what?

MR. SCHORR: He -- he stipulated that this $400,000 should be -- turns out to be not a mortgage loan but a personal loan of some kind, why he stipulated it had to be paid.

MR. RAPPOS: He said, and you can ask him again if you'd like, that this was not his stipulation. This was ---

MR. SCHORR: It was his commitment,

Counsel.

MR. RAPPOS: Counsel, commitment letters are negotiated by parties.

MR. SCHORR: They're not negotiated.

MR. RAPPOS: Excuse me, they're not negotiated.

MR. SCHORR: Commitment letter is given ---

MR. RAPPOS: In your 50 years of practice ---

MR. SCHORR: --- and signed ---

MR. RAPPOS: --- you have never seen commitment letters negotiated?

MR. SCHORR: Well, this was his original commitment. This is not a negotiated commitment. You give your commitment and then you make changes and they get initialled just like they were here.

MR. RAPPOS: That's not my experience in that parties discuss a potential offer before a commitment letter is even drafted. You may not practice in financial lending in your ---

MR. SCHORR: Well, in any event ---

MR. RAPPOS: --- 50 years.

MR. SCHORR: --- I put it to you

that it was your stipulation that -- and it was at the last minute that unless Mr. Karras agreed that $400,000 would be paid on this loan, of which he has no knowledge and he won't tell us anything about it, that he wasn't going to get the million-two.

THE DEPONENT: It wasn't at the last minute. This was agreed upon when all the other terms were agreed upon.

MR. SCHORR: I see. Well -- but you're not going to tell us anything about this loan.

MR. RAPPOS: That's within your client's knowledge to find out. He has Mr. Suleman sitting in here in the boardroom who is the principal of that company. And I am going to subpoena Mr. Suleman and he will give testimony here ---

MR. SCHORR: Good.

MR. RAPPOS: --- as well because you haven't put forward his evidence in an affidavit to put your best foot forward. So, clearly, if it's necessary we will subpoena Mr. Suleman and get his evidence ---

MR. SCHORR: Well, this is not ---

MR. RAPPOS: --- as well.

MR. SCHORR: --- a Rule 20 motion. You brought a motion for a -- a receiver; we'll put in

whatever evidence we think is appropriate. But, of course, you want to call more evidence, you call evidence.

MR. RAPPOS: Sure.

MR. SCHORR: You want to have an oral hearing we can have an oral hearing too. That's fine. Let's just get on with this.

MR. RAPPOS: Please.

MR. SCHORR: All right.

BY MR. SCHORR:

88. Q. In -- there's a paragraph here, 11, at page 51 about satisfactory inspection. You did inspect the property?

A. I did see it.

89. Q. And you were satisfied?

A. Yeah.

90. Q. And then, "Satisfactory view of the agreement of purchase and sale pursuant to which the borrower will acquire the property." You got that?

A. Yes.

91. Q. "Satisfactory view of discussion paper for financing being arranged by the borrower through RBC to take out the within mortgage." Did you see that?

A. I don't remember if I got to see it, I don't remember.

92. Q. Because there was a take out commitment from the Royal Bank, wasn't there?

A. I think so.

93. Q. Yeah.

A. Didn't really talk about it too much.

94. Q. Yes, there was. And, in fact, the appraisal, which I showed you at tab E of the respondent's record, is the appraisal that was done for the Royal Bank.

A. But this one's done afterwards.

95. Q. Yeah. But you never saw that?

A. I don't remember.

96. Q. Don't remember. So within a few months of you signing this commitment, did you not become aware of the fact that the Royal Bank had appraised the property at almost $14 million at that point?

MR. RAPPOS: Sorry, the Royal Bank appraised the property? Or the appraiser appraised the property?

MR. SCHORR: The appraiser. I'm sorry, the Royal Bank's appraiser appraised the property at almost $14 million.

MR. RAPPOS: Did you know that at the time?

THE DEPONENT: I don't remember --

but I don't really ---

BY MR. SCHORR:

97. Q. You don't ---

A. --- remember.

98. Q. --- remember.

A. I was told by Naheel that it's -- verbally, he did tell me that it's appraised for $14 million. But I don't remember having seen the -- the appraisal itself. Excuse me. Can we go off the record for a minute? Excuse me a second. Can we go off the record for a minute?

MR. RAPPOS: Yes.

COURT REPORTER: We're now off the record.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

COURT REPORTER: We're now back on the record and the time is 10:27 a.m. Counsel, you may proceed.

ZAHERALI VISRAM, resumed,

CONTINUED EXAMINATION BY MR. SCHORR:

99. Q. So at tab 6 of your record, we see at page 55 a mortgage that's registered on March the 6th of 2012. And that's the first registration in connection

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with this second mortgage for $1.2 million. Is that correct?

A. Okay.

100. Q. And it shows that the first payment was due February 18th of '12.

A. Correct.

101. Q. And the last payment is due ---

A. No, no, it wasn't a payment. It's the interest adjustment date.

102. Q. The interest adjustment date is January 18th of '12. The first payment date is February 18th of '12.

A. Correct.

103. Q. And the last payment date is April 18th of '12.

A. Correct.

104. Q. Some 41 days later, right?

A. Not 41. It's three months from the date of the adjustment date. From January to April.

105. Q. All right. That's your interpretation.

A. According to the commitment.

106. Q. And if we go to page 57 it says, "Funds shall be advanced in two draws."

A. Page 57.

107. Q. Under "Advances." "The first advance shall

not exceed the sum of $200,000. In the event that any amount of monies are claimed in priority of this charge pursuant to Construction Lien Act and amendments thereto same may be added to the principal amount outstanding. Prior to each advance chargor will provide the chargee solicitor a statutory declaration confirming that all trades have been paid to date or will be paid to date from the advances for the work completed to date and a request to advance. All advances to be used for the construction of the structure and the property. No funds are to be used for any other project or property." Have I read that correctly? Yes?

A. Which paragraph?

MR. RAPPOS: Sorry, he's referring to the last paragraph there.

MR. SCHORR: Yeah.

THE DEPONENT: Okay.

MR. RAPPOS: Counsel, I believe you -- you've read what -- what the document says.

MR. SCHORR: All right.

BY MR. SCHORR:

108. Q. And so we'll get to your advances in a moment. But prior to any advance that you made, did you get a solicitor statutory declaration?

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A. No.

109. Q. Did you ask for one?

A. No.

110. Q. And I see that at tab 2 of your motion record you set out the -- the parcel register for this property including all of the -- sorry, just the parcel register. On that parcel register I'm -- I don't see any liens of any kind. Do you have any partial -- any parcel registers in which there may be deleted items that show any liens?

MR. RAPPOS: Sorry, Counsel, this -- so this is a parcel register obtained by my firm as of May 3rd, 2017.

MR. SCHORR: Right.

MR. RAPPOS: So you're asking whether or not he has any -- any parcel registers prior to that, that would show deleted liens?

MR. SCHORR: I -- I've got to be fair to the witness. As I understand it you can get two kinds of parcel registers. You can get a parcel register that shows ---

MR. RAPPOS: With or without the lead instruments. Yeah.

MR. SCHORR: No, no. You -- you can get a parcel register that shows all outstanding

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matters. You can also get a parcel register that shows all outstanding matters and any deleted items.

MR. RAPPOS: Correct.

MR. SCHORR: This one does not appear to show any deleted items. So I want to be fair to the witness.

BY MR. SCHORR:

111. Q. Do you have any parcel registers that show at any time that there was a registered construction lien on the property?

A. I don't have that.

112. Q. Okay. Did you, sir, as a mortgagee ever receive a notice of lien on this property?

A. No.

113. Q. Did you ---

A. Except -- except -- not a lien. I required a survey to -- can't remember the first mortgagee took ---

MR. SCHORR: Well ---

MR. RAPPOS: He's referring to the receiver's application by the first mortgagee. But that's not -- he's asking about a construction lien brought by -- registered -- a notice from a lien -- of a -- registering a lien. Do you recall ever receiving a notice from a -- a lien claimant that a lien had

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been registered?

THE DEPONENT: I don't remember. I don't remember.

BY MR. SCHORR:

114. Q. Did you ever receive a statement of claim in a lien action in which some claim is made to put priority over your mortgage?

A. No, I don't remember.

115. Q. So then if we go to page ---

A. Excuse me.

MR. RAPPOS: Sorry, he's reviewing the documents he has with him. I can show you the notices. This is -- there's one from the bailiff's -- -

THE DEPONENT: For the taxes.

MR. RAPPOS: --- for the City of Toronto taxes. That's not what you asked for.

MR. SCHORR: We will get to it.

MR. RAPPOS: There is -- sorry, Counsel, there -- there ---

THE DEPONENT: I didn't get that.

MR. RAPPOS: You didn't get that. How do you have this then?

THE DEPONENT: Evan provide it to me.

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MR. RAPPOS: Okay. Because he -- Counsel, he does have in his records a copy of a letter dated January 29th, 2013. It's a without prejudice letter that's directed to your client from the law firm of Acaplis Grow (ph) with respect to a claim for a lien where it -- the plaintiff appears to be JSL Contract Hardware Incorporated; the defendant appears to be the numbered company, your client. And it refers to a potential settlement between those parties. He has -- he has a copy of a letter.

THE DEPONENT: All these documents were provided to me by Evan. Not by -- directly by these people.

MR. RAPPOS: Sorry. Just clear on the record. He's -- I -- I can show you the copy of the letter I have. It's -- I don't believe it's the full letter.

THE DEPONENT: This one. And this -- this is a -- this is the letter. This is a letter here.

MR. RAPPOS: Sorry, client, and I can say that Mr. -- Mr. Visram does have a letter, and I'll show it to you, dated January 16, 2013 directed to him from that same firm Acaplis Grow with respect to that -- that same matter indicating that a lien was

registered on January 16th, 2013, and a copy of the lien here is attached. And they made requests under sections 39 of the Construction Lien Act. So I can produce that to you.

MR. SCHORR: Yes, thank you. Why don't we just have this bundle, this is, of course, a year later, this is in January of '13 but nonetheless it's -- it's relevant to the questions I ask and it relates to a -- a lien claim for $29,835.51. We'll have that marked as Exhibit 1 on this cross-examination.

(Whereupon EXHIBIT NO. 1 : Bundle with lien dated January 16, 2013.)

BY MR. SCHORR:

116. Q. So going back to page 61, you'll see under the heading, "Construction Liens Charge -- Chargee" --

-

A. Sorry -- sorry, there. So 61.

MR. RAPPOS: Yeah, you can just ---

BY MR. SCHORR:

117. Q. --- "...may at its option withhold from any advances for which the chargor may -- may qualify such amounts as the chargee in its sole direction, considers advisable to ensure priority of all advances over all liens arising under construction lien

legislation until such time as the chargee is fully satisfied that all lien periods have expired and there are no preserved or perfected liens outstanding." So did you -- did you ask for, and were you provided, on an ongoing basis with details of work that was done, who the suppliers of the work were and the dates of their contract and last date worked and matters of that kind?

A. I was assured by Evan, verbally, that Hush is doing the construction. And -- and that work is ongoing.

118. Q. No, I'm not referring to that. Were you aware, apart from the -- the documents that as a mortgagee you had a potential liability for up to 10 per cent of the mortgage amount in the event that the owner didn't make sufficient holdbacks under the Construction Lien Act? Were you aware of that?

A. Well, there was 100,000 holdback according to the mortgage.

119. Q. We'll get to that.

A. Yeah.

120. Q. So you are aware of that.

A. Yeah, aware of what?

121. Q. That there is potential liability for a mortgagee in the event that the owner doesn't comply

with the holdback provisions under the Construction Lien Act.

A. Yes.

122. Q. All right. So next I'm going to take you to tab 7 and, regrettably, it's not all that legible. You may have a more legible copy. But this appears to be dated in March of 2012. And it appears to be a redirection of funds concerning this $1.2 million mortgage. Have I got that correct?

A. Yes.

123. Q. Yeah. So was there an original direction of which this is revised? See, it seemed to refer to three things. An original direction, a redirection and a revised redirection. So my question is do you have any of the other documents other than this revised redirection for funds?

A. I don't remember.

124. Q. Okay. In any event, this shows that the loan amount was a million-two, that's correct?

A. Correct.

125. Q. Lender's fee of $48,000.

A. Correct.

126. Q. It shows that advance was already made directly by lender to borrower of $330,000.

A. Correct.

127. Q. I've read that correctly?

A. Yes.

128. Q. Okay. So how did you make this advance directly to the borrower?

A. By cheques.

129. Q. Where are the cheques?

MR. RAPPOS: Do you still have copies?

BY MR. SCHORR:

130. Q. I can assure you my client didn't receive any cheques so that's why I'm asking you.

A. Whether your -- it -- it could be either your client or Hush according to the commitment.

131. Q. Right.

A. Hush, either your client or the numbered company for Hush received these funds. And it's -- and -- and it's been acknowledged by Evan Karras that they did receive the funds.

132. Q. This says that the advances already be made directly by the lender to the borrower. That's what I'm addressing my attention to. Do you have any cheques to 2220277 Ontario Inc. totalling $330,000?

A. As I say, it could be to the numbered company or Hush. And that is in accordance with the commitment letter.

133. Q. Would you answer my question?

A. I've answered it.

134. Q. My question is do you have any cheques payable to 2220277 Ontario Inc. concerning this $1.2 million mortgage and totalling $330,000?

MR. RAPPOS: Counsel, sorry, your client -- we -- we produced the acknowledge where your client confirms that 222 received it.

MR. SCHORR: We'll get to that.

MR. RAPPOS: Right. So then what's the point ---

MR. SCHORR: My question is ---

MR. RAPPOS: --- if -- if your client has acknowledged that it received it? You have that evidence.

MR. SCHORR: That doesn't mean that they got it. Just because they signed for it. I'm talking factually. You can't always hide behind documents. Let's get to the facts.

MR. RAPPOS: The facts are the documents were signed.

MR. SCHORR: The document was signed but -- but we have no proof that there was any money ever paid.

MR. RAPPOS: So you're asking --

sorry, you're asking for -- you're saying you want production of -- of whether or not there's any cheques when -- when there's a reference on page 74 of the -- of the application record?

MR. SCHORR: Yeah, to the 330.

MR. RAPPOS: Events ---

MR. SCHORR: And in the event that there aren't, but that 330 consisted of monies paid to Hush or any of the Hush companies, produce those cheques.

MR. RAPPOS: We will -- we will undertake to review, with Mr. Visram, his records and to the extent that the cheques -- there are cheques available with respect that he has in his records of the $330,000 advance, we'll -- we'll produce them.

MR. SCHORR: Thank you.

(Whereupon UNDERTAKING NO. 3: To review Mr. Visram's records and produce any cheques available with respect to the $330,000 advance.)

BY MR. SCHORR:

135. Q. So then we next have construction lien holdback 50,000. Is that correct?

A. Correct.

136. Q. All right. And that's just an arbitrary number because there wasn't any lien.

A. Correct.

137. Q. And did you ever return that $50,000?

A. Yes.

138. Q. You're going to be able to show me where and how?

A. Yes, it was paid to Hush.

139. Q. Pardon?

A. It was paid to Hush.

140. Q. When?

A. I don't remember when.

141. Q. Well, produce the cheque.

MR. RAPPOS: I believe -- sorry, just -- just at -- I believe Mr. Visram, in his supplementary affidavit has indicated that, in paragraph 13, that the advances of 50,000 and 80,000 were made on February 9th and February 27th of 2012. So we will undertake -- that's part of the same undertaking to review his records to find the cheques.

MR. SCHORR: Good.

MR. SCHORR:

142. Q. And then we have the next item, $400,000 pay down of mortgage to 21773 whatever that number is; we've talked about that before. And so how was that done? Was there a -- a cheque issued to Hush and then Hush issued a cheque to you for 400? Is that what

happened?

A. Why would Hush ---

143. Q. I don't know.

A. --- issue me ---

144. Q. You tell me how you got this ---

A. --- to -- how are you by ---

145. Q. --- four ---

A. --- asking a question, how can, if Hush paid me back why would I be detracting from here?

146. Q. Because you said that all of the monies were to be given to Hush, all of the monies under the 1.2 million.

A. Yes.

147. Q. Right. So -- and then there's a direction that out of that 1.2 million, 400,000 is to be paid to you to pay down this loan.

A. Correct.

148. Q. Okay. So that's -- I'm trying to get to the mechanics. How was this done?

MR. RAPPOS: Do you recall?

THE DEPONENT: I gave a cheque to this numbered company, or to Hush and -- and from the mortgage proceeds of that ---

MR. SCHORR: Yes.

THE DEPONENT: --- the -- the --

Evan and Hush did -- agreed that -- they had 400,000 that I had advanced to the numbered company would be paid back to me from the proceeds of this mortgage.

BY MR. SCHORR:

149. Q. And was it paid?

A. It shows it was paid. It shows it's been deducted. It wasn't paid physically.

150. Q. That's what I asked.

A. It's been deducted.

151. Q. All right. So physically it wasn't paid?

A. No.

152. Q. You just withheld it from the million-two advance?

A. Correct.

153. Q. Okay. And you applied it to whatever ledger or account you had with this numbered company?

A. Correct.

154. Q. And then we have another $200,000. That was to buyout my client's, Mr. Karras' partner, correct?

A. Correct.

155. Q. Now, how was that handled?

A. By the lawyer. The lawyer paid it directly I think.

156. Q. Your lawyer?

A. My lawyer.

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157. Q. Okay. And then we have Hush Homes Inc. gets another $45,000. What's that for?

A. These are the -- this is the balance of the proceeds -- of the one -- $1.2 million and paid to Hush.

158. Q. No, it isn't because the total paid out was 1,078,000.

A. If you see the next page, that gives you the $122,000.

159. Q. But I'm talking about this 45,000. Why was that paid?

A. That's the balance of the mortgage.

160. Q. I see. All right. So we get to page 75 and this relates to redirection for funds re. final advance dated the same day as the previous one, 29th March '12.

MR. RAPPOS: Sorry, 27th?

MR. SCHORR: 27th. Yes, 27th, thank you.

BY MR. SCHORR:

161. Q. It says, "Received from lender 122." And are the numbered items they're after the breakdown of the 122?

A. What's your question?

MR. RAPPOS: Sorry, he's asking ---

MR. SCHORR: These numbered items, is that the breakdown?

THE DEPONENT: Yes, it is.

MR. SCHORR: All right. So there's some legals. And then lender interest adjustment from January to March, 24,000. And then Hush Homes gets another -- what's this, $86,000?

MR. RAPPOS: Yeah, I can't make out the number exactly but it's 86 and 325 maybe. The copy's not great. That's what the document says.

THE DEPONENT: Yeah.

MR. SCHORR: And so then we have a -- at page 79 we have an -- an amending agreement and an extending charger mortgage dated 26 July of '12.

MR. RAPPOS: He has it in front of him, Counsel.

MR. SCHORR: Yeah, thank you.

BY MR. SCHORR:

162. Q. It starts at page 79. And so this is an increase from the 1.2 to 1.9. Now, let's just stop at this point. As of this point you've advanced $1,200,000, correct?

A. Correct.

163. Q. Apart from signed documents by Mr. Karras you didn't give him one cent, agreed?

MR. RAPPOS: Don't answer that. The documents speak for themselves.

MR. SCHORR: I see.

(Whereupon REFUSAL NO. 4: To advise whether Mr. Visram gave Mr. Karras one cent.)

BY MR. SCHORR:

164. Q. And didn't Mr. Karras say, "Hey, you loaned a million-two. I didn't get a cent and I have all this construction to do"? Isn't that what he said to you?

A. No, he didn't say that.

165. Q. Well, why did he say he needed more money?

A. I don't remember why he said. He wanted more money and I agreed to pay him -- to give him -- to loan it.

166. Q. Well, you knew all he needed was $1 million to complete the hotel; you loaned a million-two. Why is he coming to you for more money?

A. Well, if he wants more money I have no objection to loan him more money.

167. Q. Well, wouldn't you have asked, "Why do you need the money?"

A. He said he couldn't finish the construction and he wanted more money.

168. Q. All right. So he needed it to finish the

construction?

A. Correct.

169. Q. He told you that?

A. That's right.

170. Q. And did you not say to him, "Well, you -- I gave you enough to cover your original budget"?

A. I did and he said, "Well, I -- the -- the monies was not sufficient. I need more money."

171. Q. Well, did he tell you that he didn't get any of the work ---

A. No, he didn't say ---

172. Q. --- or the money ---

A. --- that.

173. Q. --- from Hush?

A. No, he didn't say that.

174. Q. He didn't say that. You assumed he got it?

A. I didn't assume anything.

175. Q. I see. Well, up to this point, did you receive any money from Hush or the Sulemans on account of this mortgage?

A. No.

176. Q. Did you ever receive money from them?

A. No.

177. Q. Never?

A. Never.

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178. Q. You never received monies on account?

A. No, on -- no, not on this one.

179. Q. On any of the mortgages on this property?

A. No, I didn't get any money.

180. Q. I see. Okay. So, looking again ---

MR. RAPPOS: Sorry, just ---

MR. SCHORR: --- at page 80 ---

MR. RAPPOS: Sorry, Counsel. Just - - just so I understand the -- the question, like, I think we put in the record that he received interest payments that were applied in previous loans, so you could construe that as he -- him having received amounts in connection with the mortgages, right? I don't want there to be, you know ---

MR. SCHORR: Well, I know he received monies from the Suleman family on account of this mortgage.

MR. RAPPOS: Well, no, you said, "Did you receive any payments in connection with this mortgage?"

MR. SCHORR: Payments, yes. Well, isn't that -- isn't -- isn't payment of interest a payment?

MR. RAPPOS: Yes.

BY MR. SCHORR:

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181. Q. Yeah, so did -- did you get interest payments ---

A. Separately?

182. Q. --- from ---

A. Separately? Are you asking separately, or --

MR. RAPPOS: Did they pay you?

THE DEPONENT: Separately, no, nothing.

BY MR. SCHORR:

183. Q. What do you mean by separately? Didn't you get cheques from Suleman and Hush Homes?

A. No.

184. Q. You never did?

A. Not on the second. Not on this mortgage.

185. Q. And what about on the first mortgage?

A. Which first mortgage?

186. Q. Well, you had a second mortgage with three -- three separate aspects to it.

A. Increase -- increases, yeah.

187. Q. And you also acquired a first mortgage.

A. Correct.

188. Q. All right. On any of those mortgages, did you receive interest payments from Suleman or Hush Homes or any of their companies?

A. No.

189. Q. Okay. And at page 80 we're looking at item 3, you've got a $19,000 deduction as a lender's fee. That correct?

A. Yes, correct.

190. Q. And then we go to page 81, the paragraph 2, the charge that is the document, which is at tab 6 is amended. The principal is now 1.9 million. The last payment date is not April 18th; it's now October the 18th. Interest is 12 per cent up to September the 18th; 18 per cent thereafter. And there's a pre-payment privilege. So now we turn to tab 9, your page 85. And this deals with the differential between the 1.2 million and the 1.9 million. And we see the lender's fee of 19,000 is the first item, correct?

A. Correct.

191. Q. And then we see some legals. Then we see your interest payments from May 18th to July the 18th of 48,000. So I'm having a problem with this interest payment. Can you assist me? It covers a period of time of two months. Am I right? Two month's interest.

A. Which item are you referring to?

MR. RAPPOS: Item 3.

BY MR. SCHORR:

192. Q. Item 3.

A. Item 3, okay. Interest freeze from May, June, July, yes.

193. Q. All right. And that's on the million-two.

A. On the million-nine.

194. Q. No, the million-nine is -- is getting amended on 26 July.

A. Okay.

195. Q. Correct?

A. Correct.

196. Q. So we have a mortgage of a million-two at 12 per cent. I don't see how you come up with 48,000 in interest. Perhaps you can help me on this. It should be 24, shouldn't it?

MR. RAPPOS: Now, Counsel, it does say, "Interest and fees."

MR. SCHORR: No.

MR. RAPPOS: Number 3?

MR. SCHORR: Ah, fees. But I thought the fees were 19,000.

THE DEPONENT: This here. I was looking to why.

MR. RAPPOS: Counsel, we'll undertake to review Mr. Visram's records to see if he has any type of supporting documentation information

that would give further assistance to how the -- how the number was calculated.

MR. SCHORR: Thank you.

(Whereupon UNDERTAKING NO. 4: To review Mr. Visram's records for supporting documentation to assist how number was calculated.)

BY MR. SCHORR:

197. Q. And then we have interest from July 18th of '12 to September 18th of '12. That's pre-payment of interest, correct?

A. Yes.

198. Q. All right. So they're pre-paying the interest from July to September. And tell me how you came up with the 38,000.

A. One-point-nine; $19,000 each month.

199. Q. And that's how you came up with the 38?

A. Thirty-eight thousand.

200. Q. Two months. Okay. And then we have new payment of personal loan of $400,000. How does that come in? Whose personal loan is this?

A. Hush. Or one of his companies.

201. Q. You mean you had another loan with them?

A. That's right.

202. Q. And why are you requesting that this loan be paid by my client?

A. It's not only your client. Naheel and Musa Suleman are also the partners of this company.

203. Q. But the borrower is the company.

A. Yes.

204. Q. Not them. I want to know why you exacted that. Why did you request that?

A. Well, that was one of the agreements that they had to pay down these loans and these -- they agreed these were part of the negotiations.

205. Q. Well, it's something you asked for and they agreed to it.

A. Correct.

206. Q. But this was to pay off some loan that Hush Homes owed you. This certainly was not to assist the respondent, numbered company, in converting this building into a hotel. Are we agreed?

A. I don't follow your question.

207. Q. Well, are we agreed that none of this $400,000 was to convert the building into a hotel?

A. It's your client's problem.

208. Q. Pardon?

A. It's your client's problem, not mine.

209. Q. We'll -- we'll find out ---

A. They're -- they're -- they're ---

210. Q. --- whose problem it is ---

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A. They -- they -- yeah.

211. Q. --- in due course.

A. They agreed that this loan will be repaid from the proceeds.

212. Q. All right.

A. That was agreed upon.

213. Q. And then it says, "Net balance to borrow as per direction or as paid directly from lender to borrow." That's 192,250. So we have to turn to your -- bear with me. Well, I want to take one step back because, in fairness to you, because we dealt with this at your Exhibit A in your supplemental affidavit.

MR. RAPPOS: Exhibit 1. The smaller one. I have a copy.

BY MR. SCHORR:

214. Q. Your counsel has properly told me during the cross-examination that you rely on this because it's signed by the numbered company acknowledging that they got the $330,000.

A. Correct.

215. Q. Okay. Then at tab number B we have what appears to be a photocopy of a piece of paper on which there is some handwriting. Can you tell me whose handwriting this is?

A. It's Evan Karras'.

216. Q. Okay. So Mr. Karras is saying what, the company owes this money?

A. Yeah. He told me this is the money outstanding.

217. Q. Okay.

A. We pay the -- to -- to pay the contractors.

218. Q. Okay. So that's $89,099.

A. Correct.

219. Q. Yeah, I had some difficulty with this because you also attached a -- an email from Mr. Karras at ---

MR. RAPPOS: Is that Exhibit C?

MR. SCHORR: --- about -- Exhibit C, yes.

BY MR. SCHORR:

220. Q. An email where it talks about 87,500, which is a different number than the 89,099. But in any event it sets out things that he wants paid ---

A. Correct.

221. Q. --- out of the $700,000 that was going to be advanced to increase the mortgage from 1.2 to 1.9 million.

A. Was it out of the 700 or is it the one after that?

MR. RAPPOS: Yeah, sorry, Counsel --

-

THE DEPONENT: I think it's out of the 1.1 million if I remember correctly.

MR. RAPPOS: Yeah, I can -- Counsel, I can direct you to paragraph 20 of his supplementary affidavit sworn -- or sorry, reply affidavit sworn June 7, 2017 in paragraphs 20, 21, 22 and 23 deal with these two exhibits that we've discussed and -- and Mr. Visram speaks that this is -- was amounts released in connection with the increase of the loan from 1.9 million to 3 million.

BY MR. SCHORR:

222. Q. Well, if that's the case let's go back to tab number 9 at page 85. Item 6, "Balance to borrower, $192,250." Did you pay this to borrower?

A. My lawyer must have paid it because it says ---

223. Q. Well, would you check your reporting letter from your lawyer and whether -- to whom this $192,250 was paid?

MR. RAPPOS: We will -- we undertake to review his records and closing book in connection with this transaction and confirm where the $192,250 referred to on page 85 of the application record was paid to.

MR. SCHORR: Okay.

(Whereupon UNDERTAKING NO. 5: To review Mr. Visram's records and confirm where the $192,250 referred to on page 85 of the application record was paid to and direction in connection with that amount.)

BY MR. SCHORR:

224. Q. So the -- the monies ---

A. Just to -- says, "As per directions." So there must be a direction there. Owner's direction.

MR. RAPPOS: So we'll -- sorry, just to confirm in that -- in that undertaking, number 6 on page 85 refers, "Net balance to borrow as per direction." So we'll also review -- "Or as paid directly from lender to borrower." So as part of our undertaking to review where the funds were dispersed to we'll also review to see if there's a -- a direction in Mr. Visram's file ---

MR. SCHORR: Yes.

MR. RAPPOS: --- in connection with that amount.

MR. SCHORR: Okay. Because I couldn't find it in -- in either affidavit.

MR. RAPPOS: Okay. I'll -- we'll review documents and -- and -- and confirm.

MR. SCHORR: Thank you, Counsel.

BY MR. SCHORR:

225. Q. So we'll stop there and then go to your tab number 11. Sorry. To, sorry, your tab number 10 starting at page 90. So this is a further increase of the second mortgage from 1.9 million to 3 million, correct?

A. Correct.

226. Q. All right. And what prompted -- well, what did Mr. Karras tell you about why he wanted a $3 million mortgage opposed to the million he needed to convert the building into a hotel?

A. Well, the reasoning that he gave that he needed more funds to do more work in the hotel.

227. Q. Well, he needed -- is that what he told you?

A. I -- I don't remember exactly what happened.

228. Q. Well, don't you recall him telling you that, "Look at, I needed $1 million and I still haven't go anywhere near $1 million"?

A. No, that's not what he said.

229. Q. I see. All right. So did he tell you how much he needed?

A. Well, between the two of them, Naheel and Karras, we had a meeting and they estimated that they needed another $1 million.

230. Q. All right. So let's start with that. So

let's go to page 95. Now, let me apologize in advance, Mr. Visram, mathematics isn't one of my strong suits but I think ---

MR. RAPPOS: That's why we went into law. No.

BY MR. SCHORR:

231. Q. Yeah. I think the difference between the 3 million and the 1.9 is a million-one.

A. Correct.

232. Q. Good. And so the document at page 95, this is the million-one difference between the million-nine and the three.

A. This here, who they advance.

233. Q. Right. And they told you they needed $1 million?

A. Correct.

234. Q. To complete the hotel?

A. Correct.

235. Q. Okay. So we start off item 1, $90,000. That's a lender's fee, right?

A. Correct.

236. Q. We still have over $1 million available.

A. Correct.

237. Q. Agreed?

A. Correct.

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238. Q. Okay. Then you had some legals. But there's some outstanding taxes of 112,751.

A. Correct.

239. Q. And bailiff's fees of 49,000.

A. Correct.

240. Q. So you have some documents on that?

A. Yes. Yes, it's under (inaudible) ---

MR. RAPPOS: That's what you have. So we have some documents that we can provide for you to review dealing with the -- Mr. Bailiff's respect to some realty taxes as well as a property tax overdue statement.

MR. SCHORR: Thank you. So the realty tax account shows an overdue amount of 156,776 but that includes the bailiff. And ---

MR. RAPPOS: Not sure when those statements were dated yet.

MR. SCHORR: Yeah.

MR. RAPPOS: They don't have this.

MR. SCHORR: Thank you.

BY MR. SCHORR:

241. Q. So did you cut cheques?

A. My lawyer paid that.

242. Q. Pardon me?

A. The lawyer paid that.

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243. Q. All right.

A. The lawyer paid that amount to the ---

244. Q. And that would be ---

A. --- (inaudible) ---

245. Q. --- in your reporting letter?

A. It is -- it is in the statement of adjustments.

246. Q. Well ---

A. You are looking at it.

247. Q. What I am looking at is an amended direction.

A. Yeah. And it shows $112,000 paid.

248. Q. I understand that. That's a direction to pay it. I'm trying ---

A. Yeah.

249. Q. --- to get to the bottom of whether or not it was paid.

MR. RAPPOS: Counsel, we ---

MR. SCHORR: How much was paid?

THE DEPONENT: It was paid and that's why it is there.

MR. SCHORR: I see.

MR. RAPPOS: Sorry, Counsel. We will -- we will -- I assumed you're asking before you even ask for it so I'll -- but I'll provide the

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undertaking to review Mr. Visram's records to provide confirmation that he has that.

MR. SCHORR: All right. I -- I don't need to see the cheque because he tells me the lawyers advanced it. If you have a trust ledger statement ---

MR. RAPPOS: Yeah.

MR. SCHORR: --- showing it, I'm content.

MR. RAPPOS: Okay.

(Whereupon UNDERTAKING NO. 6: To provide confirmation that $112,000 was paid.)

BY MR. SCHORR:

250. Q. Okay. Now we have an interest reserve holdback. What's that all about?

A. What that is about is that I'm holding back $100,000 to apply for the interest.

251. Q. So it's pre-paid interest?

A. It's not pre-paid. It is ---

252. Q. Well, what is it?

A. It is a reserve.

253. Q. Say that again.

A. It's a reserve.

MR. RAPPOS: Reserve.

BY MR. SCHORR:

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254. Q. Well, it's money that you held onto that he's paying ---

A. Correct.

255. Q. --- interest on and ---

A. That's right.

256. Q. --- didn't get.

A. That's right.

257. Q. Right?

A. Yes.

258. Q. And this mortgage covers ---

A. One.

259. Q. --- $1,100,000 more and it takes us from September to March of 2013, six months. Am I right? Page 91.

MR. RAPPOS: His question is that -- did the -- whether the -- that came out of that -- the loan ---

THE DEPONENT: From September ---

MR. RAPPOS: --- the term date was extended from September 15th to ---

THE DEPONENT: September to ---

MR. RAPPOS: --- 2012 to March 15th, 2013.

THE DEPONENT: To March, correct.

BY MR. SCHORR:

260. Q. Six months.

A. Yes.

261. Q. All right. And so there's $100,000, you call it reserve, then there's a construction lien holdback of $100,000. Again, that's arbitrary.

A. Yes.

262. Q. There weren't any liens, were there?

A. No.

263. Q. No. $204,000 repayment of loan from Visram to Hush Homes Inc. Was this another loan?

A. Yes.

264. Q. And net balance to borrow, 440. Yes?

A. Yes.

265. Q. And the borrower is my client's company, 2220277 Ontario Inc., correct?

A. Correct.

266. Q. So the only money my client gets, if my client got it, is the 440, the 112,000 to the City of Toronto and the $49,000 to Sterling Bailiff (ph). Am I right? Out of this million-one, that's all they get?

A. No, they had -- they -- they got the $1.1 million. It's all accounted for here.

267. Q. For the purposes of converting the property to the hotel, they had some taxes paid totalling

roughly $156,000 and they got $440,000 when they wanted a million. Are we agreed on that?

MR. RAPPOS: Sorry, I think, Counsel, he's -- he's answered that 1.1 million is what was agreed to and that's what was advanced.

MR. SCHORR: I hear you, Counsel. If that's your position, that's fine. You can take that position. All right. But let's move on then to your supplemental affidavit where you give us a little more information. And in particular I'm taking you to ---

MR. RAPPOS: The handwritten note? Or the email?

BY MR. SCHORR:

268. Q. I think I'm going to take you -- right. I'm going to take you to the handwritten note your counsel refers to. That -- that's $89,099. And then we have the email totalling eighty-seven-five. And what I'm looking for, Mr. Visram, is the $440,000 and 40 -- 44-hundred thousand -- 46-40 that was to be advanced to the borrower. You've accounted for $87,000 maybe if I see ---

A. No.

269. Q. --- the cheques.

A. No, no. No, you are mistaken. $440,000 is

separately. This $87,500 came out of that $100,000 reserve, the reserve that I'm holding, 100,000 construction reserve. 100,000. And this $87,000 came out of that 100,000.

270. Q. Okay. So then what I'm looking for is the differential between the 87 and the 100.

A. Yes.

271. Q. Where -- where will I find that?

A. Okay. 100,000 is a reserve for construction and $100,000 is a reserve for interest.

272. Q. Correct.

A. That's $200,000.

273. Q. Yes.

A. Out of the $400,000, interest was charged -- interest was paid, $37,500 for three months, which amounted to $112,500.

274. Q. Yes.

A. And balance of $87,000 off the $200,000 was paid to the contractors.

275. Q. Okay.

A. So that takes care of the $200,000.

276. Q. So what about the 440?

A. That was paid to my -- the lawyer distributed either to the -- to Hush or to your client.

277. Q. Well, wait a minute. Wait a minute. You don't have any direction to pay it to Hush. You have a direction to pay it to the borrower. So I'm looking for the money, the 440, that you say you advanced to my client's company. That's what I'm looking for. Will you undertake to provide me with it?

A. Yeah.

278. Q. Proof of such a payment?

MR. RAPPOS: Counsel, we'll review Mr. Visram's records and confirm how the 440 -- $440,046.40 was dispersed.

MR. SCHORR: Right.

(Whereupon UNDERTAKING NO. 7: To review Mr. Visram's records and confirm how the $440,046.40 was dispersed.)

MR. SCHORR: And if you have any other documents, like, signed documents from my client saying, "Well, even though the 440 was directed to be paid to my company, you can pay to someone else," you'll produce that as well, okay?

MR. RAPPOS: To the extent we have that -- those documents, we'll review and if they exist we'll produce them.

MR. SCHORR: Thank you.

(Whereupon UNDERTAKING NO. 8: To provide documents

advising Mr. Visram to pay the $440,000 to someone else, if they exist.)

BY MR. SCHORR:

279. Q. So now we move on to the ---

A. Just a minute.

MR. RAPPOS: Sorry, Counsel, go ahead.

MR. SCHORR: Okay.

MR. RAPPOS: My apologies.

BY MR. SCHORR:

280. Q. So we now move on to the first mortgage. And let's turn to page 149 at tab 16.

MR. SCHORR: It's 11:20. Can we take about a five minute, ten minute break? Is that okay with you?

COURT REPORTER: We're now off the record and the time is 11:20.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

COURT REPORTER: We're now back on the record and the time is 11:30 a.m. Counsel, you may continue.

MR. SCHORR: Thank you.

ZAHERALI VISRAM, resumed,

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CONTINUED EXAMINATION BY MR. SCHORR:

281. Q. So we're not at page 149 of your application record. This is the amendment and extension of the existing first mortgage on the property.

A. Correct.

282. Q. The Handleman mortgage.

A. Correct.

283. Q. Correct? Yes?

A. Yes.

284. Q. And how much did you pay to get an assignment of that mortgage?

A. When you say, "What did I pay?" It's $2.6 million.

285. Q. No, you didn't pay $2.6 million to the Handleman Group.

A. There were other things as well.

286. Q. We'll get to that. My question was how much did you pay to the Handleman Group to take an assignment of mortgage.

A. I don't remember offhand.

287. Q. Okay. And you'll undertake to advise me?

A. Yes.

288. Q. So ---

MR. RAPPOS: We'll take -- sorry, we'll take it under advisement.

(Whereupon UNDER ADVISEMENT NO. 1: To advise how much was paid to the Handleman Group.)

BY MR. SCHORR:

289. Q. Well, did you get a statement from the Handleman Group as to how much was owed under the mortgage?

A. Yes.

290. Q. I've never seen that.

MR. RAPPOS: Sorry, you're asking did he get a statement as to what was outstanding owed to the Handleman Group from your client on the first mortgage?

MR. SCHORR: No, from the first mortgagee at the time when he acquired the mortgage.

MR. RAPPOS: What was outstanding on the mortgage?

MR. SCHORR: Yes.

MR. RAPPOS: Okay. I can -- I can undertake to review -- to obtain -- determine whether or not he received a statement.

MR. SCHORR: Yeah. And then obviously my next question is did you pay the amount provided for in the statement?

MR. RAPPOS: Sorry, Counsel, how is that relevant, whatever the agreement between the

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Handleman Group and Mr. Visram as to what amount he had paid to acquire the first mortgage?

MR. SCHORR: He may have got it at a discount.

MR. RAPPOS: The amount still outstanding. That's a deal between the Handleman Group and Mr. Visram.

MR. SCHORR: You can argue that in court. But I have a right to put to the court that that's not the proper way to look at it.

MR. RAPPOS: So I've given an undertaking to confirm whether Mr. Visram received a statement from the Handleman Group as to what was outstanding under the first mortgage prior to the time he acquired it.

MR. SCHORR: And production.

MR. RAPPOS: And production if we have it.

(Whereupon UNDERTAKING NO. 9: To confirm whether Mr. Visram received a statement from the Handleman Group as to what was outstanding under the first mortgage prior to the time he acquired it, and produce if available.)

BY MR. SCHORR:

291. Q. And so at page 149 we see that the principal

has now increased to 2.6 million, correct?

A. Correct.

292. Q. Interest rate is now increased to an effective rate of 9.65 per cent.

A. Correct.

293. Q. Correct?

A. It's 9.25.

294. Q. No, it says, "The effective annual rate" ---

A. Effective, okay.

295. Q. Agreed?

A. Yeah. Because it's more compounded.

296. Q. The term is extended for an additional year?

A. Correct.

297. Q. The amounts of payment changes.

A. Correct.

298. Q. And then we add Schedule A. Now, you were kind enough to put in your supplemental application record some of your notes. It's Exhibit D like in David. And let's start with the top part. It says -- I can't read the first word but it says, "First mortgage." What is the first word?

A. Yeah, first mortgage.

299. Q. Pardon?

A. It's first mortgage.

300. Q. Yeah, but there's something just before,

"First."

A. Yeah, and -- the -- the -- I was going to write mortgage and then cancel that M-O and put first mortgage.

301. Q. I understand. Okay. First mortgage ---

A. Two million, one hundred ninety ---

302. Q. Two million, one hundred ---

A. --- hundred ninety thousand.

303. Q. --- and ninety thousand dollars. From memory, is that how much they told you was owed under the mortgage?

A. Correct.

MR. RAPPOS: Sorry, just -- Counsel, just before you go on I -- to assist you at all in a hundred -- page 138 of the record is a copy of -- of an affidavit that was sworn by Mr. Handleman in support of the Handleman Group's receivership application that at least provides, as of January 20, 2015, the amount that they demanded under their first mortgage. I know we -- we've given the undertaking. We'll review if they have a statement but if that assists you. In paragraph 7 on page 138 of the record. Sorry to interrupt your questions.

MR. SCHORR:

304. Q. Okay. Anyway, dealing with this Exhibit D

to the supplemental affidavit. To the right of that $2,190,000 is a number $2,506,536. What's that?

A. That's -- that's seems to, like, the total of everything.

305. Q. I see. All right. So then we have taxes of 126,000?

A. Correct.

306. Q. And insurance?

A. Correct.

307. Q. Title insurance?

A. Correct.

308. Q. Legal fees?

A. Yes.

309. Q. Then we have a law firm Trudy Elexin (ph), 37,489.

A. Yeah, this is ---

310. Q. What was that for?

A. This was regarding Halbeck Stairs (ph). I think they had a construction lien.

311. Q. I see. Did you pay it?

A. Yeah, the lawyer paid it.

312. Q. Okay.

MR. SCHORR: Again, counsel, will you check the trust statement?

MR. RAPPOS: Yes.

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MR. SCHORR: All right.

MR. RAPPOS: We'll undertake to that.

(Whereupon UNDERTAKING NO. 10: To provide trust statement.)

MR. SCHORR:

313. Q. Then we have Visram lender's fee, $73,000.

A. Correct.

314. Q. And then we have interest, 45,000. What's that for?

A. This -- this 45,000 was the balance of the $2.6 million which was applied as interest payment on the second mortgage.

315. Q. So you applied it on the second?

A. Correct.

316. Q. We'll get to that. Thank you for telling me that. Now you've got some more legal fees. And then we have, what is the 605.96?

A. That's the balance of the $2.6 million.

317. Q. I see. And then some bank charges.

A. That's right.

318. Q. So then below that we have some additional figures which are a little different. It shows 2,283,464. What is that?

A. That's the balance outstanding, Handleman's

mortgage.

319. Q. I see.

A. You see the figure right here.

320. Q. And 316,438?

A. What's that?

321. Q. Fifty, where does that come from?

A. That's the total of the -- the other figures there if you look at underneath there. 2,283,464 plus the 316,000 comes up to $2.6 million.

322. Q. I see. So, again, I'd like your lawyer to look -- you -- you to give to your lawyer's your lawyer's trust account report to confirm that these monies were actually paid. Yes?

A. Yes.

(Whereupon UNDERTAKING NO. 11: To provide lawyer with lawyer's trust account confirming monies paid.)

BY MR. SCHORR:

323. Q. And how was it that you determined that there would be a $73,000 lenders fee?

A. That was agreed upon myself and Evan.

324. Q. Do you have something in writing to confirm that?

A. No.

325. Q. So next, I want to direct your attention to the forbearance agreement at page 161. And I know

your counsel is going to say, "Well, he signed it." But I'm going to ask you some detailed questions about it. And in paragraph 5 there's an acknowledgement of an outstanding amount as of March 15th being the $3 million principal plus an alleged 1,289,760 of accumulated interest and fees. So did you ever provide any statement to my client?

A. Yes.

326. Q. And when did you do that?

A. I don't remember when.

327. Q. Okay. Because as you know my client has produced the only statements that he says he got from you in the respondent's record at tab C. And your first mortgage statement -- sorry, your second mortgage statement is at page 95. And it starts at the date of the forbearance agreement. My question is did you ever provide a mortgage statement for the second mortgage to my client for the period from January of '12 up to March 15th of '15?

A. Yes, I did.

328. Q. Well, would you produce a copy of it because we don't have any?

A. He should have it. It has been given.

329. Q. Well ---

MR. RAPPOS: We'll -- we'll

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undertake to review his records ---

MR. SCHORR: Thank you.

MR. RAPPOS: --- and produce it, what we find. So this is -- you're looking for a mortgage statement that would have been delivered, is that -- is it to -- to -- to detail how the number of 4.289 million was -- was calculated? Or just to the fact whether or not he produced a mortgage statement?

MR. SCHORR: Well, I guess it's both. First of all, did you produce a mortgage statement prior to the start date of what's at page 95 of the respondent's record?

MR. RAPPOS: Prior to March 15th ---

MR. SCHORR: Of '15.

MR. RAPPOS: --- of '15.

MR. SCHORR: And you see it starts with the number 4289760.

MR. RAPPOS: Right.

MR. SCHORR: So I want to know if he provided any statements like this prior to that date.

MR. RAPPOS: Okay.

MR. SCHORR: And then secondly, if there was a specific statement that you provided in connection with what you -- what's in paragraph 5 at page 162, I'd like to see that as well. In other

words, you may have produced a number of ongoing statements at different junctures and then a statement as of March 15th. So whatever you got up to March 15th, I'd like copies of statements.

MR. RAPPOS: Yeah, we'll undertake to review and -- and produce it to the extent he has them.

MR. SCHORR: Thank you.

(Whereupon UNDERTAKING NO. 12: To review and produce whether a mortgage statement was provided prior to the start date of what's at page 95 of the respondent's record and to produce any other statements up to March 15th.)

BY MR. SCHORR:

330. Q. And I'm having a problem with paragraphs 6 and 7. And here's my problem. In paragraph 6 there's a one-time forbearance fee of 123,450, correct?

A. Correct.

331. Q. And then in paragraph 7 there's a one-time forbearance fee of $45,000.

A. Correct.

332. Q. So that's two times, not one time. So please explain to me how you can have a one-time forbearance fee in two separate amounts.

A. The second one -- the second was put in

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there if the mortgage wasn't paid by September 15th.

333. Q. I see. So that September 15th is the date of the extension?

A. Correct.

334. Q. And if by the maturity date the mortgage isn't paid, an extra $45,000 has to be paid?

A. Correct.

335. Q. Is that correct?

A. Correct.

MR. RAPPOS: Okay, Counsel. I think -- and I think it's correct -- if you look at page 161 it -- it says the forbearance period is from the day of the agreement to September 15th. So that seems to be what was intended.

THE DEPONENT: Page 161.

MR. SCHORR: Yeah. Well ---

MR. RAPPOS: Yeah.

MR. SCHORR: --- September 15th of '15 is the maturity date of the mortgage.

MR. RAPPOS: Correct.

THE DEPONENT: That's right.

BY MR. SCHORR:

336. Q. So you said, though, if the mortgage isn't paid the 45,000 is payable. Are you saying now that the $45,000 is payable even though the mortgage is

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paid in full on the 15th?

A. No. If it's paid in -- by September 15th --

-

337. Q. Yes.

A. --- the 45 doesn't apply.

338. Q. All right. I understand. So it only applies if it's not paid. If it's ---

A. Correct.

339. Q. --- in default?

A. Correct.

340. Q. Okay. So then you produced at tab 18 of your application record, the agreement of purchase and sale with reserve. But you've left out the amount, correct?

MR. RAPPOS: That's correct.

MR. SCHORR: You redacted.

MR. RAPPOS: We redacted.

BY MR. SCHORR:

341. Q. So but Mr. Karras in his affidavit in response, in paragraph 36 says that, "The reserve agreement was for a purchase price of $13 million." Do you agree?

A. Yes.

342. Q. Okay. And the agreement with 932929 Canada was in the amount of 15 million-750, do you agree with

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that?

A. Which is ---

MR. RAPPOS: Sorry, this is -- this is the agreement of purchase and sale at ---

MR. SCHORR: Tab 19.

MR. RAPPOS: --- this -- this -- the (inaudible) which we redacted. But ---

THE DEPONENT: Yes, okay.

MR. RAPPOS: Sorry, Counsel, is it included as a -- I don't have an unredacted copy in front of me.

MR. SCHORR: No, I didn't put the copies in. I just -- because you've already put in the agreements.

MR. RAPPOS: Right.

MR. SCHORR: I've just -- he swore under oath that's what the amounts are.

MR. RAPPOS: Right.

BY MR. SCHORR:

343. Q. And you don't dispute that?

A. No.

344. Q. Thank you. So then in Mr. Karras' affidavit, he says in paragraph 23 that Naheel Suleman, who isn't present today, made some payments on the mortgage. Do you agree with that?

A. No.

345. Q. You say he did not?

A. He did not.

346. Q. And in paragraph 25 of his affidavit he says that on January 15th Hush Homes and -- and its various related companies brought a successful application under the Companies' Creditors Arrangement Act. You're familiar with that?

A. Yes.

347. Q. You were one of the -- the creditors in that application?

A. Correct.

348. Q. Correct?

A. Correct.

349. Q. Right. And when did you find out that Hush Homes was in some financial difficulty?

A. I don't remember.

350. Q. Well, it was before January 15, wasn't it?

A. Yes.

351. Q. All right. And did you make a claim in the Hush Homes CCAA application?

A. No.

352. Q. Why not?

A. For what?

353. Q. For monies.

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A. Which monies?
354. Q. Monies due to you by Hush Homes and the related companies.
A. Yes. Yes, my claim ---
355. Q. You did?
A. --- was made, yeah.
356. Q. And how much was your claim?
A. I don't remember. Different claims under different companies on different properties.
357. Q. Give me a rough idea.
MR. RAPPOS: Do you have an -- do you know offhand? Do you have an estimate? Like, Counsel, if you're looking for a specific number we can ---
MR. SCHORR: All right. Just ---
MR. RAPPOS: --- confirm.
THE DEPONENT: Are you talking with all the interest accumulated or just the principal amounts?
BY MR. SCHORR:
358. Q. All right. And fortunately for you by January of 2015 you'd already collected 1,000,000 plus of monies that were -- that were outstanding to you by Hush Homes and the Sulemans and their related companies, correct?

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A. I ---

359. Q. You got it from my client. 400, 400 and 206, agreed?

A. Yes. But that -- if -- if I was collected that was a separately -- separate from what they had owed me.

360. Q. Okay. And ---

MR. RAPPOS: Counsel, sorry, I also don't know, because this is varied by companies, I don't know if the amounts that were part of these directions were to companies that actually were (inaudible) proceeding. I don't know that. I'm not sure if you know that.

MR. SCHORR: Well, I can produce that.

MR. RAPPOS: I just don't know.

MR. SCHORR: All right.

BY MR. SCHORR:

361. Q. So let's go to next paragraph 28 -- 28 of Mr. Karras' affidavit. He says that the mortgage to 932005 for 625 was a collateral mortgage in relation to an unrelated property and that the mortgage is up-to-date and not in default. What, if anything, do you have to say about that?

A. Which -- what are you referring to?

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362. Q. Well, you're referring to all these mortgages that are on the property and what -- what he tells -- tells you is the mortgage for 625 in favour of 932005 had nothing to do with this property, it was to collaterally secure another property that Mr. Karras owned.

MR. RAPPOS: Sorry, I don't understand what the question you're asking, Counsel.

MR. SCHORR: Did you know that?

MR. RAPPOS: Did he know that this 932 mortgage was a collateral mortgage?

MR. SCHORR: Yes.

THE DEPONENT: Yes, I knew that.

BY MR. SCHORR:

363. Q. All right. Then you knew it had nothing to do with this property?

A. Correct.

364. Q. All right. And he says the $100,000 loan on Harbour First mortgage is in the same category.

A. Right.

365. Q. Good. And then he says the mortgage in favour of Gold Card -- Gold Card has now been paid in full. Were you aware of that?

A. No, I wasn't aware of that.

366. Q. All right. And then we get to the mortgage

to Am-Stat Corporation for $5.5 million. You were familiar with that one, weren't you?

A. No, I wasn't.

367. Q. Well, didn't you know that through a series of other companies, Mr. Karras and investors were able to acquire the three properties adjoining the subject?

A. Yes, I was aware of that.

368. Q. Yes.

A. And I was told that -- that it was fading cash.

369. Q. I see. So you didn't read the Am-Stat mortgage?

A. I didn't even know that it existed.

370. Q. Well, you produced it in your materials.

A. Yeah, after you did the search.

371. Q. Yeah. That's fine.

A. After, like, when they tell me that I -- I can.

372. Q. All right. But ---

A. Yeah.

373. Q. --- so you -- since you had your search you discovered that ---

A. Yeah.

374. Q. --- that it's collateral ---

A. Yeah.

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375. Q. --- security ---

A. Correct.

376. Q. --- for the three properties that adjoin?

A. Correct.

377. Q. Okay. And you also had an opportunity to read Exhibit B to the affidavit of Mr. Karras in the respondent's record, which was the share agreement that he had with the 9329293 Canada Inc. company.

A. Correct.

378. Q. And I take it you then became aware of the fact that that company was prepared to pay for Mr. Karras' shares in 2220277 Ontario Inc., $15 million?

A. Correct.

379. Q. But any debt that the company owed would reduce his shareholdings?

A. Correct.

380. Q. All right. So you knew that?

A. Yes.

381. Q. In fact, he gave you that agreement?

A. Yes.

382. Q. In good faith and showed it to you?

A. Correct.

383. Q. That at any time he could call on $15 million if he needed it?

A. Not 15. Ten million dollars.

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384. Q. Well, but he could take the whole -- he could decide to give them all his shares for 15 million.

A. Well, what he could decided or he wanted to do, that's not -- I couldn't decide that.

385. Q. All right.

A. Initially he was telling me that's only $8 million, that this Asian group, or this company is prepared to pay. And the rest he would be taking in equity shares. And then later on when he gave me this agreement he said he had increased it to $10 million because of my mortgage having ballooned to close to that amount.

386. Q. All right.

MR. RAPPOS: Sorry, Counsel, let's step back to something. I'm just trying to understand your line of questioning. This is an agreement for Mr. Karras to sell his shares in the numbered company, correct?

MR. SCHORR: Correct.

THE DEPONENT: But ---

MR. SCHORR: To the company that owned the three adjoining properties and had a collateral mortgage on the subject property.

MR. RAPPOS: Okay. And then ---

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MR. SCHORR: And then he would be able to convert whatever shares he had into the shares of hold-co so that he would have shares in the whole enterprise.

MR. RAPPOS: Okay.

MR. SCHORR: Depending on how much was paid to prior encumbrances on this property.

MR. RAPPOS: Sorry, where do -- where does it -- does it provide that prior encumbrances on the property would be paid from the -- -

MR. SCHORR: Yes.

MR. RAPPOS: --- proceeds? Sorry, can you just direct me to that?

MR. SCHORR: Sure. Starts at page 33. 2.3 on page 34. "The estimated purchase price assumes that the total debt of a company on the closing date is 8 million."

THE DEPONENT: See it's -- see it's -- yeah. Correct. That's what I just said.

BY MR. SCHORR:

387. Q. Right. So on the day prior to closing parties will determine the aggregate debt of the company. And the closing date purchase price, which shall be the amount equal to 7 million plus the amount

on a dollar for dollar basis that the closing date debt is less than the 8 million, or less the amount on a dollar for dollar basis that the closing date debt is greater than 8 million. And that gives you an example. Page 35. By way of example, if the closing date debt is 9 million, number of Class A shares would be approximately $1 million less than if it was 8 million.

MR. RAPPOS: Okay.

MR. SCHORR: So that if the debt on closing was 15 million, he gets no shares.

MR. RAPPOS: Okay.

THE DEPONENT: That's not what ---

MR. SCHORR: If it was ---

THE DEPONENT: That's not what Karras was telling me. He said he wanted to regain at least $5 million in share equity in this (inaudible).

BY MR. SCHORR:

388. Q. But you've seen this document?

A. Yes.

389. Q. Correct?

A. Correct.

390. Q. Okay. And you know from this document if he chose to today, he could draw down $15 million and pay you your 10.

MR. RAPPOS: I don't understand -- again, I don't understand where you get that. If -- if the debt on the company -- you just said if the debt on the company was 15 million he couldn't get anything.

MR. SCHORR: He doesn't get any shares.

MR. RAPPOS: But that money goes to him in his personal capacity. For shares. How -- where does this require him to take that $15 million and repay the debts of 222?

MR. SCHORR: He signed a guarantee on these two mortgages.

MR. RAPPOS: For $640,000.

MR. SCHORR: On -- on the numbered -- on the second mortgage he signed it for whatever, 670,000.

MR. RAPPOS: Okay.

MR. SCHORR: But then later on guaranteed the whole 3 million.

MR. RAPPOS: Okay.

MR. SCHORR: Okay? And he also guaranteed the first mortgage.

MR. RAPPOS: For a limited amount, yeah.

MR. SCHORR: Right. So assuming that Mr. Visram is right that he's owed $10 million, and I'm not a betting man but I'd put a lot of money on it that he's not, it's available.

THE DEPONENT: So why doesn't he pay?

MR. RAPPOS: Sorry ---

MR. SCHORR: Because it's not owed.

MR. RAPPOS: Sorry ---

MR. SCHORR: That's what this dispute's all about.

MR. RAPPOS: That -- the -- you're -- you're trying to draw an -- an inference that just because if Evan Karras, in his personal capacity, draws down and gets $15 million that he's going to repay his debts under a guarantee. For all we know he could abscond to Cyprus.

MR. SCHORR: All right.

MR. RAPPOS: I don't know. You're making an assumption that's not -- and it's not in the document. You've -- you've put forth this document to suggest that if he called upon it he would repay my client and there's nothing in this document, unless you can show it to me, that would require him to, upon selling his shares in 222 to somehow then repay 222's

debt. It could be that the purchaser assumes the 222 debt in full.

MR. SCHORR: You can argue that.

MR. RAPPOS: I'm just asking for you to provide me with the references in the share transfer agreement that -- that state what you're saying it states.

MR. SCHORR: That's what it says, in my view. That's what the proper interpretation of the document is.

MR. RAPPOS: That Karras has an obligation, upon selling his shares, to repay the debt owed of 222.

MR. SCHORR: Yeah.

MR. RAPPOS: And he -- sorry, and you couldn't -- and then you're relying on the sections you just referred me to?

MR. SCHORR: Yeah.

MR. RAPPOS: As ---

MR. SCHORR: Obviously these people are not going to give him $15 million for ---

MR. RAPPOS: As an obligation ---

MR. SCHORR: --- his shares and he walks away and -- and the 15 -- and -- and the debts of the company aren't paid.

MR. RAPPOS: I don't know what the arrangement is. That's ---

MR. SCHORR: Anyway ---

MR. RAPPOS: I'm just asking -- so I'm just -- so I understand, you're relying on section -- on pages ---

MR. SCHORR: I'm relying on the -- on the ---

MR. RAPPOS: On the terms of the agreement to ---

MR. SCHORR: Right.

MR. RAPPOS: --- to support that ---

MR. SCHORR: Yeah.

MR. RAPPOS: --- that inference. Understood.

MR. SCHORR: So now we move on to tab number F, like in Frank. Apart from this document that the respondent's record, had you ever seen this before, this share purchase agreement between Naheel Suleman and Mr. Karras?

MR. RAPPOS: Have you seen this before? We got this ---

THE DEPONENT: Let me see. I have to go back and -- I don't -- no, I have never seen this agreement.

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MR. SCHORR: Okay. So in his affidavit he put in tab G the Terra Firma Commitment. And you were aware of that, were you not? As early as August of '11 he had a commitment for 1.5.

MR. RAPPOS: Sorry, at what time was he -- you're asking he was aware of it?

MR. SCHORR: Of ---

MR. RAPPOS: So ---

MR. SCHORR: In August of 2011, prior to your January agreement to loan money that he had a commitment for a million-five by way of second mortgage. You were aware of that, weren't you?

THE DEPONENT: Aware of when? I could be ---

MR. SCHORR: When you were dealing with him in January he told you he had other commitments.

THE DEPONENT: Boss, please -- please keep quiet.

MR. SCHORR: Yeah.

THE DEPONENT: Slowly. Don't intimidate me, all right?

MR. SCHORR: Sorry ---

THE DEPONENT: Hold your voice down.

BY MR. SCHORR:

391. Q. I didn't think I was intimidating you. That was never my intent.

A. Well, you know, I did think so.

392. Q. Well, I'm sorry if you felt that.

A. It's all right.

393. Q. I didn't intend to offend you.

A. All right.

394. Q. Did he not tell you in January that he had other commitments for financing?

A. He might have told me.

395. Q. All right.

A. I don't remember.

MR. RAPPOS: Of 2012? January 2012? Just ---

MR. SCHORR: Yes.

MR. RAPPOS: Yeah, okay.

MR. SCHORR: Okay.

BY MR. SCHORR:

396. Q. And then we get February of '13 he put -- he shows you -- sorry, he exhibits in his affidavit a first mortgage loan for 6.5 million and you made comment about it, "Well, you know, that's" ---

A. Which tab are you referring?

MR. RAPPOS: Sorry, this is in tab H, as in Harry.

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BY MR. SCHORR:

397. Q. And you say, "Well, you know, that's two years before I acquired the mortgage."

MR. RAPPOS: First mortgage.

THE DEPONENT: Right.

BY MR. SCHORR:

398. Q. So did he show you the one that he got from Corwin (ph) that he got in April of 2015?

A. He didn't show me the documents but he did tell me that he had a commitment which I never seen. And that's why I told him I will match whatever he had. He told me he had 2.2 million, not 2.6 he got from me. $2.2 million at 925 for one year. That is my recollection.

MR. RAPPOS: Do you recall seeing that document before and then what you just received?

THE DEPONENT: No. Karras verbally had told me so.

MR. SCHORR: What do you want to do? Mark it for -- for identification?

MR. RAPPOS: Please, yeah, because I've never seen it either.

MR. SCHORR: Okay. Why don't we do that. For identification.

(Whereupon EXHIBIT NO. 2 : Document received from

Corwin in April 2015.)

By MR. SCHORR:

399. Q. And did Mr. Karras tell you that Corwin refused him to take an assumption of the existing first mortgage without a concurrence of you as a second mortgagee?

A. No, he didn't tell me that.

400. Q. He didn't tell you that?

A. No.

401. Q. I see. Well, you wouldn't be party to this but let me show you a string of emails between the lawyer for Harvey Spring for Handleman and ---

MR. RAPPOS: It's Mr. Visram.

MR. SCHORR: Oh, yes, you were copied.

MR. RAPPOS: He was ---

MR. SCHORR: You were copied where they say, "The second mortgagee is not being responsive. That's the only issue. Chasing him again this morning."

THE DEPONENT: So what is happening?

MR. RAPPOS: Do we have a full, complete chain in this email? It doesn't seem like it -- it -- like there's any other ---

THE DEPONENT: Think second mortgage

not here ---

MR. RAPPOS: There seems to be a whole chain. I'd like to see ---

MR. SCHORR: Well, if I could see that ---

MR. RAPPOS: Sure.

MR. SCHORR: --- because I was given a number of documents and, of course, I don't want to mislead you in terms of the -- here you go. That seems to be right here. Well, I think I have it in order. This seems to be the chain and your client was involved in that chain. Please read ---

THE DEPONENT: So this from Alfred --

MR. SCHORR: --- the chain and ---

THE DEPONENT: --- to me.

MR. RAPPOS: So this appears to be a separate email chain. This is -- that doesn't seem like this is related. There are two different subject headings, different parties and then it seems to end at the second page. I don't see how it's connected to you.

MR. SCHORR: No, it is connected because this is -- this is the chain of emails when Mr. Visram said, "There's no way I'm going to let you

have someone else acquire this mortgage. I'm going to acquire it and I'll increase it to 2.6 and here are my terms."

MR. RAPPOS: Well, Counsel, the email says what it says.

MR. SCHORR: Yeah.

MR. RAPPOS: We'll -- we'll make -- we'll mark it as an exhibit but my point is I don't see how this email is a -- is a -- is the beginning of this chain.

MR. SCHORR: Okay.

MR. RAPPOS: So this can be marked as a ---

MR. SCHORR: It's not the beginning.

MR. RAPPOS: --- separate ---

MR. SCHORR: It's after. It's after.

MR. RAPPOS: It's after, yes. I'm sorry, I thought you said that they're all in order. I thought that you meant that they're all one chain. So we can mark this as an exhibit. This is the May 25th email chain.

THE DEPONENT: It doesn't say (inaudible)...

MR. RAPPOS: Start from the bottom

at the back.

THE DEPONENT: If you are insinuating that I was not allowing he -- he -- the -- the way I got an assignment from the first mortgage, Karras would have got the same way, an assignment from the first mortgage without my consent. Right?

MR. SCHORR: That's your contention.

THE DEPONENT: Yes.

MR. RAPPOS: Okay. We'll mark this as an exhibit. This email chain.

MR. SCHORR: Sure.

MR. RAPPOS: Yeah. And we -- well, we'll have them make copies of all the documents.

(Whereupon EXHIBIT NO. 3 : May 25th email chain.)

(Whereupon EXHIBIT NO. 4 : May 15th email chain.)

BY MR. SCHORR:

402. Q. So, Mr. Visram, you are aware that there, in fact, is a 22 room hotel on the premises?

A. Say that again.

403. Q. You are aware that, in fact, there is a 22 room hotel on the premises?

A. Correct.

404. Q. Within excess of 90 per cent per annum occupancy.

A. That, I don't know.

405. Q. Don't know. And that there's at least one restaurant operating on the main floor?

A. Yes.

MR. RAPPOS: Do you know that it's operating?

THE DEPONENT: It was open. It -- it's not a restaurant. It's sort of a cafyeah.

BY MR. SCHORR:

406. Q. An eating establishment. Shall we say that?

A. Pardon me?

407. Q. An eating establishment.

A. Yes.

408. Q. Is that a better term? Okay.

A. Coffee -- sort of a coffee shop.

409. Q. And you know that the adjoining three properties are indirectly -- Mr. -- Mr. Karras is indirectly involved in those three and that it's the same people who have this agreement to acquire his shares on the subject property?

A. Yes.

410. Q. All right. Did you ever speak to them?

A. No.

411. Q. Did you ever ask them whether they thought it was a good idea that their -- that the hotel and -- and restaurant be closed and that the building be sold

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as a vacant building?

MR. RAPPOS: Why would he ask them? They're not -- they're not a stakeholder in this property.

MR. SCHORR: Because he says it's in the best interest of creditors.

MR. RAPPOS: Yeah. Are they a creditor of this property?

MR. SCHORR: They certainly are.

MR. RAPPOS: Whose ---

MR. SCHORR: They have a mortgage for $6.5 million.

MR. RAPPOS: Sir, who has a $6.5 million mortgage?

MR. SCHORR: The people that own the three adjoining properties.

MR. RAPPOS: No, Am-Stat Corporation.

MR. SCHORR: That's right.

MR. RAPPOS: They're the lender.

MR. SCHORR: Yes.

MR. RAPPOS: Yes. And we've been in contact with counsel to the lender.

MR. SCHORR: And you say that they're okay with this?

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MR. RAPPOS: Yes. Phil Meretsky.

MR. SCHORR: All right. Well, we'll -- we'll see when ---

MR. RAPPOS: He's ---

MR. SCHORR: --- we get the letter.

MR. RAPPOS: He contacted me.

MR. SCHORR: Okay.

BY MR. SCHORR:

412. Q. So did you contact any other of the mortgagees or other creditors whether they thought it was a good idea to close the restaurant and the hotel, and not expand into another 20 rooms, and just sell it off as a vacant building?

A. No.

413. Q. No. The only reason you suggest that, I put to you, is so that you can find a way to justify your unconscionable lending?

MR. RAPPOS: Don't. You're going to ask a question with the word unconscionable to a witness?

MR. SCHORR: That's right.

MR. RAPPOS: Well, he's not going to answer that.

(Whereupon REFUSAL NO. 5: To answer question about unconscionable lending.)

BY MR. SCHORR:

414. Q. So that you can collect what you say is owed, this $10 million that you say is owed to you. That's what you're doing this, isn't it?

A. Yeah, it hasn't been paid. It's been default ---

415. Q. That's right.

A. --- for -- for -- for years and years.

416. Q. And you've been sued on the basis that what you're claiming isn't owed, correct?

MR. RAPPOS: Yes, he's ---

THE DEPONENT: Yes.

MR. RAPPOS: --- aware that there's an action commenced by 222.

MR. SCHORR: And you haven't defended that action yet. You've served a notice of intent but there's no defence yet. Is that correct?

MR. RAPPOS: That's correct.

MR. SCHORR: And assuming that the -- that the mortgagees who have a real interest in this property, that is, have put money into this property and your $10 million, I suggest to you that it still amounts to less debt than what the property is worth.

MR. RAPPOS: You'll have to go to --

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THE DEPONENT: That's your contention.

BY MR. SCHORR:

417. Q. Well, have you ---

A. Don't know.

418. Q. --- got any recent appraisals?

A. No.

419. Q. I mean, we have an appraisal here from 2012 that shows it at 13.7 million. And that was before there was a hotel.

MR. RAPPOS: Counsel, he's exercising his rights under his security.

MR. SCHORR: I see.

MR. RAPPOS: He's demanded payment.

MR. SCHORR: He's demanded payment of an unconscionable amount. But I hear you.

MR. RAPPOS: I'm -- it's a key word today.

MR. SCHORR: Yeah. It is a key word. It is unconscionable. The court ---

MR. RAPPOS: Luckily ---

MR. SCHORR: --- will agree.

MR. RAPPOS: --- you're not the judge.

MR. SCHORR: All right.

BY MR. SCHORR:

420. Q. So I take it that if the defendant should choose to do so, the defendant could pay you the amount that's owed?

A. Correct.

421. Q. Right. And do you take any objection to the defendant relying on section 12 of the Mortgages Act to get a statutory discharge upon paying the money into court?

MR. RAPPOS: We'll take it under advisement and we'll get back to you on that.

MR. SCHORR: Please advise.

MR. RAPPOS: Yeah.

(Whereupon UNDER ADVISEMENT NO. 2: To advise whether there is an objection to the defendant relying on section 12 of the Mortgages Act to get a statutory discharge upon paying the money into court.)

MR. SCHORR: Okay? Because that's one of our alternative reliefs. That may be the easiest way to solve this. We'll pay what's demanded into court and have the court decide how much should be paid out to you.

THE DEPONENT: I think we'll ---

MR. RAPPOS: I'll ---

THE DEPONENT: Yeah, we'll go to --

we'll -- we'll do that.

MR. RAPPOS: Well, I'll -- I'll -- I'll speak to him and then we can confirm that fairly quickly for you.

MR. SCHORR: Can we just take a two-minute break so that I can consult with my client? I think I've completed.

MR. RAPPOS: Sure, of course.

COURT REPORTER: We're now off the record and the time is 12:16.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

COURT REPORTER: We're now back on the record and the time is 12:18 p.m. Counsel, you may proceed.

MR. SCHORR: Thanks. So, Mr. Visram, I have completed my cross-examination subject to undertakings and any questions reasonably arising from the implication of the undertakings and any motions that I might have to bring for refusals. And I thank you for coming today.

THE DEPONENT: Thank you.

MR. RAPPOS: Thank you.

COURT REPORTER: We're now off the

record and the time is 12:18 p.m.

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I hereby certify the foregoing to be the Cross-Examination of ZAHERALI VISRAM, taken before me on the 14th day of June 2017.

CERTIFIED CORRECT: PROFESSIONAL COURT REPORTERS INC.

Athavan Jeyaratnam

Court Reporter

Photostatic copies of this transcript are not certified and have not been paid for unless they bear the original signature of ATHAVAN JEYARATNAM and, accordingly, are in direct violation of Ontario Regulation 587/91, Courts of Justice Act, January 1, 1990.

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CAPO SGRO LLP
Barristers · Solicitors

Frank C. Sgro*
John A. Capo
(1948-2008)
Alistair T.M. Riswick*
Frank A. Mendicino

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Diana A. Foggia
Marc De Vuono
Domenic M. Jannetta
Venessa G. Capo
Thomas E. Clark
Michael D. Verrilli
Joseph J.C. Sgro

Refer To: 53623

E-mail: ariswick@csllp.ca

REGISTERED MAIL

January 16, 2013

Professional Court Reporters Inc.
EXHIBIT 1
RPTR:_____ DATE:_____
TOTAL PGS:_____ CASE:_____
JOB #:_____ DEPONENT: Zaherali.V

Zaherali Visram
7 Laredo Court
Toronto, Ontario
M2M 4H7

Dear Sirs:

Re: J S L Contract Hardware Inc. v. 2220277 Ontario Inc.
Address 55 Elm Street/650 Bay Street, Toronto
Claim for Lien

Please be advised that we are the solicitors for J S L Contract Hardware Inc. with respect to the above-captioned matter.

We wish to advise that we were instructed by our client to register a Claim for Lien on the above-captioned property. This lien was registered on January 16, 2013 as instrument number AT3216818. We enclose a copy of this lien for your reference.

Please accept this as a request, pursuant to Section 39 of the Construction Lien Act, R.S.O. 1990, Chapter C.30 for the following:

1. Sufficient details concerning the mortgage on the premises to determine whether or not the mortgage was taken for the purposes of financing an improvement.

2. A statement showing the amounts advanced under the mortgage, the dates of those advances, and any arrears in payment including any arrears in the payment of interest.

We look forward to hearing from you.

Yours truly,

CAPO SGRO, LLP

Per:
Alistair Riswick

AR:wm
encl.

LRO # 80 Construction Lien | Receipted as AT3216818 on 2013 01 16 at 09:46

The applicant(s) hereby applies to the Land Registrar. | yyyy mm dd | Page 1 of 1

Properties

PIN	21199 - 0067 LT
Description	PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO
Address	55 ELM ST TORONTO

Consideration

Consideration $ 29,835.51

Claimant(s)

Name	J S L CONTRACT HARDWARE INC.
Address for Service	c/o Capo Sgro LLP 7050 Weston Road, Suite 400 Woodbridge, Ontario L4L 8G7

I, LISA BUMBACA, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Statements

Name and Address of Owner 2220277 ONTARIO INC., 650 BAY STREET, TORONTO, ONTARIO, M5G 1M8 Name and address of person to whom lien claimant supplied services or materials 2220277 ONTARIO INC., 650 BAY STREET, TORONTO, ONTARIO, M5G 1M8 Time within which services or materials were supplied from 2012/09/25 to 2012/12/03 Short description of services or materials that have been supplied Doors, door frams and related hardware Contract price or subcontract price $29,835.51 Amount claimed as owing in respect of services or materials that have been supplied $29,835.51

The lien claimant claims a lien against the interest of every person identified as an owner of the premises described in said PIN to this lien

Signed By

Alistair Thomas Maurits Riswick	7050 Weston Road, Suite 400 Woodbridge L4L 8G7	acting for Applicant(s)	Signed	2013 01 16

Tel 9058507000

Fax 9058507050

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

CAPO SGRO LLP	7050 Weston Road, Suite 400 Woodbridge L4L 8G7	2013 01 16

Tel 9058507000

Fax 9058507050

Fees/Taxes/Payment

Statutory Registration Fee	$60.00
Total Paid	$60.00

Invoice

75 Ingram Drive
Toronto ON M6M 2L7

Date	Invoice #
Dec 01/12	2474

Invoice To
2220277 Ontario Inc. c/o Hush Homes 75 International Blvd. Suite 400 Toronto, ON

Ship To
650 Bay St. Toronto, ON

PO Number	Rep	Shipping Details	Quote Number

Item	Quantity	Description	Price Each	Amount
Frameless B...	19	opening	1,100.00	20,900.00
Frameless B...	2	opening	1,250.00	2,500.00
Wall Slide D...	1	opening	950.00	950.00
		Price includes installation provided that 2220277 Ontario Inc. will be responsible to have its own work people to remove the doors from The Sliding Door Company truck and bring each respective door to the appropriate unit for installation. A deposit of $7,320.00 (30% of the sub total contract price) is due upon signature of this agreement. Balance to be paid upon installation		

www.SlidingDoorCo.com

GST / HST

852514009

Phone	Fax
416-637-4620	866-844-1360

Subtotal	$24,350.00
GST / HST	$3,165.50
Total	$27,515.50
Deposit/Payments	$-3,165.50
Balance Due	$24,350.00

LIVING LIGHTING
624 KING STREET WEST, UNIT 100
TORONTO, ON M5V 1M7
TEL # (416) 364-9099

REFUNDS & EXCHANGES CHEERFULLY
MADE WITHIN 10DAYS,SORRY NO
REFUNDS ON SPECIAL ORDERS

Reprint - Special Order

Sold To	: ROBIN DE GROOT DESIGN	Station	: 1
Company	: RE: 650 BAY ST. / HUSH HOMES	Date/Time	: Nov-27-2012 5:14 PM
Address	:	Invoice #	: KS00021951
	:	Home Phone	: (416) 371-8662
City	: TORONTO, ONTARIO	Work Phone	:
Postal Code	:	CASHIER	: JODIE

Stock #	Description	Qty	Price	Discount	Sold Ext
	Special Order Pickups				
35064	CHAND 7X40W G9 E23135-10PC	11	520.00	-1155.00	4565.00
33992	PEND 40W G9 E23140-10PC	9	149.00	-270.00	1071.00
32935	VAN 3X40W G9 BV303-90-15	11	204.00	-429.00	1815.00
				SUBTOTAL:	7451.00
				HST:	968.63
				TOTAL:	8419.63
				DEPOSIT APPLIED:	8419.63
				CHANGE:	0.00
	On Special Order				
33921	CTC 7X40W G9 E23133-10PC	4	420.00	-340.00	1340.00
35064	CHAND 7X40W G9 E23135-10PC	7	520.00	-735.00	2905.00
33992	PEND 40W G9 E23140-10PC	9	149.00	-270.00	1071.00
32935	VAN 3X40W G9 BV303-90-15	11	204.00	-429.00	1815.00
				SUBTOTAL:	7131.00
				HST:	927.03
				TOTAL:	8058.03
	REMAINDER OF ORDER FROM ORIGINAL AUG. ORDER			TOTAL DEPOSITS:	-580.37
				SPECIAL ORDER BALANCE:	7477.66
				CHANGE:	0.00

SAVINGS : $ 1,854.00
Special Order
SPECIAL ORDER #: KSS0002008
SPECIAL ORDER PICKUP

ON APPROVAL 48 HRS:_____

HST: 835238346RT0001

KS00021951

INVOICE

BOEN SHEETMETAL

61 Boltonview Cres
Bolton, ON L7E 2G7

INVOICE NO. 311012
DATE Oct.29 2012
CUSTOMER ID

TO Evan Karras
2220277 Ontario. C/O Hush Homes
75 International Blvd. Suit 400
Miss. Ont.
Ph# 416-457-5501

SALESPERSON	JOB	PAYMENT TERMS	DUE DATE
Justin	650 Bay Street	Due upon receipt	

DESCRIPTION	LINE TOTAL
This is the third payment for Bay Street	12,187.50
HST# 859485526RT0001	
SUBTOTAL	$ 12,187.50
HST	$ 1,584.38
TOTAL	$ 13,771.88

THANK YOU FOR YOUR BUSINESS!

INVOICE

Power Electrical Contractor Ltd.
ECRA/ESA LICENCE # 7006250
130 Maurier BLVD.
Maple, ON ,L6A 0V1
HST # 839086352RT0001

INVOICE # 399
DATE : November 25, 2012
Order # : -

BILL TO :
650 Bay St.

Attn: Evan
RE: 2nd and 3rd floor recent work

Item Number	Description	Amount	Unit Price	Total
1	Supply and installation of labor and material as detailed list:			
	Material			
	Octagon box	25	$3.5	$87.5
	Romex wire	3	$147.2	$441.6
	12/2 Bx	20m	$3.5	$70
	10/2 romex(used for cut wires)	25	$2.7	$67.5
	Labor two man power, Forman			
	Sam	35.5hrs	$60/hr	$2130
	Ali	47.5hrs	$40	$1900
	Payam	13.5	$30	$405
	Miscellaneous cost			$160
			Sub Total	$ 5101.6
			HST	$ 663.2
			Total	$5764.80

CAPO SGRO LLP

Barristers, Solicitors

Frank C. Sgro*
John A. Capo (1948-2018)
Alistair T.M. Riswick*
Frank A. Mendicino
[illegible]

7050 Western Road, Ste [illegible]
Woodbridge, ON [illegible]
Telephone: [illegible]
Toronto Line: 416 [illegible]
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Erica D. Cappello
Nancy Cellucci
Diana A. Foggia
Marc De Vuono
Domenic M. Jannetta
Venessa G. Capo
Thomas E. Clark
Michael D. Verrilli
Joseph J.C. Sgro

[illegible]

Email: ariswick@csllp.ca

Gregory N. Hemsworth

VIA E-MAIL
jekarras@rogers.com

WITHOUT PREJUDICE
January 29, 2013

2220277 Ontario Inc.
650 Bay Street
Toronto, Ontario
M5G 1M8

Attention: Evan Karras

Dear Sir:

Re: J S L Contract Hardware Inc. v. 2220277 Ontario Inc.
Address: 55 Elm Street/650 Bay Street, Toronto
Claim for Lien

We understand that a settlement has been concluded directly between you and our client.

Pursuant to the terms of settlement, you are to pay the sum of $27,000 to our firm in trust. The money will be held in escrow here pending delivery of the following items:

27 Closers D3551
Fire-lite Glass
1 Wood Door Red Oak (Replacement)
6 PES Fire Lite Glass

The lien will then be discharged from the title to your property.

Once the specified items have been delivered and you have been provided with a copy of the registered discharge of the lien, we will release the settlement funds from our trust account to our client. Assuming that the foregoing is correct and agreed to by you, would you please deliver a certified

CORWIN MORTGAGE CAPITAL
8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO
L4K 1Z1

9 pages by email to aevaniuk@icloud.com

April 10, 2015

2220277 Ontario Inc. (the "Borrower")
C/O Alex Evaniuk
Matrex Financial Ltd.
160 Burnet Street,
Oakville, Ontario
L6K 1C2

Professional Court Reporters Inc.
EXHIBIT 2
RPTR. DATE
TOTAL PGS CASE
JOB # DEPONENT Zaheral, V.

Dear Sir:

Re: **Mortgage Financing Commitment (the "Commitment")**

Corwin Mortgage Capital Inc. ("Corwin"), licensed under the *Mortgage Brokers, Lenders and Administrators Act* as a mortgage brokerage, hereby provides its Commitment, as an agent for the Lender (defined in Schedule B), to fund a loan (the "Loan") to be secured by a mortgage (the "Mortgage") to be registered on title to the Lands ("Title"). The terms of the Commitment are as follows:

1.	**Municipal Addresses:**	650 Bay Street/55 Elm Street, Toronto, Ontario (the "Lands")
2.	**Loan Amount and Priority:**	$2,600,000.00 (the "Loan Amount"). First mortgage.
3.	**Interest Rate:**	9.25% per annum, interest only.
4.	**Term:**	1 year
5.	**Fees (collectively the "Fees"):**	
	i) Brokerage:	$39,000.00 to Corwin Mortgage Capital Inc. and/or its Lenders $39,000.00 to Matrex Financial Ltd.
	ii) Lender's Legal Fees:	To be paid by the Borrower
6.	**Prepayment Privilege:**	Fully open for repayment in full upon not less than 30 days written notice.
7.	**Repayment Notice:**	In the event the Borrower intends to repay the Loan upon maturity, the Borrower shall provide not less than 1 month's written notice of such intention.
8.	**Security:**	As described hereafter in paragraph 4 of Schedule 'B'.

Acceptance

Initial _____ date Apr. 10/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

9. **Deposit:** $5,000.00 by certified cheque payable to Garfinkle Biderman in Trust (the "Deposit").

10. **Closing Date:** April 17, 2015 (the "Closing Date").

Please signify your agreement to the Commitment by executing and dating a copy of page 3, Schedule 'A' and initialing and dating the remaining pages attached hereto as Schedule 'B', and returning same with the Deposit. This Commitment is voidable at the option of Corwin if not accepted in accordance with its terms by April 11, 2015. **Before acceptance of the Commitment you are strongly advised to obtain independent legal advice.**

Yours very truly,
CORWIN MORTGAGE CAPITAL (FSCO Licence No. 12380)

Per: Kyle Fenwick

Acceptance

Initial _____ date Apr. 10/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

ACCEPTANCE

The Borrower and Guarantor hereby accept the Commitment and confirms their agreement with all of the terms and conditions hereof, having either obtained legal advice independent of Corwin or having been satisfied that legal advice is not required.

Accepted at Toronto this 10th day of April, 2015.

2220277 Ontario Inc

Per: Evan Karras
I have the authority to bind the Corporation

Evan Karras

Acceptance

Initial _____ date Apr. 10/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

SCHEDULE 'A'

AUTHORIZATION, DIRECTION AND CONSENT

TO: **City of Toronto, Utility Suppliers, and any existing or future encumbrancers of the Lands as defined below**

AND TO: **Corwin Mortgage Capital Inc. and its solicitors**

FROM: **2220277 Ontario Inc. and Evan Karras**

RE: **2220277 Ontario Inc. 1st Mortgage to Corwin; 650 Bay Street/55 Elm Street, Toronto, Ontario, (the "Lands")**

We, 2220277 Ontario Inc and Evan Karras, the proposed mortgagor and guarantor, with respect to the above referenced transaction, hereby authorizes and directs that upon written request and from time to time you are to release to the intended and thereafter existing mortgagee of the Lands, Corwin Mortgage Capital Inc. and/or its solicitors, any and all records and information requested pertaining to the property and, in particular, accounts, building, zoning, fire, building permits, health issues or work orders and in case of a 1st mortgage loan a mortgage or loan statement for discharge or information purposes, an arrears statement and particulars of any default that has occurred or exists and particulars of any renewal, conversions or other changes made to the mortgage. This is your full and sufficient authority and direction to do so. You may rely on this authorization and direction and authorization as the consent of the undersigned for all purposes to release our personal information related in any manner to the Lands.

We also authorize and direct Corwin and/or its solicitors to release any information relating to the above-noted mortgage to any existing or future encumbrancers or creditors who have an interest in or whose claims bind the Lands.

DATED at Toronto, this 10th day of Aprl, 2015.

2220277 Ontario Inc

Per: Evan Karras
I have the authority to bind the Corporation

Evan Karras

Acceptance

Initial _____ date Apr. 10/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

SCHEDULE 'B'

1. **Lender:** The Lender for the Loan will be a syndicate of investors.

2. **Interest:** Calculated and payable monthly, interest only ("Interest") with no deemed reinvestment of monthly payments. Interest shall become due and payable the first of each month immediately following the Interest Adjustment Date as referred to hereunder and on the first of each month thereafter.

3. **Interest Adjustment Date:** The Interest Adjustment Date ("IAD") shall be the 1st of the month following the Closing Date as described hereunder.

4. **Security:**

   i) First mortgage to be registered on Title to the Lands;

   ii) Personal Guarantee from Evan Karras;

   iii) General Security Agreement ("GSA") from 2220277 Ontario Inc. providing a first fixed and floating charge over all assets of 2220277 Ontario Inc. as agreed to herein to be registered under the PPSA;

   iv) Corporate guarantees from 2220277 Ontario Inc. secured by a GSA providing a fixed and floating charge over the assets of 2220277 Ontario Inc. to be registered under the PPSA;

   v) Postponement of Claims by all shareholders of 2220277 Ontario Inc. and any other corporate owners of the Lands;

   vi) Assignment of Rents and Leases;

   vii) Assignment of insurance policies over the assets of the Borrower at the Lands with loss payable to Corwin;

   viii) Assignment of all material contracts and agreements pertaining to the Lands; and

   ix) Such other legal documents reasonably considered necessary by Corwin's solicitors, to support Corwin's security;

5. **Borrower Representations and Acknowledgements:**

The Borrower represents and warrants to Corwin that as of the date of acceptance of this Commitment by the Borrower and as of the Closing Date:

- The Borrower has the power, capacity and authority to enter into this Commitment and to perform and

complete the transaction contemplated herein, all of which have been duly authorized where required by all necessary corporate action, and that no consents are necessary for this transaction to be completed;

- The Borrower has not withheld any information of a material nature relating to the Lands or the Borrower;
- All financial information provided by the Borrower to the Lender, including without limitation financial information provided in respect of the values and other matters pertaining to the Lands.
- **The Lands and all activities conducted thereon comply with all environmental laws in the Province of Ontario. The Lands contain no hazardous substances, have not been previously subject to any remediation or clean-up of hazardous substances and there is no prior, existing or threatened investigation, action, proceedings, notice, order, fine, conviction, judgment or lien of any nature or kind against or affecting the Lands or the Borrower or the previous owners arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the Lands within the knowledge of the Borrower has been delivered to Corwin;**
- On closing the Borrower will be the registered owner and the sole beneficial owner of the Lands;
- The Lands and the building(s) thereon are used as a boutique hotel and commercial rental property;
- The current use of the Lands is legal in every respect, complying with all municipal, provincial, federal and regulatory laws, regulations and/or by-laws (governmental or otherwise).
- The subsequent mortgagees will postpone allowing a new first mortgage to be registered;

6. **Closing Requirements:**

The closing requirements have been satisfied and or waived. Corwin will be in a position to fund the loan on April 17, 2015.

7. **Termination of Commitment:**

In the event the Loan is not advanced and the Commitment is terminated the Deposit shall not be refundable to the Borrower and may be retained by Corwin as liquidated damages except in the event of Corwin's default. In addition to the foregoing, the Borrower shall be responsible for and pay the deficiency between the Fees and the Deposit to Corwin forthwith on demand which are deemed to be earned and payable by the Borrower upon acceptance by the Borrower hereof. The Borrower acknowledges that the Fees are a reasonable estimate of Corwin's costs incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that said Fees are earned irrespective of whether the Loan is advanced, save for Corwin's default.

No termination of this Commitment shall limit, restrict or otherwise affect in any way: (i) the obligations of the Borrower to pay to Corwin the Fees or any third party fees, costs and expenses of Corwin in connection with the Loan specified in this Commitment; and (ii) the right of Corwin in respect of any deposits paid to it, including its right to retain the Deposit and/or to apply the Deposit for third party fees, costs and expenses as set out herein.

It is understood that Corwin has entered into this Commitment based on representations made by the Borrower and, if at any time, there is or has been any material discrepancy or inaccuracy in any written or

oral information, statements, or representations heretofore or hereafter made or furnished to Corwin by or on behalf of the Borrower concerning the security or the Borrower financial condition and responsibility, then Corwin shall be entitled in its sole discretion to withdraw or cancel any obligation hereunder and decline to advance funds, and in addition to forfeiture of the Deposit, the Borrower shall be liable to pay all Fees as hereinbefore recited.

8. **Extension and Assignment of Commitment:**

In the event the Loan is not advanced by the Closing Date the Commitment may be terminated at the option of Corwin unless the Borrower pre-pays interest to Corwin for one month for each one-month extension or part thereof of the Closing Date together with all Fees.

Corwin may sell, transfer, assign or syndicate the Loan, or any interest therein, from time to time without notice to, or consent of, the Borrower. The Borrower acknowledges and agrees that the Loan may be sold, transferred assigned or syndicated without further notice to, or the consent of, the Borrower.

Corwin from time to time may release, disclose, exchange, share, transfer and assign, as it may determine in its sole discretion, all financial and other information and materials provided to or obtained by Corwin or its agents and representatives, without restriction and without notice to or the consent of the Borrower as follows:

i. to any subsequent or proposed purchaser of the Loan, including any subsequent lender and their respective third party advisors such as lawyers, accountants, consultants, appraisers and credit verification sources; and
ii. to any person in connection with the sale or assignment of the Loan.

The Borrower consents to the release, disclosure, exchange and sharing of all such information and materials and to any publicity or advertising that refers to the financing of the Lands.

The rights or obligations of the Borrower under or in respect of this Commitment or the Loan may not be assigned to or performed by any other party.

9. **Realty Taxes:**

The Charge may include a provision for the collection of property taxes by the Lender or anyone instructed by the Lender.

10. **Expenses:**

The Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by Corwin in connection with the preparation, negotiation and documentation of this Commitment and the security provided for herein and the operation or enforcement of this Commitment and the security provided for herein.

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

11. **Title Insurance:**

At the Borrower expense, Corwin's solicitors will obtain a title insurance policy from title insurer with coverage satisfactory to Corwin's solicitors in their sole and absolute discretion.

12. **Insurance:**

The Borrower shall deliver evidence of fire and liability insurance, including any other coverage required by Corwin, showing the interest of Corwin or its investors as first mortgagee and loss payee. On closing, the insurance premium for 1 year from the date of closing shall be paid in full.

13. **Possession:**

In the event of default under the Mortgage by the Borrower, Corwin obtaining possession of the Lands and determining, in its sole discretion, that the Lands require work and improvements in order to market the Lands, then Corwin shall have the right, at its sole option, to complete such work on such terms as it deems advisable. The cost of completion of the servicing and work by Corwin and its agents and all expenses incidental thereto shall be added to the Loan Amount, together with a management fee of fifteen per cent (15%) of the costs of the work and improvements completed by Corwin. All costs and expenses, as well as said management fee, shall bear interest at the rate as herein provided for and shall form part of the Loan secured hereunder and Corwin shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of Mortgage principal and Interest hereunder or at law.

14. **Deliveries:**

Such financial and other information, statements and documents as Corwin and/or its solicitors may require in connection with the underwriting or closing of the Loan.

15. **Non-Merger:**

The provisions of this Commitment shall not merge with any security provided to the Lender, but shall continue in full force and effect for the benefit of the parties hereto.

16. **General Provisions and Independent Legal Advice:**

- Mortgage advance is to be payable to the registered owner of the Lands or encumbrancers of the Lands who are to be paid out from the Mortgage advance;
- Attorney pursuant to power of attorney cannot execute Mortgage document;
- Independent Legal Advice shall be required for any party guaranteeing the Mortgage, consenting to or guaranteeing the Mortgage or postponing their interest to Corwin's security unless waived by Corwin;
- Prior to advance of funds, all security and loan documentation is to be delivered to Corwin in form satisfactory to Corwin and its solicitors; and

- No quaternary financing unless otherwise agreed and approved by Corwin in writing.

17. **Lender's Legal Fees:**

The Lender's Legal Fees are for performance of the following legal services:

i. due diligence searches as required by the Lender and review of such searches;
ii. preparation of the mortgage and security documentation;
iii. placement of title insurance;
iv. registration of the mortgage and security documents as required; and
v. correspondence with the Borrower solicitors.

If any other work is required to be completed by the Lender's solicitors which is outside the scope of the foregoing, including but not limited to, (a) work completed as a result of the Borrower non-disclosure of existing encumbrances which relate to the security being provided under the mortgage, (b) negotiating the mortgage and security documentation in response to changes requested by Borrower, (c) revising the mortgage and security documentation to reflect changes requested by the Borrower and agreed to by the Lender, (d) investigating the Land's compliance with applicable laws and regulations, and (e) conducting the closing of the transaction, then in addition to the amount of the Lender's Legal Fees indicated on page 1 of the Commitment, the Lender's solicitors may charge, and the Borrower must pay on closing, the additional legal fees of the Lender's solicitors which will be charged at the Lender's solicitors' hourly rate.

Subject: Financing Offer to Take out 1st from Corwin
Date: Monday, May 29, 2017 10:59 AM
From: Evan Karras <ekarras@rogers.com>
Reply-To: Evan Karras <ekarras@rogers.com>
To: Alfred Schorr <alfred@schorrlaw.ca>

Alfred,

Attached is the commitment I had from Corwin Capital to take out the original B&M Handelman 1st mortgage, which Visram refused.

He was offering from $2.1 million originally and then I had him increase it to $2.6 million in order to pay for taxes, lender and broker fees and some operating capital.

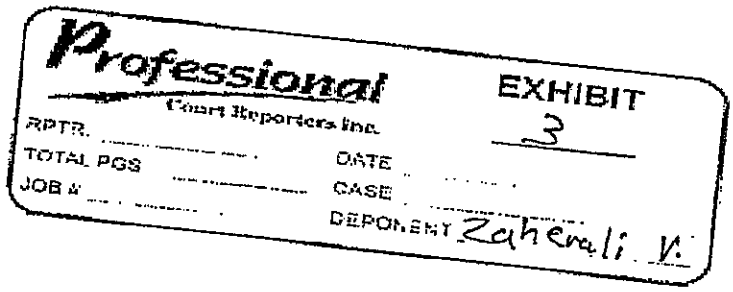
Regards,

Evan

From: Alfred Apps aapps@wildlaw.ca
Subject: RE: FW:
Date: May 25, 2015 at 11:16 AM
To: Tristar tristar@sympatico.ca
Cc: Evan Karras ekarras@rogers.com

Since you are increasing the mortgage and not merely taking an assignment, this will require new postponements from all subordinate lenders. Please confirm whether these have to be provided for closing and who will be drafting them.

From: Tristar [mailto:tristar@sympatico.ca]
Sent: May-25-15 11:15 AM
To: Alfred Apps
Cc: 'Evan Karras'
Subject: FW:



From: Tristar [mailto:tristar@sympatico.ca]
Sent: May-22-15 12:38 PM
To: 'Phil Thompson'
Subject:

Hi Phil,

I just spoke to Evan Karras and also have confirmation by email from Evan as well as Alfred Apps regarding

the 1st Mortgage on 650 Bay ST as follows:-

Amount of the debt to be assigned	$ 2,283,464.00

Additional Amounts:-

Taxes	$ 125,000.00
Construction Lien	26,000.00
Lender's Fees (Z.Visram)	73,000.00
Working Capital	92,536.00
	$ 316,536.00

Total Amount of the Mortgage $2,600,000.00

Interest at 9 ¼% payable and compounded monthly. Term 1 year.

Amount of Payout to Handleman	$2,190,000.00
Pay Out Amounts	$2,506,536.00

Evan informs me that he has already obtained postponement from all the people registered after me for

$2.6 Million on new terms & conditions.

Zaherali Visram.

From: Alfred Apps aapps@wildlaw.ca
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.
Date: May 15, 2015 at 2:12 PM
To: Harvey Spring HARVEYSPRING@BELLNET.CA, 'stephen handelman' (stephenghandelman@gmail.com) stephenghandelman@gmail.com
Cc: Tristar tristar@sympatico.ca, Evan Karras ekarras@rogers.com

I can confirm that Mr. Visram (copied) now has all the information he has requested of the borrower to make his decision.

W. Alfred Apps
Counsel
WILDEBOER DELLELCE LLP
Suite 800 | Wildeboer Dellelce Place
365 Bay Street, Toronto, ON M5H 2V1
T 416 361 6211| F 416 361 1790 | C 416 457 9250
aapps@wildlaw.ca | follow us on Twitter and LinkedIn

From: Jeremy Mandell [mailto:jmandell@GARFINKLE.com]
Sent: May-12-15 10:13 AM
To: Alfred Apps; Jacqueline Daubney
Cc: Daniel Shapira; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Mr Apps,

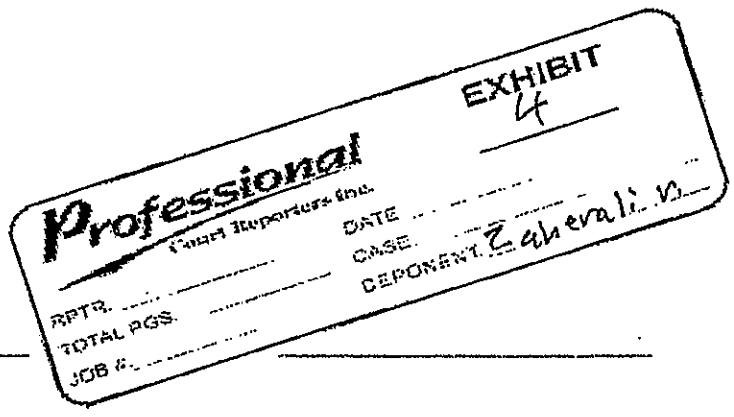
Has your client had any success finding the second mortgagee?

Is he any closer to being able to close in the near future?

Thanks.

Garfinkle | Biderman
BARRISTERS & SOLICITORS

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com



From: Alfred Apps [mailto:aapps@wildlaw.ca]
Sent: May-07-15 9:29 AM
To: Jeremy Mandell; Jacqueline Daubney
Cc: Daniel Shapira; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

The second mortgagee is not being responsive. That is the only issue. Chasing him again this morning. He does NOT have counsel.

From: Alfred Apps aapps@wildlaw.ca
Subject: FW: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.
Date: May 7, 2015 at 9:29 AM
To: Evan Karras ekarras@rogers.com
Cc: Daniel Shapira dshapira@wildlaw.ca

See below. I don't have a Plan B.

From: Alfred Apps
Sent: May-07-15 9:29 AM
To: 'Jeremy Mandell'; Jacqueline Daubney
Cc: Daniel Shapira; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

The second mortgagee is not being responsive. That is the only issue. Chasing him again this morning. He does NOT have counsel.

From: Jeremy Mandell [mailto:jmandell@GARFINKLE.com]
Sent: May-07-15 9:27 AM
To: Jacqueline Daubney
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Good morning,
Can we please have a progress update?

Thank you.

Garfinkle | Biderman
BARRISTERS & SOLICITORS

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

From: Jacqueline Daubney [mailto:JDaubney@wildlaw.ca]
Sent: April-15-15 5:20 PM
To: Jeremy Mandell
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Thanks Jeremy.

Much appreciated.

Jacqueline Daubney
Senior Commercial Real Estate Law Clerk
WILDEBOER DELLELCE LLP

From: Jeremy Mandell [mailto:jmandell@GARFINKLE.com]
Sent: May-07-15 9:27 AM
To: Jacqueline Daubney
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Good morning,
Can we please have a progress update?

Thank you.

Garfinkle | Biderman
BARRISTERS & SOLICITORS

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

From: Jacqueline Daubney [mailto:JDaubney@wildlaw.ca]
Sent: April-15-15 5:20 PM
To: Jeremy Mandell
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Thanks Jeremy.

Much appreciated.

Jacqueline Daubney
Senior Commercial Real Estate Law Clerk
WILDEBOER DELLELCE LLP
Suite 800 | Wildeboer Dellelce Place
365 Bay Street, Toronto, ON M5H 2V1
T 416 847 6924 | F 416 361 1790
jdaubney@wildlaw.ca | follow us on Twitter and LinkedIn

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To: Jacqueline Daubney
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

See attached.

Thanks.

Garfinkle | Biderman

GARFINKLE BIDERMAN
BARRISTERS & SOLICITORS

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

From: Jacqueline Daubney [mailto:JDaubney@wildlaw.ca]
Sent: April-15-15 5:01 PM
To: Jeremy Mandell
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

No problem at all Jeremy.

If you could just email me a complete set of documents that need to be revised, that would be great. We will print them on our end.

Thanks
Jacqueline

Jacqueline Daubney
Senior Commercial Real Estate Law Clerk
WILDEBOER DELLELCE LLP
Suite 800 | Wildeboer Dellelce Place
365 Bay Street, Toronto, ON M5H 2V1
T 416 847 6924 | F 416 361 1790
jdaubney@wildlaw.ca | follow us on Twitter and LinkedIn

From: Jeremy Mandell [mailto:jmandell@GARFINKLE.com]
Sent: April-15-15 4:48 PM
To: Jacqueline Daubney
Cc: Daniel Shapira; Alfred Apps; Amber Karayalcin
Subject: RE: Corwin Mortgage Capital Inc. loan to 2220277 Ontario Inc.

Hi Jacqueline,
The package was not to have been sent before I saw it again as I had two changes, being:

1) The Amendment to Commitment was not required as I saw a new commitment was signed;
2) As a result of No. 1 above, the dates needed to be changed.

I will send you the docs that cannot be slip sheeted otherwise I suggest slip sheeting the pages that reference the February Commitment.

Alternatively I can easily email you complete docs of those that need to be revised.

My apologies for this mistake.

Thanks

Thanks.

Garfinkle | Biderman
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Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

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We confirm receipt of the package of security documents, together with your covering letter setting out detailed instructions of what will be required prior to funding. Thank for delivery of same.

We will work through the items in your letter and the security documents accordingly, but in the meantime, can you kindly provide me with a copy of the Commitment Letter you make reference to in the "Amendment to Commitment".

We received the attached two commitment letters from our client. The first being the February 26th version and the second being a fully executed version dated April 10th, which we assumed replaced the February 26th version. We just want to be sure that we are working with the correct commitment.

Regards,
Jacqueline

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Email: jmandell@garfinkle.com

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No problem at all Jeremy.

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jdaubney@wildlaw.ca | follow us on Twitter and LinkedIn

Summary of Undertakings given at the Cross-Examination of Zaherali Visram, held on June 14, 2017

Undertaking	Answer
To review records and confirm whether you have a copy of an appraisal prepared by Stiry Appraisals International Ltd. dated December 19, 2011, and if so, produce same	See appraisal attached hereto and marked as **Appendix "A"**
To review records and confirm whether you have a mortgage statement from the first mortgagee, which would have been received in connection with the mortgage loan commitment dated January 18, 2012, and if so, produce same	See letter dated January 6, 2012 attached hereto and marked as **Appendix "B"**
To review records and confirm whether you have any cancelled cheques or other documentation with respect to the $330,000 advanced by you in connection with the mortgage loan commitment dated January 18, 2012 and referred to in the Revised Re-Direction for Funds dated March 27, 2017 and reproduced as Exhibit "7", and if so, produce same	See copies of cheques collectively attached hereto and marked as **Appendix "C"** Also refer to Acknowledgement executed by the Respondent dated March 6, 2017 and attached as Exhibit "A" to the Reply Affidavit of Zaherali Visram sworn June 7, 2017
To review records and confirm the calculation for the amount of $48,000, which is referred to as item 3 in the Redirection – Final Advance of Funds ($700,000) dated July 26, 2012 and reproduced as Exhibit "9"	Two months' (June and July 2012) interest charged at $12,000 per month, and extension fees for June and July 2012 at $12,000 per month
To review records and confirm how the net amount of $192,250, which is referred to as item 6 in the Redirection – Final Advance of Funds ($700,000) dated July 26, 2012 and reproduced as Exhibit "9", was disbursed and produce any documentation with respect thereto	See copy of cheque attached hereto and marked as **Appendix "D"**
To review records and confirm whether you have a law firm trust ledger with respect to the amounts referred to as items 4 and 5 on the Amended Direction dated September 28, 2012 and reproduced as Exhibit "11", and if so, produce same	See trust ledger statement attached hereto and marked as **Appendix "E"**
To review records and confirm how the amount of $440,546.40 referred to as item 9 on the Amended Direction dated September 28, 2012 and	See trust ledger attached hereto and marked as Appendix "E". The disbursement was in accordance with the provisions of the mortgage

Undertaking	Answer
reproduced as Exhibit "11", was disbursed and produce any documentation related thereto and any direction received from the Respondent	loan commitment dated January 18, 2012
To review records and confirm whether you requested and/or received a statement from the Handleman Group as to what was outstanding under the first mortgage when it was acquired, and if so, produce same	See Assignment of Security attached hereto and marked as **Appendix "F"** that sets out amount of first mortgage
To review your records to see if you have a trust ledger or other documentation supporting payment of the amounts referenced in your handwritten notes detailing the increase of the first mortgage to $2.6 million, and if so, produce same	See trust ledger statement attached hereto and marked as **Appendix "G"**.
To review your records to see if you have copies of any mortgage statements you would have given to the Respondent prior to March 15, 2015, and if so, produce same, and confirm and produce any breakdown you may have with respect to calculation of the amount of fees and interest of $1,289,760 in the forbearance agreement	See fax sent to Evan Karras in May 2015 that includes a breakdown prepared by the Applicant, which is attached hereto and marked as **Appendix "H"**

APPENDIX "A"

PROSPECTIVE NARRATIVE APPRAISAL REPORT

AND

VALUATION ANALYSIS

OF A

COMMERCIAL/RESIDENTIAL PROPERTY

AT

650 BAY STREET

TORONTO, ONTARIO

Prepared for:

Royal Bank of Canada
25 Milverton Drive
Mississauga, Ontario
L5R 3G2

December 19, 2011

Royal Bank of Canada
25 Milverton Drive
Mississauga, Ontario
L5R 3G2

Attention: **Mr. Malik Ahmed**
Senior Commercial Account Manager
Construction Services & Real Estate
Commercial Financial Services

Dear Sir,

Re: **Prospective Narrative Appraisal of a Commercial/Residential Property located at 650 Bay Street, City of Toronto, Ontario**

As authorized, we have inspected the above captioned property (hereinafter referred to as the 'subject property') on November 23, 2011 and made certain investigations and studies for the purpose of expressing to you our opinion as to its prospective market value.

This appraisal report provides a description of the property and other pertinent data gathered during our investigations which have assisted us in arriving at our value conclusion.

In our opinion, the prospective market value of the fee simple interest in the subject property effective November 23, 2011 is:

$10,100,000

(TEN MILLION ONE HUNDRED THOUSAND DOLLARS)

We wish to advise that we have no present or contemplated interest in this property of any kind whatsoever. This valuation has been prepared in accordance with the "Canadian Uniform Standards of Professional Appraisal Practice" of the Appraisal Institute of Canada.

This report has also been prepared on the assumption that the property complies with all requirements of the authorities having jurisdiction over environmental matters. The value reported may not reflect the prospective market value of the property should the property be found to be contaminated.

It is our understanding that valuation of the fee simple interest is required for first mortgage financing purposes.

Thank you for the opportunity to be of service.

Yours very truly,
STRY APPRAISALS INTERNATIONAL LIMITED,

John R. Le'Count, MIMA, AACI, P. App.
President

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Executive Summary
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Photographs of Neighbourhood

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Appendix A Survey of Subject Site
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Appendix C Qualifications of Appraiser
Appendix D Assumptions and Limiting Conditions
Appendix E Certification

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STRY APPRAISALS INTERNATIONAL LIMITED
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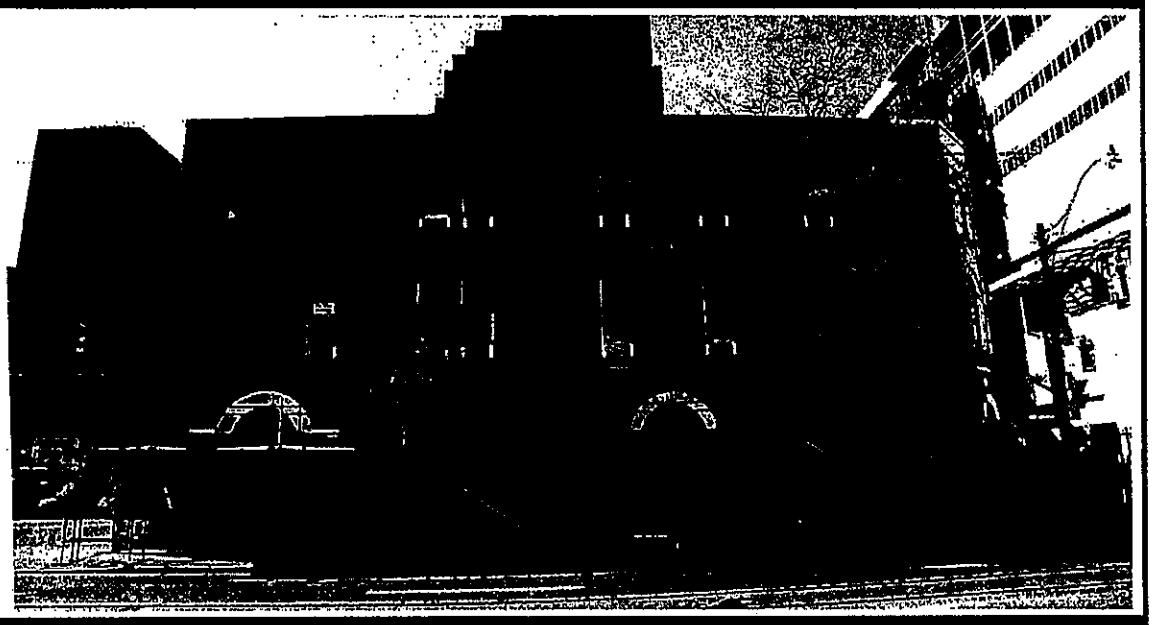
EXECUTIVE SUMMARY	
Effective Date of Appraisal	November 23, 2011
Purpose of Appraisal	To estimate the prospective market value of the within described property for first mortgage financing purposes
Function of Appraisal	For establishing prospective market value
Property Appraised	Commercial/Residential Building
Location	650 Bay Street, City of Toronto, Ontario
Legal Description	Part of Lot 2, Plan 60 As in Instrument CA-720524 City of Toronto Province of Ontario PIN No. 211990067
Frontage (Bay Street)	83.00 feet approximately
Flank (Elm Street)	24.40 feet approximately
Total Site Area	±0.046 acre (±2,054 sq. ft.)
Total Building Area	±6,090 sq. ft.
Site Density	297%
Services	Full municipal services available
Zoning	Mixed Use (CR) T7.8 C2.0 R7.8
Highest and Best Use	Commercial/Residential Building
Direct Comparison Approach	$9,440,000
Income Approach to Value	$10,100,000
Final Estimate of Prospective Market Value	**$10,100,000**

PHOTOGRAPHS OF SUBJECT PROPERTY

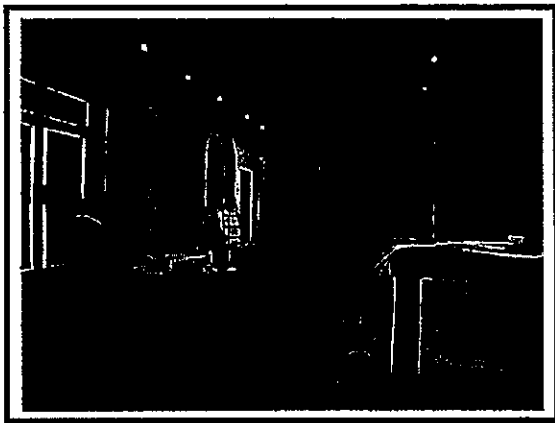


East Elevation

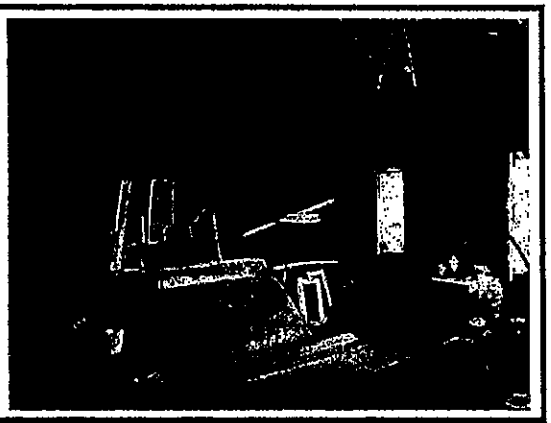
North Elevation

Southeast Elevation

Southwest Elevation



Unit 1 - Sliced Gourmet Unit



Unit 2 - 2287073 Ontario Inc. Unit

Main Lobby to Upper Floor

Residential Apartment Floor Corridor

Typical Apartment Unit

Basement

PHOTOGRAPHS OF NEIGHBOURHOOD

North View of Bay Street

South View of Bay Street

East View of Elm Street

West View of Elm Street

PART I

INTRODUCTION

Purpose of Appraisal

The purpose of this appraisal report is to estimate the prospective market value of the subject property located at 650 Bay Street, City of Toronto, Ontario.

Intended Use of Report

This appraisal is to be used for first mortgage financing purposes only.

Legal Description

The subject property is legally described as:

Part of Lot 2, Plan 60
As in Instrument CA-720524
City of Toronto
Province of Ontario

PIN No. 211990067

Definition of Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
5. the price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Definition of 'Prospective Market Value'

'Prospective Market Value' is defined as a forecast of value expected at a future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under conversion to a new use, or those that have not achieved sell-out status or a stabilized level of long-term occupancy at the time the appraisal report is written.

Effective Date of Appraisal

The effective date of this appraisal is November 23, 2011.

Property Rights Appraised

The property rights appraised are those of the fee simple interest in the real estate comprising the subject property. Fee simple is defined as a fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

Exposure Time

Exposure time may be defined as follows: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. The reasonable exposure period is a function of price, time and use, not an isolated estimate of time alone. The reasonable exposure time inherent in the market value concept is always presumed to precede the effective date of the appraisal. Exposure time is different for various types of real estate and under various market conditions.

The subject property comprises of a mixed-use commercial building in the City of Toronto, Province of Ontario. Several similar properties that we are aware of in the area are being offered for lease or sale, therefore demand is relatively stable. We anticipate a reasonable exposure time for the subject property to be between 120 to 150 days.

Marketing Time

Marketing Time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time which is always presumed to precede the effective date of an appraisal. We are of the opinion that a reasonable marketing time for the subject property is 120 to 150 days.

History of Sale of Subject Property

The history of the sale of the subject property since 2001 is as follows:

The subject property operated as a limited service motel in downtown Toronto. It sold in April 2001 for $1,680,000. In November 2008 the property owner defaulted on the mortgage and the mortgagee acquired the property under 'Power of Sale' proceedings. The mortgagee, B&M Handelman Investments Limited sold the property to the present owners, 2220277 Ontario Inc. on November 13, 2009 for $2,425,000.

Real Estate Listing of Subject Property

To the best of our knowledge, the subject property has not been offered for sale under a real estate listing since its acquisition in November 2009.

SCOPE OF APPRAISAL

The scope of the appraisal encompasses the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice established by the Appraisal Institute of Canada. With regard to the subject property, this involved the following steps:

- An inspection of the subject property and surrounding area by the appraiser was made on November 23, 2011;
- Information related to zoning, land use policies and trends were obtained from municipal planning reports and zoning by-laws;
- Discussions with Planning, Zoning and Engineering Officials for the municipality were conducted, if necessary;
- Assembly and analyses of relevant information pertaining to the property being appraised, including acquisition particulars if acquired within three years prior to the date of appraisal;
- Assembly and analyses of pertinent economic and market data;
- An in-depth discussion and statement of highest and best use;
- A discussion of the appraisal methodologies and procedures employed in arriving at indications of value;
- Preparation of the Direct Comparison Approach to Value. A reasonable attempt has been made to verify the sales transaction data to ensure that they were at arms length and reliable;
- Preparation of the Income Approach to Value by applying a market derived capitalization rate to the projected net income of the subject property;
- Reconciliation of the approaches to value into a final estimate of prospective market value as at the effective date of the appraisal; and
- Inclusion of all appropriate photographs, maps and addenda/exhibits.

Extraordinary Limiting Conditions

The following are the Extraordinary Limiting Conditions that apply to this appraisal report because we have not:

1. Verified sales data in the Registry Office. Therefore, we have relied upon third party verification of sales data.
2. Conducted a Title Search, nor examined the existence of easements, right-of-ways or restrictions, if any, and their effect on the appraised property.
3. Applied the Cost Approach to value as it would not reflect the investment rational of typical buyers for this type of property.

PART II

DESCRIPTIVE SECTION

REGIONAL AND NEIGHBOURHOOD DATA

Regional Data

The City of Toronto, found on the north shore of Lake Ontario and between the Peel and Durham regions, was created through the amalgamation the former Metropolitan Toronto which included York, East York, Etobicoke, Scarborough, North York and Toronto. The City of Toronto has a combined population of 2,503,281 according to the census obtained in 2006, an increase of 0.9% from Census 2001. Highway 401, 407, Gardiner Expressway, 427, 400, 404 and Don Valley Parkway all provide ingress and egress to and from the City. Local public transit is linked to other neighbouring cities, offering a comprehensive network of bus, subway and commuter train routes.

The subject property is generally located in central Toronto, in the Toronto Centre-Rosedale district of Ward 27. Ward 27 was home to 67,840 people and consisted of 39,375 households in 2006. The population of Ward 27 reportedly grew by 9.5% between 2001 and 2006. 76% of occupied private dwellings were in high-rise apartments and 12% were in low-rise apartments in 2006. In 2006, 37% of occupied private dwellings were owned while 63% were rented.

The subject is located within the Bay Street Corridor residential neighbourhood which is generally bounded by Bloor Street West to the north, Front Street to the south, University Avenue to the west and Yonge Street to the east. Total population in this neighbourhood was reported to be ±15,320 persons in 2006, a ±9% increase from the previous census year. Compared to the rest of Toronto, 68% of the residents here rent and the majority of private dwellings here (96%) are apartment buildings 5 storeys and above while only about 3.5% are in apartment buildings below 5 storeys in height. Total private dwellings surveyed were 8,765. The average gross rent in 2005 was reported to be $1,250 and the average value of a dwelling was $314,724. The median census family income was $61,413.

Neighbourhood Data

More specifically, the subject property is situated on the southwest corner of Bay Street and Elm Street, the block north of the Toronto Bus Terminal on Bay Street and Edward Street, , ±0.25 km southeast of Toronto General Hospital and generally south of the Women's College Hospital and the University of Toronto. The subject has street frontage on Bay Street and flank on Elm Street with pedestrian access from both streets.

The subject's immediate neighbourhood comprises a combination of institutional, office, residential apartments as well as major retail use buildings such as the Eaton Centre. College Street is a minor collector which travels from Lansdowne Avenue to Yonge Street.

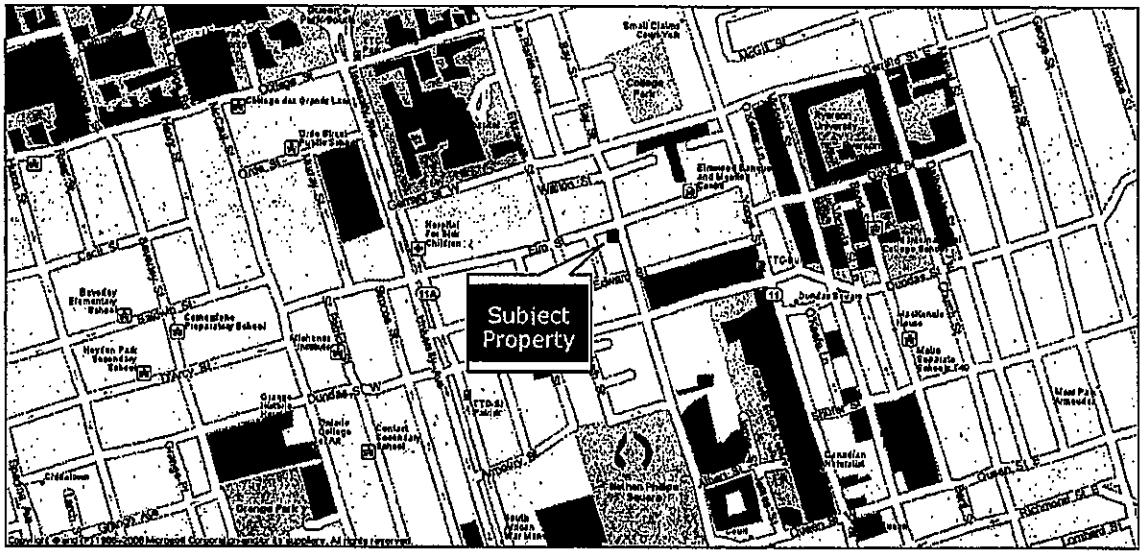
An important development currently underway which will bode well for the subject is the construction of the new research centre of the Hospital for Sick Kids (SickKids). The ±$400 million, 21-storey, 750,000 sq. ft. Research & Learning Tower is being built at the corner of Bay and Elm Streets directly adjacent the subject property on the north side of Elm Street. This will bring together the 2,000 scientists and staff of SickKids Research Institute. The Tower is slated to be completed by 2013.

Bay Street here is improved with four lanes of traffic, it has concrete walkways and street lights, marred somewhat by overhead utility wires run paralle the street on the east side of

Bay Street. Bay Street here is an important north south collector, parallel University Avenue to the west and Yonge Street to the east. Elm Street is a relatively short local street travelling in an east-west direction, from McCaul Street to the west and ending at Yonge Street to the east. It is lined mostly with commercial use properties, some of which have residential uses above the main floor commercial.

As with most downtown properties, on-site parking is in most situations not available. Parking is limited to a parking lot abutting the subject to the south, metered street parking along Elm Street or other public parking facilities in the area.

The neighbourhood is an established and mature downtown neighbourhood, the major infill development occurring is the mentioned SickKids Research Institute building and other office towers most of which are located south of the subject within the financial district. Therefore, the subject's immediate neighbourhood is observed to be in a stable period of its life cycle with limited development occurring in the area.



Location Map

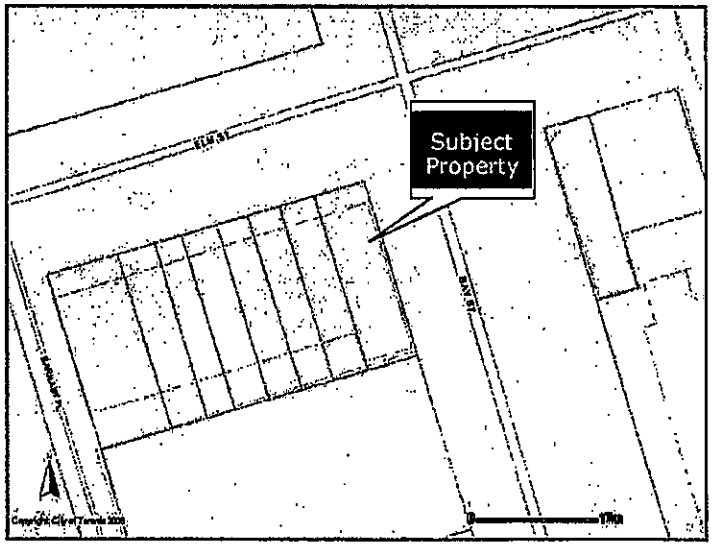
SITE ANALYSIS

Legal Description

The subject property is legally described as:

Part of Lot 2, Plan 60
As in Instrument CA-720524
City of Toronto
Province of Ontario

PIN No. 211990067



Survey

The dimensions below were obtained from a plan of survey prepared by Tom A. Senkus, dated August 6, 2004.

The main particulars relating to the site are:

Shape	:	Rectangular corner lot
Frontage (Bay Street)	:	83.00 feet approximately
Flankage (Elm Street)	:	24.4 feet approximately
Site Area	:	±0.046 acre (±2,054 sq. ft.)

Topography

Site sits at street grade and is mostly level, almost all of which is built up.

Utilities

Fulll municipal services and public utilities are available including sanitary and storm sewers, water, gas, telephone; hydro, accessory services, police, street cleaning, etc. are available to the property.

Soil Conditions

Although no soil analysis has been made in conjunction with this appraisal report, it is assumed that the existing soil conditions are typical for the area and soil bearing and drainage qualities are adequate to support future development. It is beyond the scope of this appraisal to assess the environmental liability which may or may not be present in or on the subject property.

To the best of our knowledge there are no mineral deposits contained in the subject property.

Adjacent Properties

The subject site municipally designated with an east facing frontage on Bay Street and with a smaller flank on Elm Street. The following abut the subject property:

North	SickKids Research Institute (completion date in 2013)
East	Commercial use properties
West	Commercial and residential use properties
South	Parking lot

Hazardous Factors

No particular hazardous factors inherent in the immediate location of the property, eg. floods, odours etc. were noted. There were no odours in the area. No investigation was carried out as to soil contamination, but this may be explored if considered necessary.

Environmental

This appraisal report is prepared on the assumption that the property is free and clear of any environmental problems. The appraiser is not qualified to provide an opinion on the site's environmental impact, if any.

Off-Site

- Bay Street officially fronts site;
- Bay Street is a north-south collector with four lanes;
- Concrete curbs, sidewalks and gutters for surface drainage, also streetlights;
- Estimated right of way ±66 feet;
- Subject is a corner lot which enjoys good exposure from both Bay Elm Streets;
- Elm Street is an east-west local street with two lanes;
- Concrete curbs, sidewalks and gutters for surface drainage, also streetlights;
- Estimated right of way ±33 feet;
- Development is considered to be pedestrian friendly with respect to building placement on the lot, streetscape enhancements and general form and character.

DESCRIPTION OF IMPROVEMENTS

The property is referred to in this report as 650 Bay Street. However, some municipal records show the address as 55 Elm Street. The subject property is developed with a 3-storey mixed-use commercial/residential building 3-storey floors and a full basement. The building which was formerly a motel is presently undergoing an exterior and interior renovation. Once renovated, the building will be a premium mixed-use property with prime commercial retail space on the ground floor and residential bachelor suites on the 2nd and 3rd floors.

The overall aesthetic of the building is to be design forward, modern, sophisticated with clean lines. The upper two floors will consists of 23 hypo-allergic furnished bachelor suites, each with its own bath and kitchenette and will be appeal to visiting corporate executives, doctors, researchers and foreign students seeking accommodation in the heart of downtown Toronto. A description of the construction both exterior and interior follows:

Exterior:

The subject property has a poured concrete and brick foundation. Windows and doors will be set in pre-finished aluminium frames. The exterior of the building will have slate quarry tile on the main floor with granite borders on the front (east side) and the north side facing Elm Street. The two upper floors of the east and north sides will have exposed brick. The remainder of the building will have a brick exterior from the main to the third floor. The roof which is approximately 2,000 sq. ft. will be a built-up flat brick membrane structure with batt insulation. There will be granite steps from the five entrances to the building.

There will be five sets of entry doors which comprise of thermal glass in aluminium frame. Four of them are from Bay Street and provide entry to the small commercial unit, a general entry to the lobby of the building, one door to the large commercial unit and at the corner of Elm and Bay Street there is another entry door. The fifth door is from Elm Street.

Interior:

Basement

The layout of the basement will include washrooms for men and women, an office or laundry room, storage areas, a central corridor and water, utility room and electrical room. There is potential to create two additional commercial units within the basement for lease in the future. This has not been taken into account by the appraiser since there are no immediate plans to rent them out. The two washrooms within the basement will be large washrooms; ladies washroom includes three stalls and two sinks and the men's washroom will include one stall, 2 urinals and two sinks. Interior finish will be mostly ceramic tile on the floors and walls and the ceiling will be drywall with incandescent or fluorescent light fixtures.

Ground Floor

The ground floor will consist of a small entrance lobby for access to the second and third floor suites. The main floor will have approximately 1,565 sq. ft. of premium commercial space separated into two units; suitable for entertainment, hospitality, food services, retail or service related businesses. The commercial units are 1,165 sq. ft. on the north (Unit 1) and Unit 2 is 420 sq. ft. on the south side of the main floor.

Interior finish of the commercial units includes solid oak entrance doors to each of the two units, flooring will be ceramic tile, interior walls and the ceiling will be drywall. Only the smaller commercial units will have one wall of exposed brick within the unit. Lighting will be halogen and ceiling height of the units is 10 feet. Each unit will have 100-400 amps electrical service.

The lobby will have a glass panel stairwell with stainless steel handrails. The lobby itself will have stainless steel flooring, interior walls will be drywall and the ceiling will be mother of pearl tile with a central chandelier and pot lighting.

Second Floor - Suites 200-211 – 11 units

Each suite will have an area of approximately 120-150 sq. ft. All units will be bachelor units and will be fully furnished. Suites will have a bedroom, washroom and kitchenette. This floor will have a ceiling height of 12 feet. Interior finish will be fire rated entrance doors, floors will be pre-engineered hardwood, interior walls will be drywall with upholstery covering and the ceiling will be drywall. Lighting will be halogen fixtures. Suites will have 5-7 foot windows.

Special features of the suites that will be included are I-Pod dock station/alarm, bar fridge with coffee maker, night stand and desk, microwave, flat screen TV's, bedding, linen, tableware and cutlery. The beds will have pull-out drawers. Each suite will have a PTAC unit for controlling electrical heat and air-conditioning.

The central corridor will have carpeted flooring, interior walls will be drywall with upholstery covering and the ceiling will be drywall with wall-mounted sconces for lighting.

Third Floor - Suites 301-312 – 12 units

This floor will be accessed by a wood frame stairwell with carpet on the steps. The central corridor and suite interior finish will be similar to that on the second floor. This floor will have 9 foot ceiling height.

Signage

The property also has a sign permit allowing for wall advertising on the south wall facing the Toronto Bus Terminal, the adjacent parking lot and the Bay Street north-bound traffic. The wall advertising space was previously leased to Titan Outdoor but at the time of inspection there was no sign on the wall. Once renovations are completed the advertising space will be leased again when the exterior work on the building is completed. This will be a further income generation source for the property.

Potential

The current zoning allows for 7.8 times land coverage which would permit the construction of an additional four floors without any zoning variance. The property owner has advised that the foundation of the building was carefully inspected by Albert Ramprasad, structural engineer who has confirmed that the building can take the load for the additional density, should the need arise.

HVAC

Electrical: Varies from 200 to 800 amps within the building
Pull alarms, fire exits and heat and smoke detectors.

Electric heating
Air-conditioning
Fire escape from Elm Street side of the building.

Completion of the exterior and interior finishes:

These are scheduled as follows:

Completion of exterior work	-	December 2011
Completion of interior work	-	February 2012.

Estimated cost of the upgrading of the subject property is $ 1,848,343. This appraisal is prepared on the assumption that all work left to be completed will be done so in a timely manner and within the general deadlines referred to above.

Overall Condition of Structures:

When all interior and exterior work is completed, the subject property will be in excellent condition.

LAND USE CONTROLS

Official Plan Designation

The subject property is designated 'Mixed Use Area' under the Official Plan of the City of Toronto.

Zoning

The subject property is zoned Mixed Use (CR) T7.8 C2.0 R7.8 under By-law No. 4-86, as amended. The zoning permits a wide variety of commercial, residential and retail uses.

The current zoning of the subject property allows for 7.8 times land coverage, as opposed to the 1.5 times and 2.5 times coverage typically seen in downtown Toronto. The subject property currently has a site density of ±3 times and the zoning allows for an additional density of the lot area. Therefore, based on the current land use regulation, any permitted increase in density on the subject property up to 7.8 times would not require any variance or Committee of Adjustment approval from the City of Toronto.

There are various set back requirements and parking requirements established under the zoning by-law.

It is assumed the subject complies with the various requirements of the zoning by-law.

HIGHEST & BEST USE

Introduction

The principle of highest and best use is fundamental to the concept of value in real estate appraising. This principle may be defined as "that use which is most likely to produce the greatest net return over a given period of time". The criteria for determining highest and best use include the following:

- Physical Possibility - the use must be within the realm of probability, a likely one, not speculative or conjectural;
- Legal Permissibility - the use must be legal and in compliance with zoning and building restrictions;
- Financial Feasibility - a demand for such use must exist;
- Maximum Productivity - the use must provide the highest net return to the land.

Physical Possibility

The site is sufficient in size, shape with suitable topography to accommodate the proposed mixed use. Therefore, the intended mixed-use is physically possible.

Legal Permissibility

According to the City of Toronto, the site is designated Mixed Use (CR) T7.8 C2.0 R7.8. This classification permits the current use of the subject property as a mixed-use property. As such, the existing use is legally permissible.

Financial Feasibility

The subject property is being converted to a mixed-use building. Potential rental income will be obtained from leases of the commercial units on the main floor and bachelor apartment units on the second and third floors. The economic viability of the subject property will be evident by its future operating performance.

Maximum Productivity

Of the various uses satisfying the criteria discussed above, the proposed mixed-use represents the maximum productivity of the property at the present time. However, under the present zoning, density can be as much as 7.8 times of lot area; therefore there is the potential to add more floors on the site when market conditions support such an addition.

Conclusion

The subject property, when completed, will consist of commercial retail units on the main floor and apartment units on the upper floors. We do not envision any other use for the site than its proposed use because the building is being upgraded to accommodate commercial/residential use. Following renovations, the remaining economic life of the structure will be over 35 years. There are ample sites in the City of Toronto that can be used for other purposes; therefore, it is doubtful that the subject site would be used for any other purpose than its proposed use. Having considered all pertinent factors it is our opinion that the Highest and Best Use for the subject site, as 'if vacant' and as 'if improved', as at the effective date of this appraisal, is the continuation of its current use as a mixed use commercial / residential building.

PART III

VALUATION SECTION

METHODS OF VALUATION

Valuation Techniques

The purpose of this report is to arrive at an estimate of the prospective market value of the subject property. This is achieved by a systematic gathering, classification and analysis of data which is required in the development of the three basic approaches to value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

Income Approach

With the Income Approach, the value is based on future benefits (cash flows) that may be derived from the property. The two principal techniques utilised for the Income Approach are the discounted cash flow (DCF) analysis method and the direct capitalization of a stabilized income (OCR) method.

Discounted Cash Flow Method

The discounted cash flow (DCF) method attempts to directly quantify more variables related to multi-tenanted income producing properties with irregular cash flows. Using this valuation method, future cash flows from the property are forecast using precisely stated assumptions, together with an estimated reversion value upon a deemed disposition at the end of the holding period. The multi-year model allows the appraiser to directly consider the costs associated with vacancies, leasing costs, exposure to vacancies, growths in rental rates. These future financial benefits then are discounted to present day value at an appropriate discount rate.

The selection of a discount rate allows the appraiser to recognize the time value of money, certainty of payment (risk) and the opportunity cost of funds that can be associated with a long-term non-liquid investment.

Overall Capitalization Rate Method

With the overall capitalization method, an estimate of a stabilized income is capitalized by an investor's expected return based on comparable properties that have sold. Inherent in the capitalization rate are many factors not directly quantifiable in the cash flow such as vacancies, income growth and security of income.

Direct Comparison Approach

The Direct Comparison Approach involves a comparison of the subject property to similar properties that have actually sold in arms-length transactions or are offered for sale. Sale and asking prices are adjusted to reflect the differences that exist between the sale property and the subject property; the adjusted prices are correlated into a final value estimate of subject's prospective market value.

This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the properties that are typically owner occupied. The unit of comparison for improved properties is typically the price per sq. ft. of building area.

Cost Approach

This approach consists of estimating the replacement cost new of all improvements, deducting accrued depreciation from all sources, and adding the value of the underlying land, estimated by comparison to recent land sales. The value derived from this approach is a summation of the various property components contributing to the total property value, and it is applicable when each component is independently measurable, and when the sum of all components is believed to reflect prospective market value.

The Cost Approach is especially useful in estimating insurable value, or in estimating the prospective market value of fairly new improvements and special purpose properties which, because of their design and single-use nature, have a limited market and would not be valued more accurately by another approach.

This approach is not applicable to unimproved land or obsolete improvements and rapidly loses its accuracy when large allowances for depreciation are required or when market stagnation limits the availability of recent comparable land sales transaction and new construction cost data. This approach is also not applicable when the property is encumbered by multiple leases which restrict the direct application of the substitution principle.

Summary

In establishing the prospective market value of a specific property, we must rely upon the approaches that are best suited to estimate value for that property.

In our view, the Prospective market value of the subject property is derived mainly from the Income Approach and the Direct Comparison Approach. The Cost Approach is not used since the subject property is encumbered by multiple leases.

We have therefore appraised the property on the foregoing basis.

PART IV

DIRECT COMPARISON APPROACH

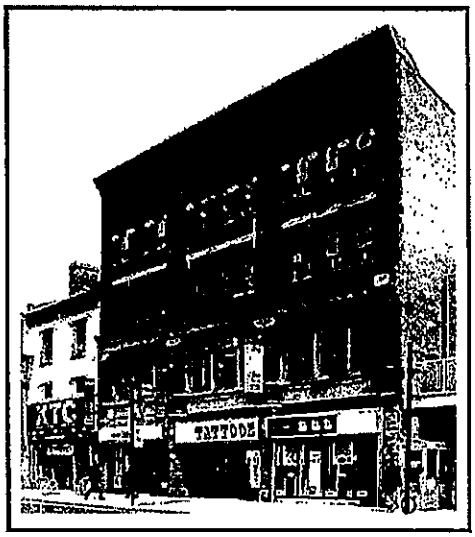
DIRECT COMPARISON APPROACH

The Direct Comparison Approach is a valuation whereby the property being appraised is compared with similar properties that have recently been sold or offered for sale. The assumption is that if the subject property had been exposed to the market, it would have been in competition with comparable properties dealing with the same type of purchaser under similar market conditions. Since no two properties are completely alike, adjustments must be made for differences between the comparables and the subject property. In arriving at all value conclusion by this method, the greatest weight is given to actual sales of truly comparable properties made at or nearest the effective date of appraisal in order to reflect comparable economic conditions.

Traditionally, the primary elements of comparison are time, location, size, layout and condition. There may be other adjustments necessary in order to compare the subject property. If so, they are stated in the report. The objective is to adjust the sale prices of the comparable properties so that a proper comparison can be made to the subject property in order to determine what the property would achieve in terms of sale price as at the effective date of valuation, if exposed for sale on the market for a reasonable length of time.

The selection of comparable properties was limited to mixed use commercial properties which had retail on the main level and offices / residential on the upper levels, similar to the subject property. Single tenant buildings which are usually purchased by end-users are not considered to be comparable and therefore have not been used in this appraisal. The most relevant comparable sales which form the basis of this approach to value have been summarized for ease of reference on the following pages.

No. 1 : 363 Yonge Street, Toronto



This property is located on a rectangular lot with frontage of ±49.6 feet and a depth of ±127 feet, backing onto a public lane, midway between Gould and Gerrard Streets.

The building contains ±9,500 sq. ft., of which ±3,900 sq. ft. is on the ground floor and site density is 151%. The building has four storeys and a basement. It was constricted in the 1890's and has a classic Victorian era façade with ornate brickwork, a few stone trimmings and modernized store facades. The back, facing an alley, is far less pretentious, much of it painted black, and has 14 parking spaces which is rare for this type of property. The property contains three ground floor stores and the upper floors have one commercial tenant and five apartments. The property presents an opportunity for additional building construction, especially on the ground floor and for the upgrading of the upper levels.

At this location, Yonge Street is a major arterial road with buried services, four narrow lanes and no on-street parking. Pedestrian traffic is heavy despite narrow sidewalks. An intensive retailing route, it is lined for many blocks by old storefronts, many of them modernized, and by occasional office or apartment towers of more recent vintage.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	This is the earliest sale surveyed requiring an upward time adjustment to reflect the growth in the real estate market in the downtown Toronto market.
Location:	Upward	Although located closest to the subject and on Yonge Street, the subject's location which is adjacent the new SickKids Research Institute is a significant advantage. An upward location adjustment is therefore considered necessary.
Size:	Upward	As there is generally an inverse relationship between the size of a building and its sale price per unit with larger buildings typically selling at lower per unit prices, an adjustment for size is made for this larger sized building when compared to the subject.
Other:	Upward	The subject will have the added benefit of 23 residential units which would typically command a higher rate based on the short term stay nature of these units. The subject is also being extensively renovated and renewed to modern standards. The overall adjustment is upwards for both layout and condition.

No. 2 : 410 Bloor Street West, Toronto

This property has a total area of ±0.120 acre of which 2,810 sq. ft. is on Bloor Street, 2,410 sq. ft. at the rear of 5 Howland Avenue – the parking lot.

Building area is ±5,200 sq. ft. of which 2,800 sq. ft. is retail space on the ground floor. The building is 3 storeys and has a basement. It was built circa 1910-1930. There are two apartments on the upper floors and four parking spaces to the rear of the property.

This is a typical brick storefront property with narrow frontage. It had been remodelled in 2006 to accommodate 'The Pump', a tavern and restaurant. The rear of 5 Howland parcel of land is a small parking area, separated by a lane from the back of the storefront building.

At this location, Bloor Street has buried services, good walking environment and the street is lined by well-kept storefronts.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward time adjustment to reflect the growth in the real estate market in the downtown Toronto market.
Location:	Upward	Although located on Bloor Street West, the subject's location which is adjacent the new SickKids Research Institute is a significant advantage. An upward location adjustment is therefore considered necessary.
Size:	Downward	As this is a smaller building compared to the subject, a downward size adjustment is made.
Other:	Upward	The subject will have the added benefit of 23 residential units which would typically command a higher rate based on the short term stay nature of these units. The subject is also being extensively renovated and renewed to modern standards. The overall adjustment is upwards for both layout and condition.

No. 3 : 399 Queen Street West, Toronto

This property is located on a small lot of ±0.13 acre.

The building contains ±6,000 sq. ft. of which ±4,000 sq. ft. are on the ground floor. It has 3 storeys and was built in 1900 and renovated in or around 2000. No parking is available.

This is a single store building with a glamorous three storey street front, backed by a grim looking rear not usually seen by shoppers.

Queen Street at this particular location is a fashionable retail strip, overcrowded with cars, pedestrians and streetcars.

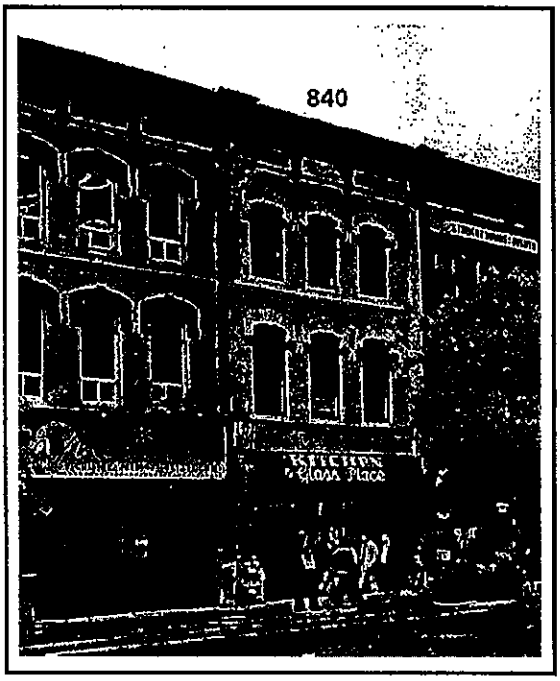
Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward time adjustment to reflect the growth in the real estate market in the downtown Toronto market.
Location:	Upward	Although located on Queen Street West, the subject's location which is adjacent the new SickKids Research Institute is a significant advantage. An upward location adjustment is therefore considered necessary.
Size:	None	No size adjustment is considered necessary.
Other:	Upward	The subject will have the added benefit of 23 residential units which would typically command a higher rate based on the short term stay nature of these units. The subject is also being extensively renovated and renewed to modern standards. The overall adjustment is upwards for both layout and condition.

No. 4 : 840 Yonge Street, Toronto

The property is located on a rectangular lot of 20 x 147 feet, the sixth property south of Yorkville Avenue, backing onto a public lane.



This is a 3-storey structure with a total gross floor area of ±4,300 sq. ft.; ±2,500 sq. ft. of which is the main floor. It has a full basement. The property was constructed in the 1880's and has two parking spaces.

This is a typical Victorian era storefront; most of its value is in the ground floor retail space. The two upper floors, suitable for modest offices, were vacant at the time of sale.

The property is 150 metres north of the Yonge/Bloor intersection and the junction subway station. The immediate neighbourhood is a strong retail location.

At this location, Yonge Street is quite congested thoroughfare with busy sidewalks, lined with old storefronts and more recent office and apartment towers.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward time adjustment to reflect the growth in the real estate market in the downtown Toronto market.
Location:	Upward	Although located on Yonge Street, the subject's location which is adjacent the new SickKids Research Institute is a significant advantage. An upward location adjustment is therefore considered necessary.
Size:	Downward	As this is a smaller building compared to the subject, a downward size adjustment is made.
Other:	Upward	The subject will have the added benefit of 23 residential units which would typically command a higher rate based on the short term stay nature of these units. The subject is also being extensively renovated and renewed to modern standards. The overall adjustment is upwards for both layout and condition.

No. 5 : 346 Queen Street West, Toronto

The building is located on a narrow rectangular lot with a frontage of 13 feet and a depth of 99 feet on the north side of Queen Street West, in the block east of Spadina Avenue. There was no rear lane.

The gross floor area of the building is ±3,000 sq. ft. of which ±1,000 sq. ft. is on the ground floor. It has a high density of 234%. This is a 3-storey structure built in 1888.

Despite its age, this small storefront had been well preserved, its ornate Victoria era ornamentation still in good condition. The upper floors are also commercially utilized.

Vacant when sold, the building had been occupied by a health food store and the vendor's trading company.

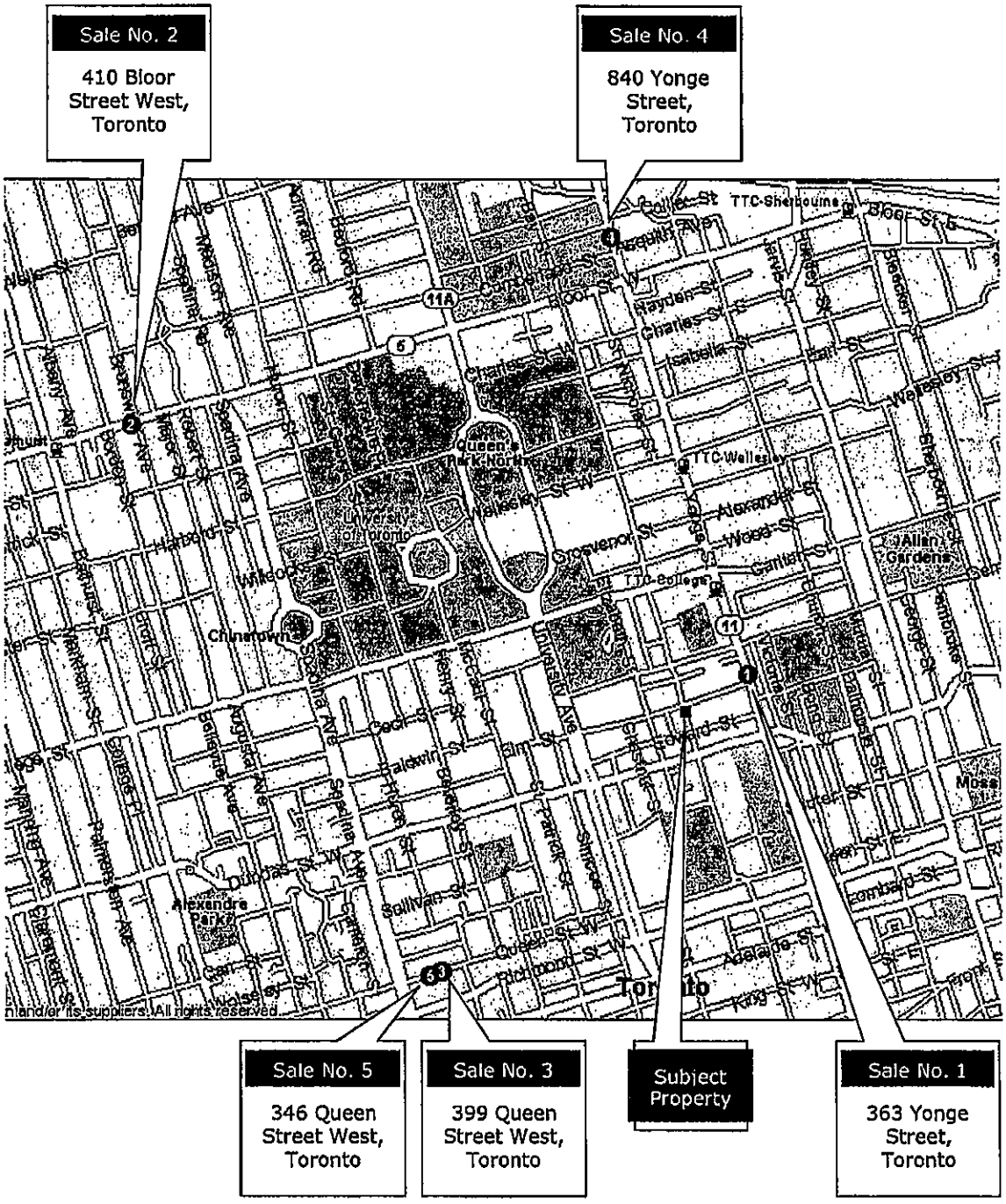
Queen Street is a four-lane arterial road with overhead wires, streetcar tracks in the middle and an unusually wide northern sidewalk. At this location it is the best part of the commercial strip along Queen Street.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward time adjustment to reflect the growth in the real estate market in the downtown Toronto market.
Location:	Upward	Although located on Queen Street West, the subject's location which is adjacent the new SickKids Research Institute is a significant advantage. An upward location adjustment is therefore considered necessary.
Size:	Downward	As this is a smaller building compared to the subject, a downward size adjustment is made.
Other:	Upward	The subject will have the added benefit of 23 residential units which would typically command a higher rate based on the short term stay nature of these units. The subject is also being extensively renovated and renewed to modern standards. The overall adjustment is upwards for both layout and condition.

Location Map of Comparable Sales



Comparable Mixed-Use Commercial/Residential Property Sales

Sale No.	Address	Date of Sale	Sale Price	Total Building Area (sq. ft.)	Sale Price Per Sq. Ft.	ADJUSTMENTS				Adjusted Sale Price Per Sq. Ft.
						Time	Location	Size	Layout & Condition	
1	363 Yonge Street, Toronto	Apr-07, 2009	$6,980,000	9,500	$735	↑	↑	↑	↑	$1,673
2	410 Bloor Street West, Toronto	Feb-19, 2010	$2,500,000	5,200	$481	↑	↑	↓	↑	$1,348
3	399 Queen Street West, Toronto	Apr-14, 2010	$4,950,000	6,000	$825	↑	↑	↔	↑	$1,779
4	840 Yonge Street, Toronto	Aug-31, 2010	$2,325,000	4,300	$541	↑	↑	↓	↑	$1,511
5	346 Queen Street West, Toronto	Jan-27, 2011	$2,000,000	3,000	$667	↑	↑	↓	↑	$1,558
SP	650 Bay Street, Toronto			6,090						
									Average Adjusted Sale Price Per Sq. Ft.	**$1,574**
									Median Adjusted Sale Price Per Sq. Ft.	**$1,558**

SP = Subject Property

Valuation

A search for sales of mixed use commercial / residential buildings in the City of Toronto revealed five. They are summarized in the preceding pages.

Adjustments made are for time of sale, location, size, layout and condition of each comparable as it relates to the subject. This is detailed within the narration and analysis of each comparable.

Adjusted sale prices for the various comparable properties range from $1,348 to $1,779 per sq. ft. Average adjusted sale price is $1,574 per sq. ft. and the median is $1,558 per sq. ft.

The subject property is a mixed use property that was once a motel. It is being extensively renovated with main floor commercial and upper floors will comprise of 23 short term stay bachelor apartment units. Its location across from the SickKids Research Institute which is currently under construction and scheduled to be completed by 2013 bodes extremely well for the subject property as it will offer short term accommodation to visiting researchers, doctors, corporate executives and so on. Its downtown location and close proximity to other downtown hospitals as well as the major shopping venues, such as Eaton Centre are also positives.

Taking into consideration that the subject has a higher proportion of short term residential space and its prime main floor commercial space, it is the appraiser's opinion that the prospective market value of the subject is at established at **$1,550 per sq. ft.**, effective November 23, 2011:

Prospective Market Value By Direct Comparison Approach						
Subject Property	6,090	sq. ft. x	$1,550	per sq. ft. =	$	9,439,500
				Rounded to	**$**	**9,440,000**

$9,440,000

(NINE MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS)

PART V

INCOME APPROACH

INCOME APPROACH

The Income Approach is based upon our estimate of income that an investor may reasonably expect to earn and then converting or capitalizing this cash flow to a capital value. The two main methods of capitalization used are the Overall Capitalization Rate (OCR) and the Discounted Cash Flow (DCF) methods. The OCR method measures the relationship of value to the net operating income expected for one year, using an analysis of comparable sales of other similar investment properties. The DCF method involves the reasonable estimation of net operating income over a longer investment horizon, based upon a typical market expectation of rental income and expense inflators. The forecast annual net operating income and the reversionary value of the asset are discounted to express the present value using rates as surveyed from the market.

Given typical investment parameters utilized by investors within this market segment, the OCR method has been employed in the valuation of the subject property.

Scope of Income Approach

We have carried out a survey of competing retail and furnished residential suites to obtain pertinent rental data from which 'fair market rent' was determined. We have also reviewed the commercial the leases presently in place on the subject property.

Having regard to our projections made for income, vacancy allowance and operating costs, we have estimated a reasonable projection of net operating income in accordance with Appraisal Standards.

We have interpreted the particular investment characteristics displayed by the subject property and have applied a market derived capitalization rate based upon market expectations to establish the subject's prospective market value.

Subject Property Commercial Leases

Tenant	Unit	Lease Expiry	Renewal Options	Size of Unit	Lease Rate (NET)	Annual Rent
Sliced Gourmet	1	Oct-31, 2016	2 x 5 years	1,165	$67.50	$78,638
Remarks:	Rent escalates in Yrs. 3 & 4 to $70 per sq. ft. and in Yr.5 to $75 per sq. ft. First renewal term rents have been negotiated at: Yr.6 = $76.50; Yr.7 = $78.03; Yr.8 = $79.59; Yr.9 = $81.18 and Yr.10 = $82.80 per sq. ft. The second renewal term rents will be renegotiated but not less than $82.80 per sq. ft.					
2287073 Ontario Inc.	2	Oct-31, 2016	Open	420	$75.00	$31,500
Remarks:	Rent escalates in Yr.2 = $78.75; Yr.3 = $82.69; Yr.4 = $86.82 and Yr.5 = $91.16 per sq. ft.					

The subject property includes retail space located on the main level and residential space on the upper levels of the buildings with street exposure on Bay Street and/or Elm Street. Leases negotiated are recent and are for 5 year terms, one of which can be extended at fixed rents for an additional 5 years and +5 year extension at current market terms.

Comparable Retail/Commercial Space Rental Data

Index No.	Address	Lease / Sale Date	Rentable Area (sq. ft.)	Net Lease Rate Psf / Annum
1	542-546 College Street	Oct 16, 2008	2,450	$63.50
2	2576-2578 Yonge Street	Oct 27, 2008	2,156	$48.00
3	372 Yonge Street	Mar 27, 2009	2,100	$42.86
4	409 Queen Street West	Apr 09, 2009	769	$110.00
5	409 Queen Street West	Apr 09, 2009	3,400	$62.00
6	252 Carlton Street	Apr 09, 2009	840	$55.36
7	356 King Street West	Jun 22, 2011	978	$80.00
8	101 Yorkville Avenue, #102	Jul 05, 2011	676	$73.00
9	83 Yorkville Avenue	Aug 19, 2011	2,407	$70.00
10	101 Yorkville Avenue, #103	Sep 15, 2011	476	$70.00
11	70 Yorkville Avenue	Oct 15, 2011	714	$75.00
12	2011 Yonge Street	Nov 14, 2011	2,052	$60.00
13	247 Yonge Street	Current	8,230	$84.75
			Average Rent	**$68.81**
			Median Rent	**$70.00**

Comparable Short Term Stay Accommodation Rates

Index No.	Address	Apartment Type	Daily Rent	Weekly Rent
1	1150 Queen Street West - Drake Hotel	Bachelor	$189.00	$1,323.00
2	1 King Street West - One King	Bachelor	$95.00	$665.00
3	1214 Queen Street West - Gladestone Hotel	Bachelor	$165.00	$1,155.00
4	350-390 Queens Quay West - The Maple Leaf	1 B/R + Den	$109.00	$728.00
5	736 Bay Street - Conservatory Tower	1 B/R	$119.00	$798.00
6	50 John Street - Rosemont	Bachelor	$105.00	$735.00
7	38 Elm Street	1 B/R	$80.00	$560.00
8	200 Victoria Street - Pantages	Studio	$90.00	$630.00
9	955 Bay Street - Apartments on Bay	Studio	$90.00	$630.00
10	165 Grange Avenue - The Grange Apartment Hotel	Bachelor	$65.00	$455.00
11	592 Shebourne Street - Clarion Hotel and Suites Shelby	Single	$79.00	$553.00
		Average Rent	**$107.82**	**$748.36**
		Median Rent	**$95.00**	**$665.00**

Economic (Market) Rent

Reference should be made to the chart of market rental data for retail/commercial space above.

Retail/Commercial Space

The survey of all comparable retail rents range from $42.86 to $110.00 per sq. ft. per annum net, representing a wide range that is reflective of the age, condition, size and location of each of the comparables. These are current leases within the general location of the subject property. From the survey, it is apparent that the lease rates for smaller sized units typically command a higher per unit rate when compared to larger sized units. The average lease rate is $68.81 per sq. ft. and the median is $70.00 per sq. ft.

The contract rents of the subject property set for the first year range from $67.50 per sq. ft. net for the larger space and $75.00 per sq. ft. net for the smaller space. It is noted that both leases have rent escalations negotiated in them. Base on the survey of competing rents, the appraiser is of the opinion that the contract rents for the commercial retail space in the subject property are within the range surveyed. We have therefore accepted the rents as representative of 'fair market rent' and applied them to derive revenue for the retail space.

Competitive Short Term Stay Accommodation Rates

In determining the 'fair market rate' for the subject property, the appraiser has surveyed competitive short term stay accommodation rates in downtown Toronto and are referenced in the table above.

The subject property will offer 23 fully furnished bachelor style apartment units which will be offered for rent on a daily, weekly or monthly basis. In comparing the subject apartment units to that available in the market place for short term rent, the appraiser has considered professionally managed, fully furnished apartments in condominium buildings and hotels.

Of the comparables surveyed, Drake Hotel (Index No. 1) and Gladstone Hotel (Index No. 3) have mostly smaller rooms of 150 sq. ft. (similar in area to the subject), with a few larger 'suites'. Neither The Gladstone nor The Drake has a kitchenette in their rooms for extended stay. The classic rooms at The Gladstone start at $165 per night and the 'Crashpad's' at the Drake start at $189 per night. These equate to $1,155 to $1,323 per week.

ONE KING (Index No. 2) offers in-room kitchenettes. The rate for a studio room works out to $95 per night or more or less $665 per week.

Index Nos. 4 to 6 comprises fully furnished apartment units within a residential condominium building that are offered for short term stay accommodation. Amenities included in these facilities are typical of which are offered within a modern residential condominium building and though some have weekly availability, most have minimum stay requirements of a month. These range from $105 to $109 per night and $728 to $798 per week.

Index Nos. 7 to 11 includes boutique style hotels and older style apartment / hotel buildings. Rates range from $65 to $90 per night and $455 to $630 per week.

Of interest, Delta Chelsea Hotel offers a corporate rate of $150 per night for a Delta Room, Holiday Inn Bloor Yorkville has a standard room for $129.99 per night. Other Guest Houses or Inns in the downtown area advertise rates ranging from $55 to $125 per night and $350 to $560 per week depending on the location, condition and amenities offered.

It should also be noted that the rates quoted are seasonal, going higher during the busy seasons.

Conclusion

Our survey of comparable furnished apartment rents range from $455 to $1,323 per apartment per week representing a reasonable range that is reflective of the age, condition, location and amenities offered for each of the comparables. Average rent for the various comparables is $748.36 per week and the median is $665.00 per week for the comparables referred to herein.

Projected weekly rates for the subject property are $550.00 per week, which falls within the range of the comparables surveyed. Though below the overall median rate of $665 per week, the appraiser is of the opinion that the projected rent is realistic given the subject's location, size of the apartment units and amenities offered as well as the competitive nature of what is available in the market place. For purposes of this appraisal, the appraiser has used the projected rate of $550.00 per week to calculate rental income for the subject property.

Wall Signage

Wall advertising revenue is based on a previous contract amount signed with Titan Outdoor and is considered to be realistic given the exposure of the subject property.

Vacancy and Credit Loss

In the proforma for the subject property, a vacancy rate of 3.30% of Effective Gross Income to reflect potential vacancy within the building. Since the subject property is substantially 'residential use', we find that the projection of 3.30% reasonable for both vacancy and any bad debt that would arise.

Stabilized Operating Expenses

The procedure of analyzing operating expenses involves an examination of amounts expended in previous years; the trends indicated to date; the current costs in each classification and the probable trends in the foreseeable future. The resulting amount represents the forecasted annual expenditure based upon typical operating conditions and on current prices. The best source of information for preparing a reconstructed statement is the actual (if possible audited) financial statements for the past several years. Since the subject property is a redevelopment, no financial statements are available. Estimated expenses for the subject are made based on some known expenditures for the subject in addition to that available to us based on our ongoing analysis of similar properties.

Management

A management fee of $41,284 is projected in the proforma provided to us. This is equivalent to ±5.281% of Effective Gross Income which is deemed appropriate for this type of property. Management is also anticipated to be minimal for this type of property as the apartments would likely be rented to corporate clients in batches (several units) for several months at a time.

Structural Repairs and Maintenance

All buildings require maintenance to maintain them in stable condition. In addition to cosmetic needs, they require maintenance to parts of the building fabric and equipment. Such maintenance can involve regular service to the heating system, safety systems and less apparent items such as repairs to caulking and attention to roof flashing. This includes periodic structural changes such as roof replacement over the life of the building. We consider an allowance of 2% of Effective Gross Income as suitable for this property.

Other Expenses

Maintenance & Repairs

This item is for the maintenance of the apartment units and includes items such as bed linen, pillows and so on and is estimated at $500 per apartment for a total of $11,500 per annum. Also included in this item is maintenance and repairs of the building which is estimated at $2,500 per annum. This is considered realistic since the building is going through an extensive renovation where most of the building components will be new. These also include day to day expenses for wear and tear that may occur and are separate from Structural Repairs referred to above.

Professional Fees

This item refers to expenses required for professional services to maintain the operation at specific standards. The amount projected is also to cover legal expenses incurred in day to day operations as well as book-keeping for the operation. This includes filing of financial statements to Revenue Canada and other parties which have to be prepared by a certified accountant.

Property Taxes

Property taxes estimated by the owner are based on a percentage increase over last year's taxes as a 'hotel' property. However, once all upgrading/renovation of the subject property are completed, there will be a reassessment of the property by Municipal Property Assessment Corporation (MPAC). We have recalculated property taxes based on our on-going experience in estimating property taxes for other projects and have therefore adjusted the property owner's estimate of $40,000 per year for the residential portion to $48,000 per year, a ±20% adjustment.

Utilities

This expense is self-explanatory referring to cost of water, gas and hydro for the residential portion only.

Cable / Internet

Payment made to the communications company that provides service to the residential portion only.

Insurance

Covers fire insurance for the residential portion only.

Stabilized Income and Expense Statement

Based upon the preceding comments, a Stabilized Income and Expense Statement has been developed for the subject property as set out on the following page.

STABILIZED INCOME AND EXPENSE STATEMENT

650 Bay Street, City of Toronto, Ontario

					Projection
Net Rental Income					
Main Floor Commercial:	1,165	sq. ft @	$ 76.50	per sq. ft. net	$ 89,123
Main Floor Commercial:	420	sq. ft @	$ 75.00	per sq. ft. net	$ 31,500
Apartment Rents	23	apartments @		550 per week	$ 657,800
Wall Signage	$ 2,500	per month			$ 30,000
TOTAL RENTAL					**$ 808,423**
Less: Vacancy & Bad Debt Allowance @		3.3%			$ 26,678
Effective Gross Income (EGI)					$ 781,745
Operating Expenses					
Management Fee (% of EGI) :	5.28%				$ 41,284
Structural Repairs & Maintenance (% of EGI):		2%			$ 15,635
Maintenance & Repairs					$ 14,000
Professional Fees					$ 2,700
Property Tax (Residential Portion only)					$ 48,000
Utilities (Residential Portion only)					$ 36,000
Cable/Internet (Residential Portion only)					$ 6,000
Insurance (Residential Portion only)					$ 12,000
TOTAL EXPENSES					$ 175,619
NET OPERATING INCOME					**$ 606,126**
Percentage Operating Expenses to Effective Gross Income					22%

Capitalization Rates on Commercial Properties

No.	Property	Date of Sale	Building (Sq. Ft.)	Sale Price	Cap Rate
1	257 King Street East, Toronto	Mar-25, 2009	2,615	$1,235,000	7.40%
2	372 Yonge Street, Toronto	Mar-27, 2009	4,200	$2,600,000	6.90%
3	409 Queen Street West, Toronto	Apr-06, 2009	7,369	$5,200,000	6.10%
4	252 Carlton Street, Toronto	Apr-09, 2009	7,756	$1,515,000	8.10%
5	283 Spadina Avenue, Toronto	Aug-24, 2009	22,345	$6,710,000	4.50%
6	647 College Street, Toronto	Dec-01, 2009	6,000	$1,700,000	8.30%
7	247 Yonge Street, Toronto	Dec-18, 2009	8,230	$6,900,000	7.70%
8	567 Queen Street West, Toronto	Jan-28, 2010	15,312	$5,150,000	5.00%
9	672 Queen Street East, Toronto	Mar-16, 2011	6,282	$1,245,000	7.70%
				Average	**6.86%**
				Median	**7.40%**

Summary

- The chart of capitalization rates above show a market derived overall average capitalization rate of 6.86% and a median of 7.40%;
- The subject is a relatively small investment property;
- The subject property is located in the heart of the downtown district within walking distance to several hospitals, Eaton Centre and the University of Toronto and Ryerson;
- The SickKids Research Institute currently under construction adjacent the subject and projected to be completed by 2013 will have a significant positive influence on the subject;
- The subject property, previously a motel, is being extensively renovated and remodelled with retail/commercial on the main floor + 23 fully furnished apartment units on the upper floors will be in excellent condition once renovations are completed;
- The subject's zoning which allows for 7.8 time total density is also considered to be a positive factor for potential expansion in the future when conditions are right;
- ±74% of space within the subject property is residential in nature and capitalization rates for walk-up residential apartment buildings in Toronto surveyed by the appraiser average 5.5%.

There was limited information on small commercial / residential capitalization rates in close proximity to the subject property. As such, it was necessary to expand the search to include capitalization rates in other competing neighbourhoods such as those identified in the chart above.

Based on the foregoing comments, we are of the opinion that a suitable capitalization rate for the subject property should be in the lower end of the range at 5.50% to 6.50% and a

rate of **6.00%** is considered suitable for the subject property in determining its market value via the Income Approach given the subject property's mixed use, location, size and overall condition.

Capitalizing the Net Income

Capitalization of Net Income		
Relevant Factors :	Subject's Net Income Overall Capitalization Rate – (Ro)	
Formula :	$\frac{\text{Subject's Net Income}}{\text{Capitalization Rate}}$	= Value

Therefore the prospective market value of the subject property using the Income Approach to value is calculated as follows as of November 23, 2011.

Prospective Market Value By Income Approach			
Net Operating Income:	$ 606,126	=	$ 10,102,100
Capitalization Rate:	6.00%		
		Rounded to	**$ 10,100,000**

$10,100,000

(TEN MILLION ONE HUNDRED THOUSAND DOLLARS)

RECONCILIATION & FINAL ESTIMATE OF PROSPECTIVE MARKET VALUE

Two approaches to value have been applied to the subject. They are the Direct Comparison Approach and the Income Approach. The derived values are:

Direct Comparison Approach	$9,440,000
Income Approach	$10,100,000

Direct Comparison Approach

In this approach to value, there were limited transactions involving comparable mixed-use properties that were in close proximity to the subject. Therefore, the search was expanded to include sales of mixed-use properties in competing municipalities. No two properties are similar therefore to make a reasonable comparison of them to the subject requires adjustment to the sale price.

In the appraiser's view, this is the secondary approach to value and it establishes the lower limit of the two approaches to value that have been used in this appraisal.

Income Approach

The Income Approach is the more reliable method and is considered to be the primary approach in this valuation because this is an income producing property. Market rents were used to support the retail/commercial rents as achieved and projected apartment rents have been compared to rates established by competing establishments. Therefore, in our opinion the income that can be generated from the subject property is reasonably reliable and market derived capitalization rates have been applied to provide a value conclusion via this approach.

Final Estimate of Prospective Market Value

In the final analysis the appraiser has leaned towards the Income Approach to value for reasons stated above and established the final prospective market value of the subject property.

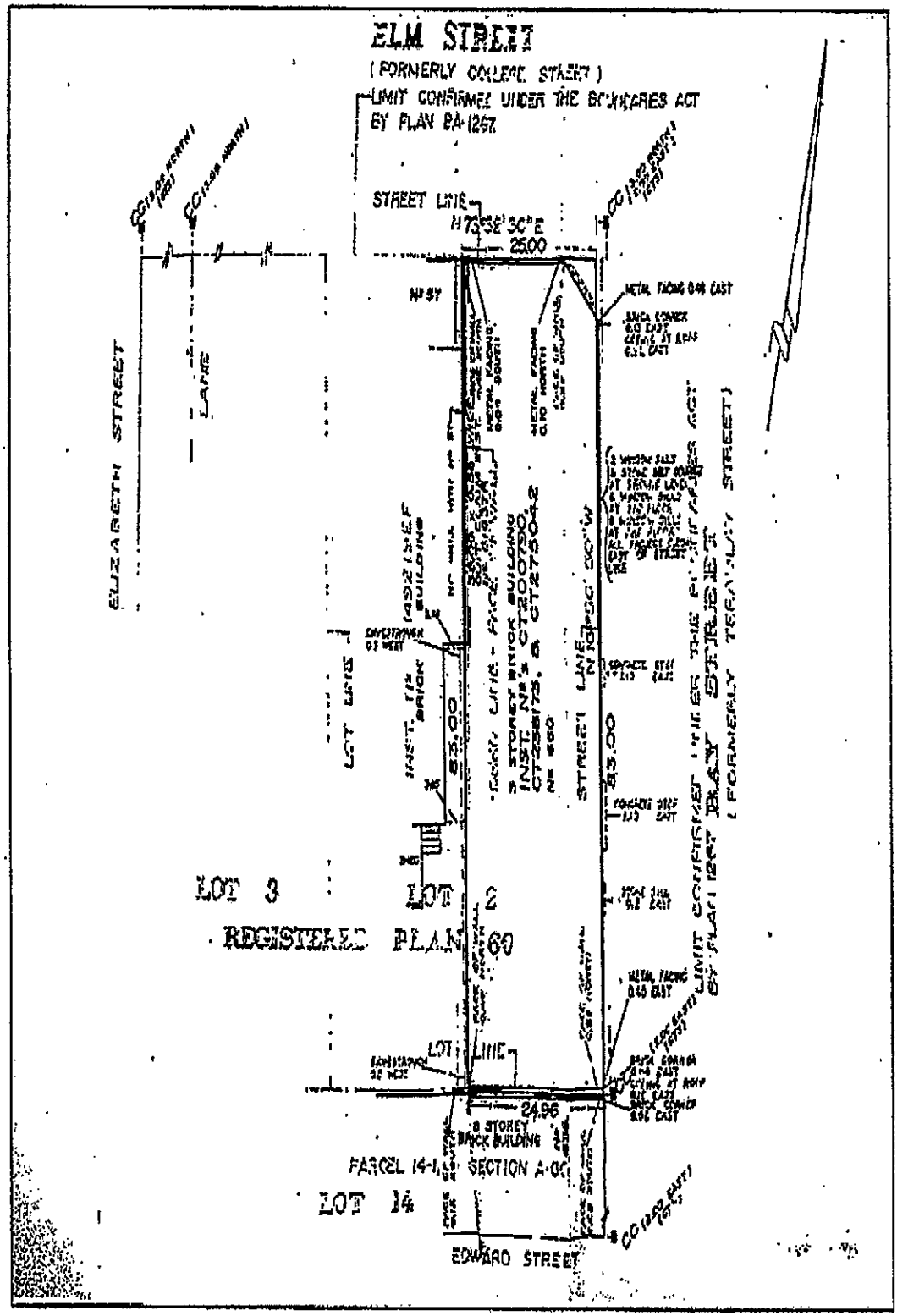
In our opinion the prospective market value of the subject property, effective November 23, 2011 is:

$10,100,000

(TEN MILLION ONE HUNDRED THOUSAND DOLLARS)

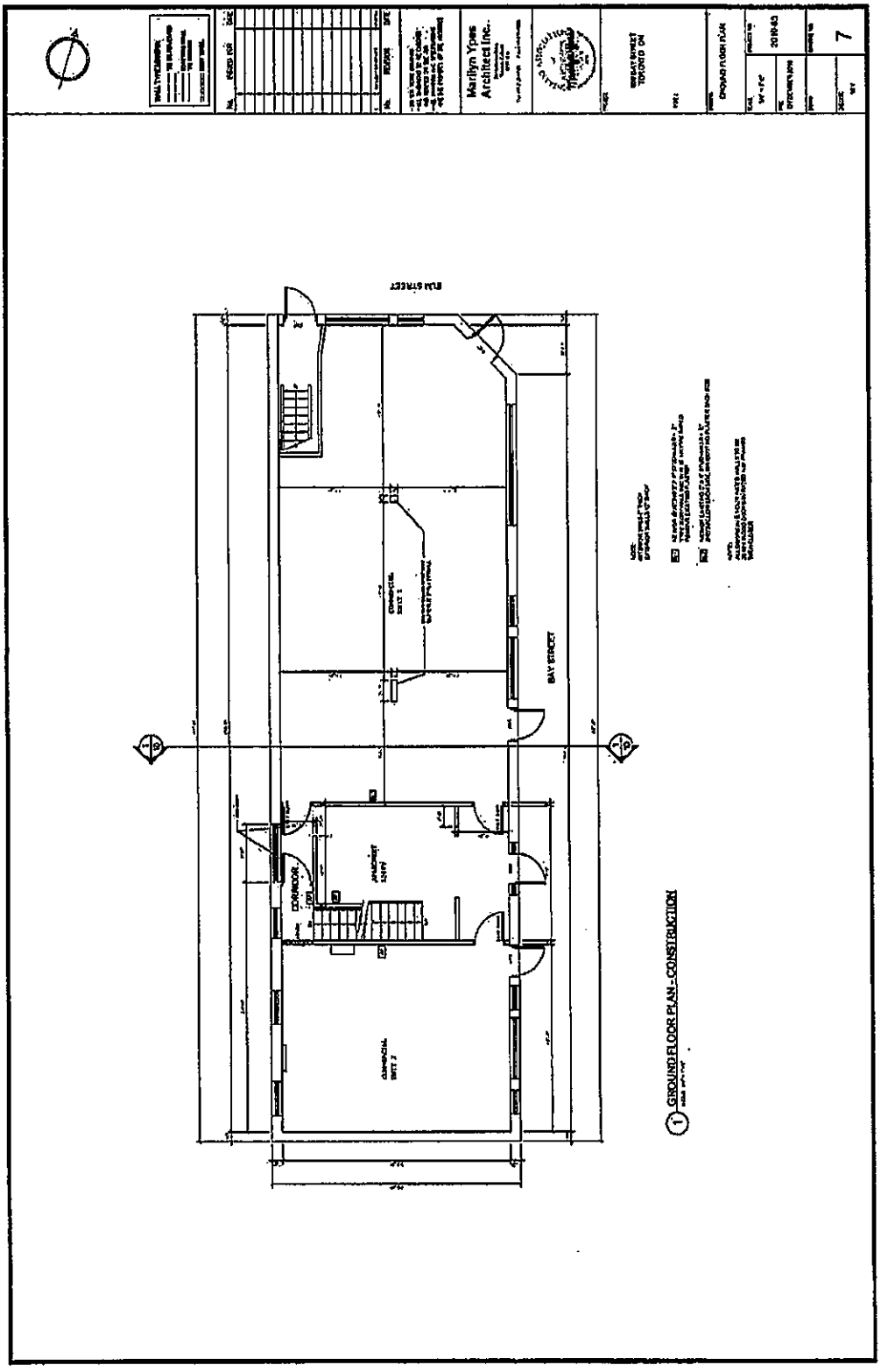
APPENDIX A

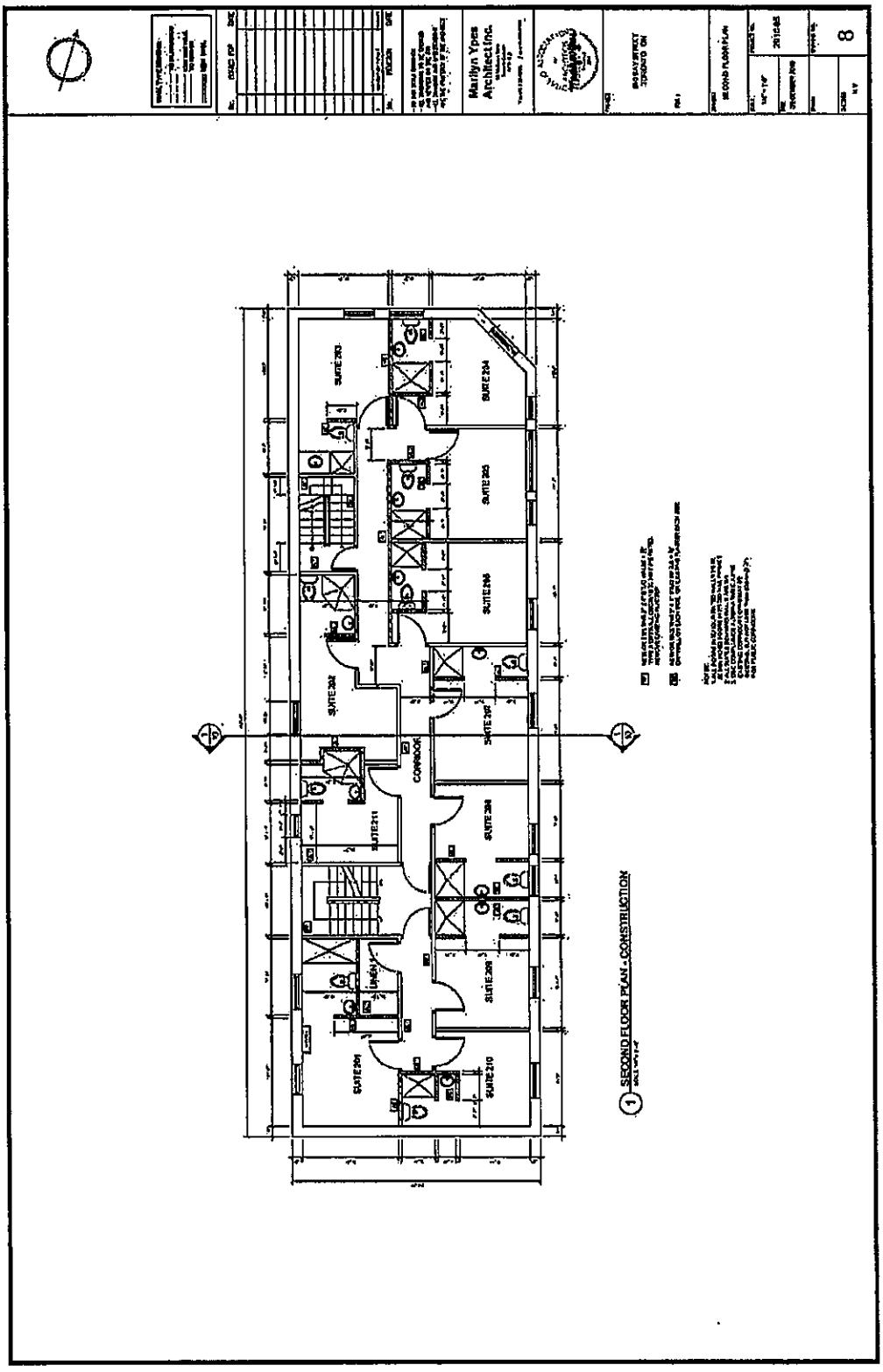
SURVEY OF SUBJECT SITE


ELM STREET
(FORMERLY COLLEGE STREET)
LIMIT CONFIRMED UNDER THE BOUNDARIES ACT BY PLAN BA-1267
STREET LINE
25.00
ELIZABETH STREET
LANE
LOT LINE
83.00
LOT 3
LOT 2
REGISTERED PLAN 60
LOT LINE
24.96
8 STOREY BRICK BUILDING
PARCEL 14-1, SECTION A-60
LOT 14
EDWARD STREET

APPENDIX B

SITE / ARCHITECTURAL PLANS


Marilyn Ypes Architect Inc.
BAY STREET
CORRIDOR
1 GROUND FLOOR PLAN - CONSTRUCTION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SECOND FLOOR PLAN
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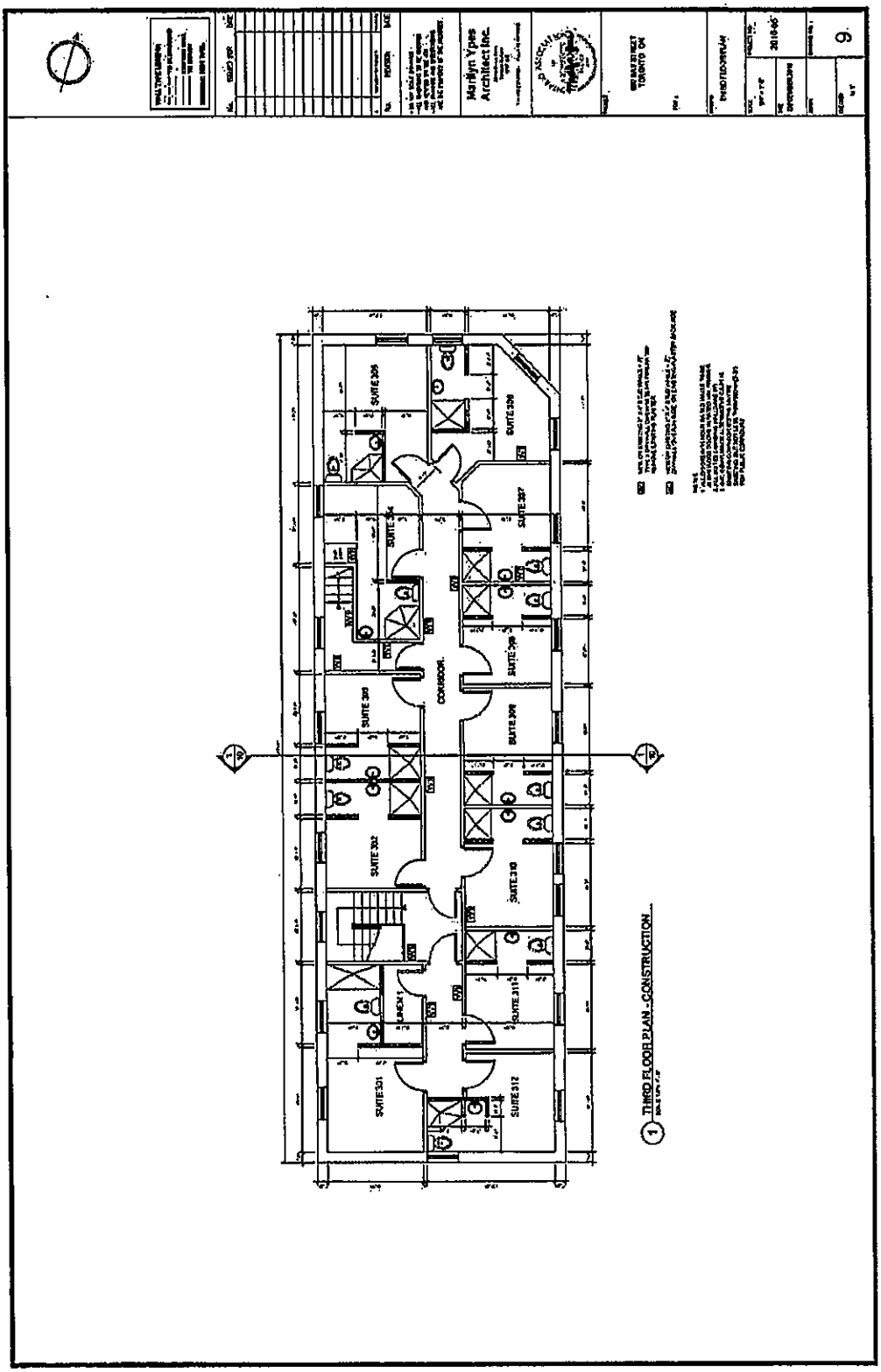
1 SECOND FLOOR PLAN - CONSTRUCTION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THIRD FLOOR PLAN - CONSTRUCTION
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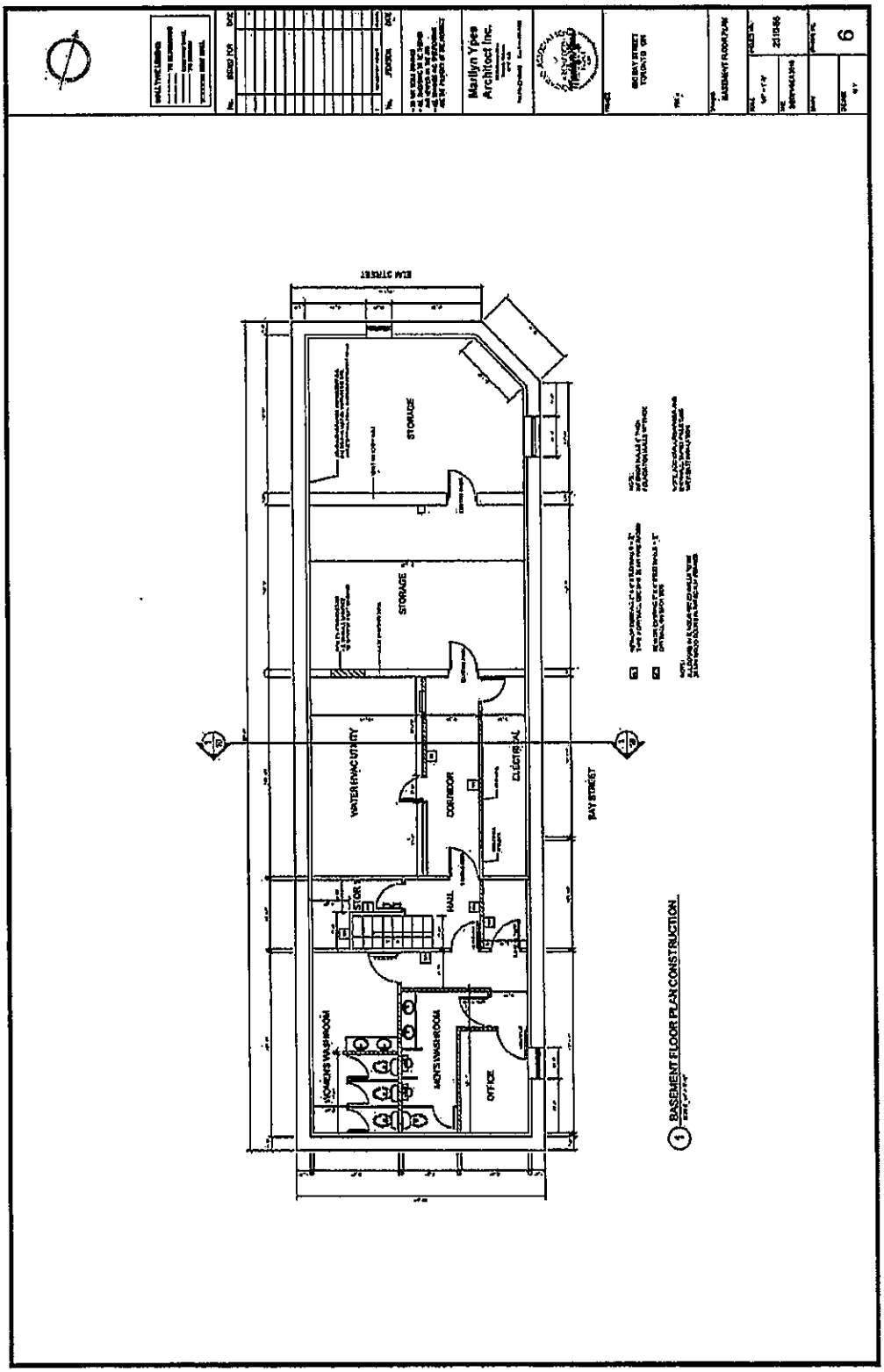

ELM STREET
STORAGE
STORAGE
WATER/HVAC UTILITY
CORRIDOR
ELECTRICAL
BAY STREET
STOR
HALL
WOMEN'S WASHROOM
MEN'S WASHROOM
OFFICE
1 BASEMENT FLOOR PLAN CONSTRUCTION
Marilyn Ypes Architect Inc.
BASEMENT FLOOR PLAN
6

APPENDIX C

QUALIFICATIONS OF APPRAISER

JOHN R. LE COUNT, MIMA, AACI, P.App
PRESIDENT
STRY APPRAISALS INTERNATIONAL LIMITED

EDUCATION

- **Queen's University** (3-year Extension Course)
  "Property Assessment – Practice and Principles"
  Granted MIMA Designation
  Awarded the Municipal World Award for outstanding scholarship in the above course in Ontario
- **Appraisal Institute of Canada**
  Granted AACI, P.App. Designation
  Certificate No. 1822 issued July 4th, 1977
  Qualified to do appraisals of all types of real estate
- **Seneca College of Applied Arts and Technology**
  Economic Course (Micro and Macro)
- **British Institute of Engineering Technology**
  Diploma in Company Secretaryship

DESIGNATIONS

- MIMA (Member of the Institute of Municipal Assessors of Ontario)
  AACI, P.App. (Accredited Appraiser Canadian Institute)

OTHER

- Former Part-time member (Adjudicator) of the Assessment Review Board (Attorney General's Office, Province of Ontario)

EXPERIENCE

- 1967 – 1986 — **Marathon Realty Company Limited**
  Assistant to Executive Vice President
  Director of Sales
  Operations Manager (Land) for Ontario and Manitoba
- 1986 – 1989 — **York Hannover Developments Limited**
  Director of Leasing
  Director of Land Sales
- 1989 – 1990 — **The Manufacturers Life Insurance Company**
  Real Estate Investment Director – North America
- 1990 – 1991 — **City of Etobicoke**
  Director of Realty Service
- 1991 – Present — **Fee Appraiser**

APPENDIX D

ASSUMPTIONS AND LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

This report is prepared at the request of **Royal Bank of Canada** for the purpose of an appraisal at prospective market value. It is not reasonable for any person or company other than **Royal Bank of Canada** to rely upon this appraisal without first obtaining written authorization from us. There may be qualifications, assumptions or limiting conditions in addition to those set out below relevant to that person's identity of his intended use. This report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

1. While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:

   a. a legal description as set out herein is correct;
   b. title to the property is good and marketable;
   c. there are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
   d. the existing use is legally conforming use which may be continued by any purchaser from the existing owner;
   e. rights of way, easements or encroachments over the real property and leases or other covenants noted herein are legally enforceable.

   Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions except as expressly noted herein.

2. The author is not a qualified surveyor and no legal survey concerning the subject property has been provided.

3. The author is not qualified to give engineering advice. It is assumed that there are no patent or latent defects in the subject improvements, that no objectionable materials such as Urea Formaldehyde Foam are present, that they are structurally sound and in need of no immediate repairs, unless expressly noted within this report. No soil tests have been done nor have tests been done of the heating, plumbing, electrical, air-conditioning or other systems and, for the purpose of this opinion, they are assumed to be in good working order.

4. No investigation has been undertaken with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency unless such investigations are expressly presented to have been in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect prospective market value. To be certain of compliance, further investigations may be necessary.

5. Neither possession of this report nor a copy carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser; subject only to confidential review by the Appraisal Institute of Canada.

6. Market data has been obtained in part from documents at the Land Registry Office, or as reported by the real estate board. As well as using such documents and generally reliable evident of market transactions, it was also necessary to rely on hearsay evidence.

7. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value of any other date except with further advice of the appraiser.

8. The compensation for services rendered in this report does not include a fee for court preparation or court appearances, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should its property become evident in a judicial proceeding. In such case, it is acknowledged that it is the judicial body which will decide the use the report which best serves the administration of justice.

9. This is a Prospective Narrative Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rules of the Uniform Standards of Professional Appraisal Practice for such reports. As such, it includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

10. The appraiser is not qualified to comment on environmental issues that may affect the prospective market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirement, government or otherwise, and free of any environmental condition, past, present or future, that might affect the prospective market value of the property appraised. If the party relying on this report require information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the prospective market value of the property appraised.

11. This report cannot be used for the purpose referred to in this report until (a) our fee is paid in full and (b) it contains the original signature of the appraiser.

APPENDIX E

CERTIFICATION

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. An inspection of the subject property municipally described as 650 Bay Street, City of Toronto, Ontario was carried out on November 23, 2011. At that time the land was inspected and photographs were taken of the site and the neighbourhood.

2. The statements of fact contained in this report are true and correct.

3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.

4. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.

5. My engagement in and my compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.

6. I have the knowledge and experience to complete the assignment competently.

7. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.

9. No one provided significant professional assistance to the person signing this report.

10. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Canadian Uniform Standards of Professional Appraisal Practice established by the Appraisal Institute of Canada.

11. The use of this report is subject to the requirements of the Appraisal Institute of Canada relating to review by its duly authorized representatives.

12. As of the date of this report, the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program for designated members.

13. The estimated prospective market value of the real estate as of the effective date of appraisal of November 23, 2011 is:

$10,100,000

(TEN MILLION ONE HUNDRED THOUSAND DOLLARS)

and is subject to the assumptions and limiting conditions contained in the body of the report.

Date

John R. Le'Count, MIMA, AACI, P. App.
President
STRY APPRAISALS INTERNATIONAL LIMITED

APPENDIX "B"

248

HARVEY SPRING
Barrister and Solicitor

464 Yonge Street
Suite 200
Toronto, Ontario
M4Y 1W9

Telephone: (416) 967-0800
Fax: (416) 967-2783

January 6, 2012

2220277 Ontario Inc.
650 Bay Street
Toronto, Ontario
M5G 1M8

By Fax to 416-352-7832

Dear Sir/Madam:

Re: B & M Handelman Investments Limited, et al
1st mortgage 650 Bay Street/55 Elm Street, Toronto

I act for the mortgagees herein.

This will confirm that the outstanding principal amount of the abovementioned mortgage is $2,100,000.00 and the mortgage is in good standing.

Yours very truly,

Harvey Spring

HS:wp
File No. 09-5883

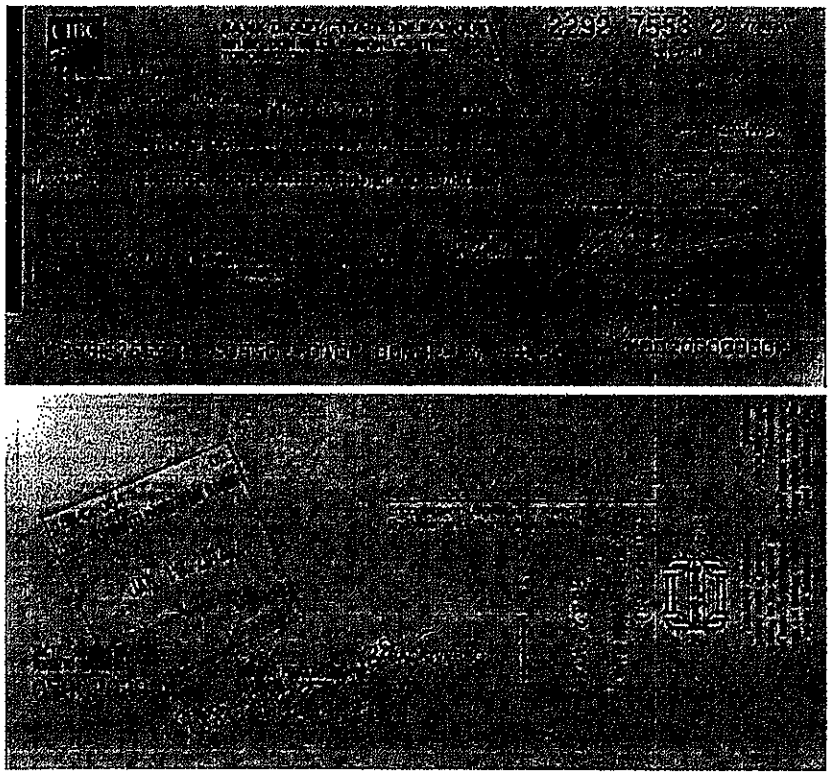
APPENDIX "C"

250

CIBC

Serial number	Transit number	Bank number	Account number	Amount
229275532	9502	010	1322743345	$200,000.00

Waive service charge



Print language: English

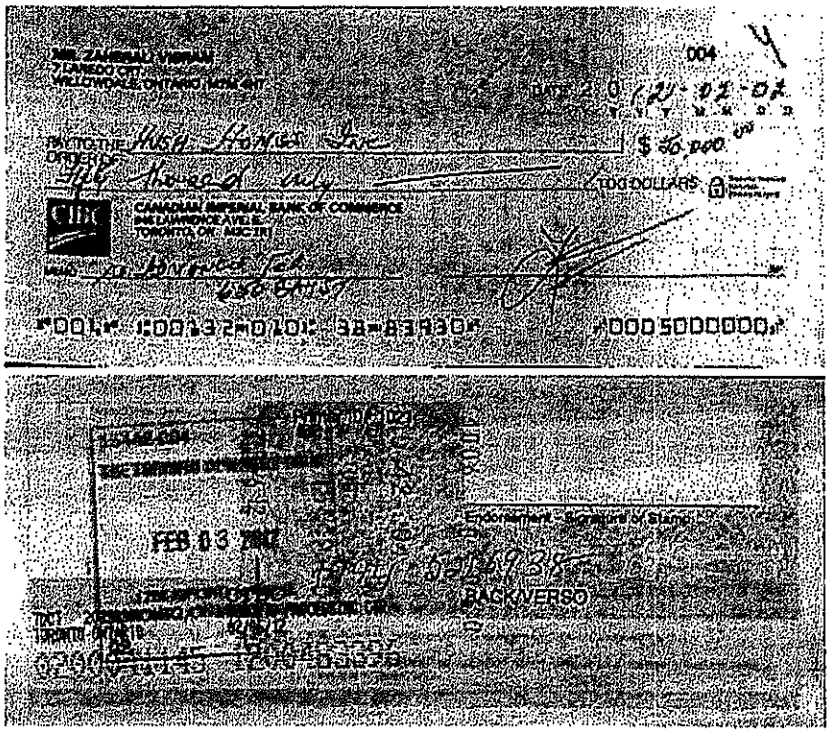
200,000.00

251

CIBC

Serial number	Transit number	Bank number	Account number	Amount
4	132	010	3883930	$50,000.00

Waive service charge



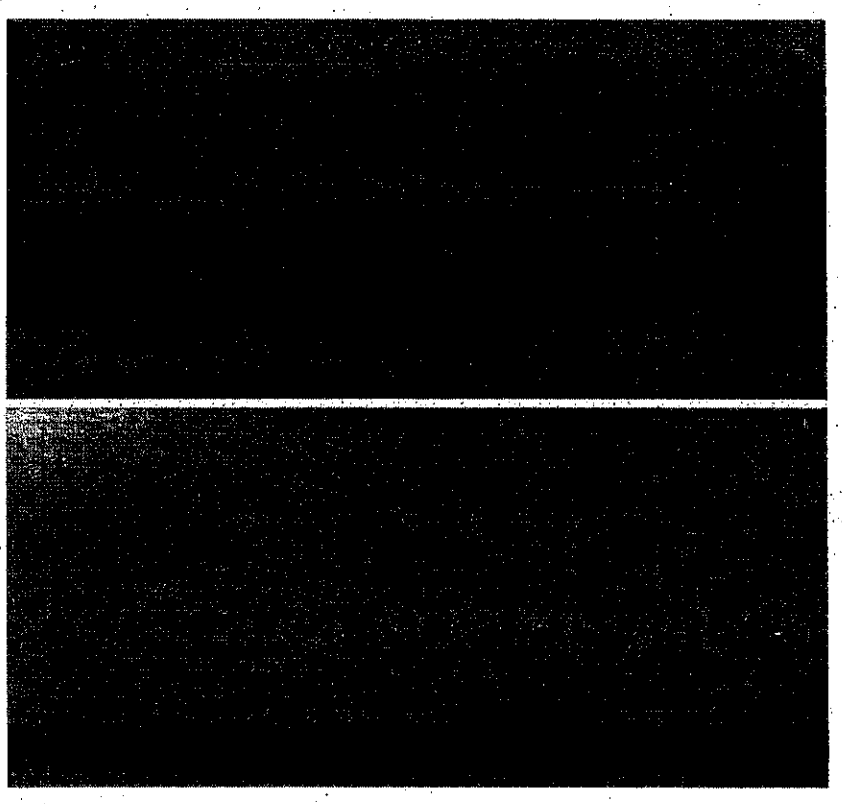
Print language: English

50,000.00

252

Serial number	Transit number	Bank number	Account number	Amount
229276845	9502	010	1322743345	$80,000.00

Waive service charge



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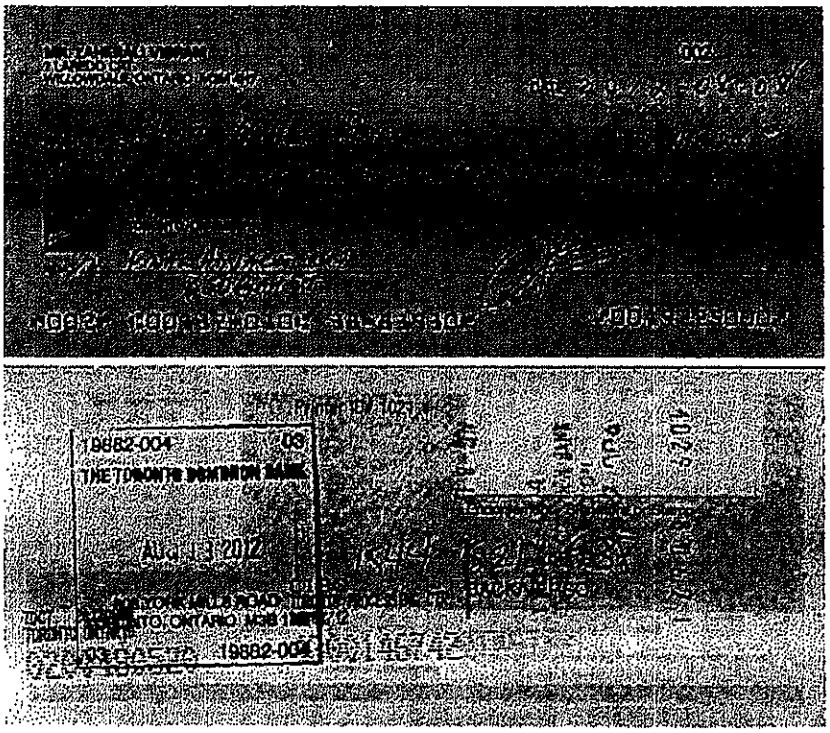
APPENDIX "D"

254

Serial number	Transit number	Bank number	Account number	Amount
2	132	010	3883930	$192,250.00



Print language: English

192250

APPENDIX "E"

VIS12731 256

RE: Second amendment to second mortgage loan from Zaherali Visram
to 2220277 Ontario Inc. (the "Borrower"),
in the original amount of $1,200,000.00 secured by a second mortgage over the
property municipally known as 55 Elm Street/650 Bay Street (the "Property")
registered on March 6, 2012 as Instrument No. AT2960459; and
Guaranteed by Evan Karras Musa Suleman, Naheel Suleman,
and Hush Homes Inc. (collectively referred to as the "Guarantors")
being amended to increase the principal amount of the loan to $1,900,000.00, secured by a Notice
registered on August 7, 2012 as Instrument No. AT3095262; and being further amended to increase
the principal amount of the loan to $3,000,000.00

TRUST LEDGER STATEMENT

Received from Lender		$1,100,000.00
Paid legal fees and disbursements	$3,664.75	
Zaherali Visram - Interest Reserve Hold back	100,000.00	
Zaherali Visram - Construction Lien Act Hold back	100,000.00	
Zaherali Visram - Lender's Fee	90,000.00	
Zaheral Visram - Repayment of Loan from Zaherali Visram to Hush Homes Inc.	204,000.00	
Paid Sterling Bailiffs Inc. (outstanding 2010 realty taxes)	49,037.44	
Paid City of Toronto (Tax Department) Re: outstanding 2011 and 2012 realty taxes with o/standing 2011 and 2012 water accounts transferred to tax roll	112,751.41	
Paid to Hush Homes Inc., as per Redirection by Borrower	440,546.40	
	$1,100,000.00	$1,100,000.00

THIS IS OUR STATEMENT HEREIN

Cosman & Associates

E. & O. E.

APPENDIX "F"

ASSIGNMENT OF SECURITY

THIS ASSIGNMENT is dated as of the 27th day of May, 2015.

AMONG:

B&M HANDELMAN INVESTMENTS LIMITED
JRS CAPITAL MANAGEMENT CORP.
TEPERMAN, MARVIN
HARZAHAV HOLDINGS LIMITED
M. HIMEL HOLDINGS INC.
UNION FELT PRODUCTS INC.
BRENKIDS INC.
STEELE VALLEY DEVELOPMENTS LIMITED
1530468 ONTARIO LTD.
GOLDMAN, JENNIFER
STANDING DEVELOPMENTS INC.
LEDMAR INVESTMENTS LTD.
SHARJOD HOLDINGS INC.
FLORDALE HOLDINGS LIMITED
RABARDO CORPORATION

(collectively, the "**Creditor**")

- and -

ZAHERALI VISRAM

(the "**Assignee**")

- and -

2220277 ONTARIO INC.

(the "**Debtor**")

WHEREAS the Debtor is indebted to the Creditor for the sums more particularly described in Schedule "A" hereto (the "**Debt**");

AND WHEREAS the Creditor has been granted and holds the mortgage security more particularly described in Schedule "B" hereto (the "**Security**") as security for repayment of the Debt;

AND WHEREAS the Creditor has agreed to assign the Security to the Assignee upon payment of the sum of **$2,190,900.00** ("**Purchase Price**") by the Assignee to the Creditor;

THEREFORE IN CONSIDERATION OF payment of the Purchase Price by the Assignee to the Creditor, the Creditor hereby assigns the Debt and the Security to the Assignee and the Debtor hereby confirms the Debt and the Security on the following terms:

1. The Creditor hereby jointly and severally represents and warrants that (i) the full amount of the Debt is outstanding and due and owing by the Debtor to the Creditor as at the date hereof, (ii) the Debt and the Security have not been previously assigned, charged or pledged by the Creditor, which warranties shall survive the closing hereof, but the Creditor makes no other and has not made any other representations or warranties of any kind whatsoever.

2. The Creditor jointly and severally covenants:

   a. To execute such further and other assurances as may be reasonably required to give effect to this Assignment, at the expense of the Assignee;

   b. To deliver the original evidence of the Debt and related documents in its possession (if any) immediately upon receipt of payment of the Purchase Price;

   c. To have the outstanding proceedings in Action CV-15-10923-00CL (the "Action") dismissed without costs within two weeks from the date of this Assignment.

3. The Creditor hereby authorizes the Assignee and its professional advisors to notify the Debtor, any relevant guarantors, and other third parties, as may be required, to give effect to this Assignment.

4. The Debtor hereby acknowledges and agrees as follows:

a. The full amount of the Debt as set out in Schedule "A" is outstanding and due and owing by the Debtor to the Creditor as at the date hereof;

b. The Debtor does not dispute the validity or enforceability of the Debt or the Security; and

c. The Debtor has notice of this assignment and will make all future payments to the Assignee or as it may further direct.

5. The Debtor hereby releases the Creditor and the Assignee from any claims for costs arising from or with respect to the Action.

6. The Assignee hereby releases the Creditor from any claims for costs arising from or with respect to the Action.

7. All parties agree to execute such further and other assurances as may be required to give effect to the terms of this Assignment. If it is subsequently discovered that the Creditor or any one of them holds security or collateral for the Debt in addition to what is set out in Schedule "B", then the Creditor in question will, if the Debt or any part thereof is still owing to the Assignee and if so requested by the Assignee, assign and transfer that additional security or collateral to the Assignee on the same terms as herein provided for.

8. This Agreement may be executed in several counterparts, each of which so executed is deemed to be an original, and such counterparts together constitute one and the same instrument.

9. Execution of this Agreement or any document or notice hereunder by telefax, portable document format, tagged image format or other form of electronic reproduced copies of original handwritten signatures in ink constitutes valid, effective and binding execution and of that document.

10. This Agreement shall be binding on and enure for the benefit of the parties hereto and their respective heirs, executors, successors, administrators and assigns.

11. There are no representations, warranties, conditions, other agreements or acknowledgements whether direct or collateral, express or imply, that form part of or affect this Agreement other than those set forth herein. No party to this Agreement relies upon or regards as material, any representations, warranties, conditions, other agreements or acknowledgements not expressly made in this Agreement or in the agreements and other documents to be delivered pursuant hereto.

12. If any provision of this Agreement is determined to be invalid or unenforceable by a Court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

13. Each of the parties represent and warrant to the other parties that (1) all necessary action to execute and deliver this Agreement has been taken, (2) no notices, approvals, consents or authorizations are needed for the due execution, delivery and performance of this Agreement and (3) this Agreement has been duly authorized, executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with the terms of this Agreement.

14. This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario. The parties hereto irrevocably attorn to the non-exclusive jurisdiction of the Ontario courts in connection with, related to or in any way arising from this Agreement.

15. Within 30 days of the Closing Date, the Assignee shall advise any insurance agent or broker or similar entity who holds any insurance policies in respect of the properties to which the Mortgages

relate that the Assignor no longer has an interest in any such policy and that all interests of the Assignor have been assigned to the Assignee; and if such agent, broker or entity requires a release of insurance from the Creditor the Creditor will provide a signed release of insurance within 30 days of it being so requested to provide one.

16. The Assignee shall refrain from any use of the name of the Assignors in any proceedings taken in respect of the Indebtedness and/or the Security, in absence of Assignor's express written consent to such use other than necessary references to the assignment contained herein.

17. Other than as set out above, the Assignee acknowledges that the Assignor has made no representations, warranties, covenants, agreements, promises or statements, express or implied or by statute, as to any cause, matter or thing whatsoever, including, without limitation, with respect to or in any way connected with the Loan, the Indebtedness or the Security, including, without limiting the generality of the foregoing, the validity, enforceability, registration, perfection or priority of the Security or any part thereof, or the nature, description or value of the collateral charged by the Security or any part thereof.

18. The Assignee represents, warrants, agrees and covenants with the Assignor that other than as expressly set out herein, the assignment of the Security and the rights granted to the Assignee in the Indebtedness and the Security herein provided for is without recourse as against the Assignor, as; Assignee hereunder, as a second mortgagee and/or in any other capacity related to the Property. The Assignee hereby releases the Assignor from any and all claims, actions, demands, costs, whatsoever, he may have had, does have or will have with the Assignor, in respect of the Property, save for the terms in this Agreement.

19. The Assignee represents, warrants, agrees and covenants with the Assignor that it has relied upon its own due diligence and has satisfied itself with respect to all things relating to the terms of this Agreement, the Loan, the Indebtedness and the Security, save and except for the representations, warranties and covenants contained herein. These representations and warranties shall survive closing.

[remainder of page intentionally left blank; signature page follows]

B&M HANDELMAN INVESTMENTS LIMITED

Per:
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

JRS CAPITAL MANAGEMENT CORP.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

_____ _____
Witness MARVIN TEPERMAN

HARZAHAV HOLDINGS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

M. HIMEL HOLDINGS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

B&M HANDELMAN INVESTMENTS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

JRS CAPITAL MANAGEMENT CORP.

Per:_____
Name: HARRY A. KICHLER ASO
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

_____ _____
Witness: MARVIN TEPERMAN

HARZAHAV HOLDINGS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

M. HIMEL HOLDINGS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

B&M HANDELMAN INVESTMENTS LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

MS CAPITAL MANAGEMENT CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

Witness: _____ MARVIN TEFERMAN

HARZAHAV HOLDINGS LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

M. HIMEL HOLDINGS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

UNION BELT PRODUCTS INC.

B&M HANDELMAN INVESTMENTS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

JRS CAPITAL MANAGEMENT CORP.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

_____
Witness:

_____
MARVIN TEPERMAN

HARZAHAV HOLDINGS LIMITED

Per: [signature]
Name: GELLA ROTHSTEIN
Title: DIRECTOR

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

M. HIMEL HOLDINGS INC.

Per:_____
Name:
Title:

I/We have authority to bind the Corporation.

M. HIMEL HOLDINGS INC.

Per: _____
Name: per Mel Himel
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation. yes

UNION FELT PRODUCTS INC.

Per: _____
Name: I Himel
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

BRENKIDS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

UNION FELT PRODUCTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

BRENKUS INC.

Per: _____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

STEELE VALLEY DEVELOPMENTS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

1530468 ONTARIO LTD.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

_____
Witness:

_____
JENNIFER GOLDMAN

UNION FELT PRODUCTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

BRENKIDS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

STEELE VALLEY DEVELOPMENTS LIMITED

Per: [signature]
Name: HARRY A KICHLER
Title: ASO

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

1530468 ONTARIO LTD.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

_____ _____
Witness: JENNIFER GOLDMAN

UNION FELT PRODUCTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

BRENKIDS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

STEELE VALLEY DEVELOPMENTS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

1530468 ONTARIO LTD.

Per: J Baker
Name: JUDITH BAKER
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

UNION FELT PRODUCTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

BRENKIDS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

STEELE VALLEY DEVELOPMENTS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

1530468 ONTARIO LTD.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

Witness:

JENNIFER GOLDMAN

STANDING DEVELOPMENTS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

LEDMAR INVESTMENTS LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

SHARJOD HOLDINGS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

FLORDALE HOLDINGS LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

RABARDO CORPORATION

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

STANDING DEVELOPMENTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

LEDMAR INVESTMENTS LTD.

Per:_____
Name: ALLAN BROWN
Title: A. S. O.

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

SHARJOD HOLDINGS INC.

Per:_____
Name: ALLAN BROWN
Title: A. S. O.

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

FLORDALE HOLDINGS LIMITED

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

RABARDO CORPORATION

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

STANDING DEVELOPMENTS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

LEDMAR INVESTMENTS LTD.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

SHARJOD HOLDINGS INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

FLORDALE HOLDINGS LIMITED

Per: _____
Name: ALBERT SILVER
Title: A.S.O.

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

RABARDO CORPORATION

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

Witness:

ZAHERALI VISRAM

2220277 ONTARIO INC.

Per:_____
Name:
Title:

Per:_____
Name:
Title:
I/We have authority to bind the Corporation.

Witness:

ZAHERALI VISRAM

2220277 ONTARIO INC.

Per:
Name: Evan Karras
Title: President

Per:
Name:
Title:
I/We have authority to bind the Corporation.

SCHEDULE "A"
DEBT

$2,283,464.00, including principal, interest and costs.

SCHEDULE "B"
SECURITY

(1) Charge AT2228545 registered November 13, 2009;

APPENDIX "G"

Client / Matter	Date / Entry #	Description / Received From/Paid To / Explanation	Resp Lawyer Chq#/Rec#	Bank Acct#	Deposit Type	Receipt	Disbs	Last Entry Date / Acct Bal
1629	Visram, Zaherali		PT					
4884		650 Bay St Zim Toronto (2220277 Ontario Inc.)						Aug 17/2016
	May 27/2015	Dickinson Wright LLP, in trust	wire	2			2193000.00	2190000.00
	346454	file 4884 - closing funds						
	May 27/2015	Vaherali Visram	01362	2	Wire	2506536.10		316536.00
	346922	file 4884 - mortgage advance						
	May 27/2015	Vaherali Visram	01362	2	Wire	-80.00		316456.00
	346923	file 4884 - mortgage advance - CIBC wire charge						
	May 27/2015	Vaherali Visram	01362	2	Wire	-17.50		316438.50
	346924	file 4884 - mortgage advance - TD Canada trust						
	May 28/2015	City of Toronto	4277	2			126000.00	190438.50
	346532	file 4884 - taxes 19-04-06-6-540-0080-0000-0-4						
	May 28/2015	KRG Insurance Brokers	4278	2			22770.60	167667.90
	346534	file 4884 - payment of account #75639-1						
	May 28/2015	First American Title Insurance Company	4279	2			1679.40	165988.50
	346543	file 4884 - title insurance - inv 101-09-1184220V						
	Jun 18/2015	Phil Thompson Professional Corporation	4304	2			7790.54	158197.96
	348487	file 4884 - payment of invoice 17807-4884						
	Jun 30/2015	DRUDI ALEXIOU KUCNAR LLP, in trust	4319	2			37489.07	120708.89
	349208	F#4884 - lien settlement Alpa Stairs and Hush Homes						
	Jul 14/2015	Zaherali Visram	4330	2			73000.00	47708.89
	350031	F#4884 - lender fee on refinancing						
	Jul 14/2015	Zaherali Visram	4331	2			45000.00	2708.89
	350033	F#4884 - payment on account of 2nd mortgage						
	Aug 13/2015	Phil Thompson Professional Corporation	4360	2			2102.93	605.96
	352611	file 4884 - payment of invoice 17989-4884						
	Aug 17/2016	Zaherali Visram	4683	2			605.96	0.00
	380283	file 4884 - balance of trust funds						
Matter Total:				2		2506438.50	2506438.50	0.00
Client Total:				2		2506438.50	2506438.50	0.00
Firm Totals:		2 - TD MIXED TRUST ACCOUNT, TD Canada Trust, 0884302				2506438.50	2506438.50	0.00

REPORT SELECTIONS - Client Trust Ledger

Layout Template	Default
Advanced Search Filter	None
Requested by	Susan
Finished	Thursday, March 16, 2017 at 03:13:12 PM
Ver	14.0 (14.0.20140923)
Matters	4884
Clients	All
Major Clients	All
Client Intro Lawyer	All
Matter Intro Lawyer	All
Responsible Lawyer	All
Assigned Lawyer	All
Type of Law	All
Select From	Active, Inactive, Archived Matters
Matters Sort by	Default
New Page for Each Lawyer	No
Show Totals for All Matters with Trust Balances	Yes
Matter with No Trust Activity on or After	No
Details Begin Date	1982/Jan/ 1
Details End Date	2199/Dec/31
Matters with Balances Greater Than or Equal to	No
Include Cheques	Yes
Include Receipts	Yes
Include Details for	Cheque,Cash,Credit Card,Bank Chk,Dir Dpst,Money Order,Other,Wire,Crtfd Chk
Account	All
Show Entries which result in a neg. balance	No
All Matters with Activity	Yes
Firm Totals Only	No
Totals Only	No
Negative Balances Only	No
Sort by	Date

APPENDIX "H"

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DATE: MAY 30, 2015

FROM: **ZAHERALI VISRAM**
FAX: (416) 512 - 1318
TEL: (416) 512 - 6836

TO: EVAN KARRAS.

FAX NO: 416. 352-7832

ATTENTION: EVAN

RE: 650 GAY ST MORTGAGE STATEMENT.

YOUR REFERENCE NO:

COMMENTS: I am herewith faxing you the mortgage statement.

May 8, 2015 281

RE 650 Bay St Toronto

2nd Mortgage

Date	Interest	Payments	Accumulated Balance
Sept 15, 2012 Principal			$3,000,000
Oct 15, 2012	37500		3,037500
Nov 15, 2012	37500		3,075,000
Dec 15, 2012	37500		3 1125 00
Jan 15, 2013	37500		3,150,000
Feb 15, 2013	37500		3,187,500
Mar 15, 2013	37500		3,225000
Mar 15, 2013 Release Hold Back	87500		3,3125 00
Mar 15, 2013 Hold Back Credit		200,000	3 1125 00
April 15 2013	38906		3151406
May 15, 2013	39393		3190799
May 15, 2013 Extension Fees	45000		3 2357 99
June 15, 2013	40447		3276246
July 15, 2013	40954		3317200
Aug 15, 2013	41465		3358665
Sept 15, 2013	41983		3400648
Oct 15, 2013	42508		3443157
Nov 15, 2013	43046		3,486196
Nov 15, 2013 Extension Fees	100000		3586196
Dec 15, 2013	44827	40000	3591023
Jan 15, 2014	44882	20000	3,615911
Feb 15, 2014	45198	15000	3646109
March 15, 2014	45576	25000	3666685
March 15, 2014 Ext Fee	73500		3740185
April 15, 2014	46752		3786937
May 15, 2014	47337	5000	3829274
June 15, 2014	47866	40000	3837140
July 15, 2014	47964		3885104
Aug 15, 2014	48564		3933668
Sept 15, 2014	49171		3982839

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		Interest	Payments	Accumulated Balance
Sept 15, 2014	Bal b/fwd			3,982,839
Oct 15, 2014		49785		4,032,624
Nov 15, 2014		50407		4,083,031
Dec 15, 2014		51038		4134069
Jan 15, 2015		50425		4184494
Feb 15, 2015		52306		4236800
Mar 15, 2015		52960		4289760
March 15, 2015	Ext Fee	123500		4413260
April 15, 2015		55165		4468425
May 15, 2015		55855		4524280
May 15, 2015	NSF Closing Charge (6)	10150		4,625,930
June 15, 2015		57566		4581896
July 15, 2015		57274		4639170
Aug 15, 2015		57990		4697160
Sept 15, 2015		58715		4755875
Sept 15, 2015	Ext Fee	45000		4800875

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com

REPLY TO: SAM RAPPOS
FILE NO.: 52542
DIRECT: 416-218-1137
FAX: 416-218-1837
EMAIL: samr@chaitons.com

June 29, 2017

VIA EMAIL

Alfred Schorr
227 Eagle Street East, Suite 200
Newmarket, Ontario L3Y 1J8

Re: Zaherali Visram v. 2220277 Ontario Inc.

Dear Mr. Schorr,

During the cross-examination of Zaherali Visram held on June 14, 2017, you asked certain questions with respect to:

(a) the $400,000 of the $1,200,000 that was advanced by Mr. Visram to your client that was used to pay down a mortgage granted by 2173252 Ontario Inc. in favour of Mr. Visram; and

(b) the $400,000 of the $700,000 that was advanced by Mr. Visram to your client that was used to pay down a personal loan.

Notwithstanding that such questions were refused during the cross-examination, Mr. Visram is prepared to provide the following information with respect to the above-referenced transactions.

2173252 Ontario Inc.

On or about November 14, 2011, Mr. Visram loaned $3.5 million to 2173252 Ontario Inc., which was secured by a charge registered on title to certain condominium units owned by the debtor and located in Paliser Court in Oakville, ON. The loan was guaranteed by Naheel Suleman, Musa Suleman and Hush Homes Inc. The funds were largely used by the borrower to discharge the existing first and second mortgages against the property.

Personal Loan

Mr. Visram loaned $400,000 to Naheel Suleman and Musa Suleman on a joint and several basis in early 2012. Two advances of $200,000 were made by Mr. Visram, with bank drafts in the amount of $200,000 being made payable to Hush Homes Inc. dated February 23, 2012 and April 11, 2012.

Hush Homes Interest Payments

During the cross-examination of Evan Karras, you produced copies of two cheques from Hush Homes Inc. payable to Mr. Visram in the amounts of $24,000 and $12,000 and asked

Chaitons LLP

that Mr. Visram confirm that such payments were received by him and credited to your client's loan account.

Mr. Visram has confirmed that such amounts were received and credited to the loan account. We refer you to the handwritten breakdown prepared by Mr. Visram, which is attached hereto and marked as **Appendix "A"**.

As set out in the breakdown, the interest for April 2012 in the amount of $12,000 was credited as being paid by Hush Homes on April 18, 2012, and the interest for May 2012 in the amount of $12,000 and the extension fee of $12,000 was credited as being paid by Hush Homes on May 18, 2012.

Yours truly,
CHAITONS LLP

Sam Rappos

(computer generated signature)

Sam Rappos
LAWYER

Encl.

Cc: Client

APPENDIX "A"

ZAHERALI VISRAM & 2220277 ONTARIO INC.
LEDGER A/C - RE 650 BAY ST/54 ELM ST.

		Dr.	Cr.	Total
JAN 16, 2012	Advance - HUSH HOMES	$200,000 -		$200,000
JAN 16, 2012	Lender's Fees	48000.		248000
Feb 9, 2012	Advance - HUSH Homes	50000 -		298000
Feb 27, 2012	Advance - HUSH Homes	80000 -		378000
Feb 27, 2012	Release of Hold Back - HUSH Homes.	50000 -		428000
Feb 27, 2012	laydown of 2173252 Ont Inc Mortgage	400000 -		828000
March 5, 2012	Advance - COSMAN & ASSOCIATES	250000 -		1078000
March 26, 2012	Advance - COSMAN & ASSOCIATES	122000 -		1,200000 -
March 16, 2012	Interest for Feb & March (FROM 122,000 ABOVE FOR 2 Month	24000.		
APRIL 4, 2012	Interest paid by COSMAN		24000. -	1,200,000
APRIL 16, 2012	Interest for april	12000.		
APRIL 18, 2012	Paid by HUSH HOMES apml		12000 -	1,200,000
MAY 16, 2012	Interest for MAY	12000.		
MAY 16, 2012	Extention Fee	12000.		
MAY 18, 2012	PAID BY HUSH		24000. -	1,200,000
JUNE 16, 2012	Interest for JUNE	12000		
JUNE 16, 2012	Extention Fee	12000.		
JULY 16, 2012	Interest for JULY	12000 -		
JULY 16, 2012	Extention Fee	12000.		
AUG 8, 2012	PAID PERSONAL LOAN OF HUSH HOME	400000 -		
AUG 8, 2012	Interest for AUG.	19000 -		
AUG 8, 2012	Extention Fee	19000.		
AUG 8, 2012	PAID HUSH HOMES	192250 -		
AUG 8, 2012	Interest for SEPT.	19000		
AUG 8, 2012	Legal fees	2750.		1,900,000
SEPT 15, 2012	Paid COSMAN & ASSOCIATES	1,100,000 -		3,000,000

ZAHERALI VISRAM
Applicant

-and-

2220277 ONTARIO INC.
Respondent

Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

SECOND SUPPLEMENTARY APPLICATION RECORD

VOLUME 1 OF 2

(returnable July 14, 2017)

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Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED

SECOND SUPPLEMENTARY APPLICATION RECORD

(returnable July 14, 2017)

VOLUME 2 OF 2

July 12, 2017

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Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

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2	Evan Karras
A	Transcript of Cross-Examination held on June 20, 2017
B	Exhibits to Cross-Examination
C	Answers to Undertakings and Under Advisements

Evan Karras

Professional
Court Reporters Inc.

COURT FILE NO. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ZAHERALI VISRAM,

APPLICANT,

AND

2220277 ONTARIO INC.,

RESPONDENT,

CROSS-EXAMINATION OF
EVAN KARRAS

TUESDAY, JUNE 20, 2017
12:14 P.M.

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ZAHERALI VISRAM, MR. - OBSERVER

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NOTE: The above-recorded indices are provided for ease of reference only and are not to be relied upon in any manner whatsoever by the parties hereto or any third party.

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CROSS-EXAMINATION OF EVAN KARRAS

TUESDAY, JUNE 20, 2017

12:14 P.M.

COURT REPORTER: My name is Damian Iverson, I'm a court reporter with the firm of Professional Court Reporters. I will be taking today's testimony in the matter of Visram versus 2220277 Ontario Inc.

We're at the office of Professional Court Reporters, 4950 Yonge. Today is the 20th day of June, 2017. The time is approximately 12:14 p.m. and we will now swear in the witness.

Sir, can I just get you put your right hand on the bible. State your name in full for the record?

THE DEPONENT: Evan Karras.

COURT REPORTER: Perfect. And do you solemnly swear that the evidence you're about to give today shall be the truth, the whole truth and nothing but the truth so help you God?

THE DEPONENT: I do.

COURT REPORTER: The time now is

12:14. We're on the record. And, Counsel, you may proceed.

MR. CHAITON: Thank you.

EVAN KARRAS, sworn,

CROSS-EXAMINATION BY MR. CHAITON:

1. Q. Mr. Karras, good day.

A. Good day.

2. Q. I understand you swore an affidavit in this proceedings dated May 31, 2017, correct?

A. Yes.

3. Q. You have that before you?

A. I do, yes.

4. Q. Are there any corrections you wish to make to the affidavit?

A. I don't think so.

MR. SCHORR: There's one error. The agreement that he had with Sulemans concerning shareholding in 2220277 Ontario Inc. provides for 300 out of a 1,000 shares not 200. I think we referred to 20 percent rather than 30.

THE DEPONENT: Correct.

BY MR. CHAITON:

5. Q. Is that the only change?

A. Yes.

6. Q. All right. Mr. Karras, you've been sworn to

tell the truth today?

A. Yes.

7. Q. May I have your full name for the record, please?

A. Evan Karras.

8. Q. How old are you, sir?

A. Forty-seven.

9. Q. Married?

A. Single.

10. Q. And can you please summarize your educational and business background for me?

A. Business and management is what I took in university.

11. Q. What university?

A. La Verne University and McMaster University.

12. Q. Where's La Verne University?

A. In Greece. Athens, Greece.

13. Q. All right. And what degree did you obtain from that university?

A. Business and management.

14. Q. Okay. And then -- sorry, subsequently, after La Verne University you were in what university?

A. No, La Verne was the latter one.

15. Q. All right. Any other post-secondary education?

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A. McMaster University.

16. Q. And what degree did you obtain there?

A. No degree.

17. Q. Was that an under-grad?

A. Yes.

18. Q. Right. I'm showing you a two-page document that seems to be a bio or a resume on yourself, which I understand you had provided to Mr. Visram?

A. M'hmm.

19. Q. Would you review it and just confirm that that was a document you provided to Mr. Visram?

MR. SCHORR: The issue is whether or not you gave it to him.

THE DEPONENT: I do not ---

MR. SCHORR: Not the contents.

THE DEPONENT: Yeah, okay. I don't recall giving this to Mr. Visram, no.

BY MR. CHAITON:

20. Q. Do you know if Mr. Naheel Suleman or any member of the Suleman family provided that to Mr. Visram?

A. I don't know.

21. Q. Does that contain a fair summary of your business background?

A. It would, yes.

MR. CHAITON: Can we make that document Exhibit 1.

COURT REPORTER: Exhibit 1, yeah.

(Whereupon EXHIBIT NO. 1 : Resume of Evan Karras, two pages.)

BY MR. CHAITON:

22. Q. Mr. Karras, I understand you're the sole officer and director of the respondent, 2220277 Ontario Inc.?

A. Yes.

23. Q. Are you also a sole shareholder?

A. I'm not certain.

24. Q. Why is that?

A. I'm not sure.

25. Q. The -- who do you think might be the other shareholder or shareholders of the corporation?

A. Another company.

26. Q. Not individuals?

A. No.

27. Q. And what company would that be?

A. I don't remember the name right now.

28. Q. How could you find out?

A. I would have to look in my records.

29. Q. Okay. Would you do so and let me know who

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the other shareholder or shareholders of the corporation are?

A. Sure, I can attempt to look through my records and get that information.

(Whereupon UNDERTAKING NO. 1: To advise who other shareholder or shareholders are of 2220277 Ontario Inc.)

BY MR. CHAITON:

30. Q. Where are those records maintained?

A. I'm not sure.

31. Q. And if it's a corporation, would you also let me know who is behind that corporation in terms of who are the officers, directors and shareholders of that other corporation?

A. Sure, to the extent that I know the information.

(Whereupon UNDERTAKING NO. 2: To who advise who are the officers, directors and shareholders of corporation who is a shareholder of 2220277 Ontario Inc.)

BY MR. CHAITON:

32. Q. Do any members of the Suleman family or Hush Homes have an interest in the company?

A. No, they do not.

33. Q. Did they?

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A. We had signed an agreement at one point that would provide them shares in the company.

34. Q. And is that the agreement that's reproduced at tab F of your record, of your affidavit?

A. Yes.

35. Q. Okay. And was this share purchase agreement ever completed?

A. It was signed but they did not remit the funds that they were supposed to.

36. Q. Okay. And, as a result, I take it you did not transfer any of your shares to ---

A. That's correct.

37. Q. --- Naheel Suleman?

A. That's right.

38. Q. Okay. Aside from this share purchase agreement are any of the Suleman family members or Hush Homes a shareholder or have any -- a shareholder of 222?

A. No.

39. Q. Do they happen to have an interest in the company, an economic interest in the company?

A. No.

40. Q. So they have no interest whatsoever?

A. No.

MR. SCHORR: You mean yes, they have

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no interest.

THE DEPONENT: Yes, they have no interest.

BY MR. CHAITON:

41. Q. I understand that Naheel Suleman attended Mr. Visram's examination last week?

A. Yes.

42. Q. And was he in attendance at your invitation?

A. Yes.

43. Q. Why is that?

A. I asked him to attend because he had initial dealings with Mr. Visram in negotiating the mortgage loans, so I wanted him to listen to see if there was any information that he would be able to provide.

44. Q. All right. The respondent, which I may call 222 just for ease of reference, was incorporated, I understand, on October 8, 2009?

A. Yes.

45. Q. And was it incorporated for the purpose of purchasing the property at 650 Bay Street?

A. Yes, it was.

46. Q. Does it remain a single purpose corporation to this day?

A. Yes, it does.

47. Q. So it has no other assets, no other

businesses?

A. That's correct.

48. Q. Can you recall the date that the purchase of the property was completed?

A. I believe it was November of 2000 and ---

49. Q. There's probably no reason to guess. Tab 2 of my record we have the property search, which shows that it closed on -- or at least the transfer was registered November 13th, 2009.

A. Yes.

50. Q. And it was purchased by way of power of sale?

A. Correct.

51. Q. And it would appear that 2.1 million of the 2.4 to 5 million purchase price was financed by way of a vendor take-back mortgage?

A. Yes.

52. Q. And at the time of closing was there any building or other structure on the property?

A. The current building.

53. Q. All right. And was there any business being carried on from that building at the time?

A. Yes. The property was occupied and there was a business carried out. It was a hotel.

54. Q. And is that the same hotel that's being

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carried on at the premises today?

A. No, it's not.

55. Q. So what happened to that business?

A. That business closed shortly after or at the time that I acquired the property.

56. Q. And what was the intention behind your acquisition of the property?

A. It wasn't clear at that time.

57. Q. Was it an investment? Were you intending to carry on a business?

A. It was an investment.

58. Q. Other than the hotel were there any other businesses that were operating from the property?

A. No, there were not.

59. Q. Now, I understand that today there's a hotel?

A. Yes.

60. Q. The name of which is what?

A. B650 Hotel.

61. Q. Right. And that's a 22 room hotel

A. Correct.

62. Q. On two floors?

A. No, it occupies the second and the third floor of the property.

63. Q. Okay, and what's on the first floor?

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A. The ground floor consists of a restaurant.
64. Q. All right. And is that restaurant part of the hotel?
A. No, it's not.
65. Q. It's a separate business?
A. Separate business, yes.
66. Q. And is that owned in any way by 222?
A. No, it's not.
67. Q. Who's the owner?
A. It's another company. A numbered company.
68. Q. What's the name of the restaurant?
A. Food Society.
69. Q. Okay. And so what is the name of the -- the owner of that restaurant?
A. Principal? Diana Voskanova, I believe you pronounce the last name.
70. Q. And is there a lease for the ---
A. Yes, there is.
71. Q. Can you provide me with a copy of the lease, please?
A. Yes, I can.
(Whereupon UNDERTAKING NO. 3: To provide copy of the lease with Food Society restaurant.)
BY MR. CHAITON:
72. Q. Is there any other business that is

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operating from the premises today?

A. No.

73. Q. Were there any other businesses since you've acquired the property?

A. There have been, yes.

74. Q. Okay. And were there restaurants?

A. Yes, they were restaurants.

75. Q. Were they operated by yourself, directly or indirectly?

A. No.

76. Q. Third parties?

A. Third parties, yes.

77. Q. And what happened to those businesses?

A. They -- well, the one -- one was a tenant on one space and they left the property without paying rent. And then the other one closed when we had a flood in March of 2016.

78. Q. Who closed it at that time?

A. The entire property ---

79. Q. No, but what was the business that closed?

A. It was a restaurant, a Mediterranean restaurant.

80. Q. And they did not reopen after the renovation?

A. No, they did not.

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81. Q. So at this time there's the hotel and there is the restaurant?

A. Food Society, which is a restaurant and a lounge. So there's two commercial units and they -- the current tenant occupies both of those commercial units.

82. Q. All right. And the lease you're going to provide me is for both units?

A. Yes, it's for the entire ground floor.

83. Q. What entity operates the hotel?

MR. SCHORR: Sorry, I didn't hear that question?

BY MR. CHAITON:

84. Q. What entity operates the hotel?

A. It's another company.

85. Q. And what's the name of the company?

A. B650 Hotel.

86. Q. I see. All right. That's a separate legal entity ---

A. Yes.

87. Q. --- from the company that owns the building?

A. Correct.

88. Q. And who's behind that company?

A. I am one of the principals.

89. Q. Who are the others?

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A. Another company.
90. Q. I'd like to know who the officers, directors and shareholders are?
A. Well, I -- I can consult with my attorney and see if that's something I need to disclose.
91. Q. Well, if you don't know the -- do you know the answer?
A. I'm not entirely sure, no.
92. Q. I'm ask -- I'm going to ask you to undertake to provide me with that information.
MR. SCHORR: We'll take it under advisement.
(Whereupon UNDER ADVISEMENT NO. 1: To advise who the officers, directors and shareholders are of B650 Hotel.)
BY MR. CHAITON:
93. Q. Is there a lease between the hotel and 222 as the owner of the building?
A. Yes, there is.
94. Q. May I have a copy of that lease, please?
A. Yes.
(Whereupon UNDERTAKING NO. 4: To provide copy of lease between B650 Hotel and 2220277 Ontario Inc.)
BY MR. CHAITON:
95. Q. And do you know what the rent is that's

311

payable under the hotel lease?

A. I do not remember, no.

96. Q. How about for the restaurant?

A. I don't remember.

97. Q. I understand you were introduced to Mr. Visram by Naheel Suleman in 2011?

A. Yes.

98. Q. And was that introduction because Mr. Visram might be someone who would -- who you'd be able to borrow funds from for the -- for the building?

A. Yes.

99. Q. More specifically, is it for the operation of the hotel?

A. It was construction to the property.

100. Q. Was the construction more in the nature of a renovation?

A. A major renovation, yes.

101. Q. And who was the contractor doing the renovation work?

A. I had started the general contracting myself. And, at a later date, Hush was to carry on the GC work.

102. Q. That's Hush Homes?

A. Hush Homes, correct.

103. Q. And Hush Homes is owned by the Suleman

312

family?

A. To my knowledge.

104. Q. And when did they take over acting as general contractor?

A. I don't recall.

105. Q. Is there an agreement in writing?

A. There wasn't an agreement for the general contracting work, no.

106. Q. So were they responsible for hiring the sub trades?

A. Yes, they were.

107. Q. And paying those sub trades?

A. Yes.

108. Q. And presumably with funds that you would be paying them?

A. Correct.

109. Q. And how did you know Naheel Suleman?

A. Naheel Suleman was introduced to me through a mortgage broker.

110. Q. And who was that?

A. His name was Arthur Krauss.

111. Q. And do you know approximately when that would have been?

A. It was in 2010.

112. Q. At the time you were introduced to Mr.

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Visram had you been informed by Naheel Suleman that he had previously borrowed money from Mr. Visram?

A. Mr. Suleman told me that he knew Mr. Visram very well, and that they had a number of projects together, and that Mr. Visram was one of those primary lenders.

113. Q. So as a result of that introduction 222 borrowed 1.2 million dollars from Mr. Visram, pursuant to a mortgage loan commitment?

MR. SCHORR: What do you mean by a mortgage?

MR. CHAITON: Or that the respondent borrowed money from Mr. Visram, 1.2 million dollars --

-

MR. SCHORR: Well, but you said he borrowed 1.2 million.

MR. CHAITON: One point two million. I'm sorry?

MR. SCHORR: That's what you said.

MR. CHAITON: Right.

MR. SCHORR: I just want to get clarification.

MR. CHAITON: Yeah, that was it.

MR. SCHORR: There's a difference between borrowing money, signing agreement to borrow

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money, etcetera, etcetera. It's very important in this case to distinguish between those two things.

MR. CHAITON: All right.

BY MR. CHAITON:

114. Q. So if you could turn up tab 5 of the application record. Do you have that?

A. Yes.

115. Q. Okay. So this is a mortgage loan commitment that was provided by Mr. Visram to 222, contemplating a loan of 1.2 million dollars, secured by a second mortgage on the property. The property being the 650 Bay Street property:

A. Yes.

116. Q. All right. And would you turn to the last page, page 53 of the record. I take it that's your signature both personally and on behalf of 222?

A. Yes.

117. Q. All right. And I see, as well, that Hush Homes Inc. and Naheel and Musa Suleman also signed this document as guarantors?

A. Yes.

118. Q. And is there any particular reason why they would have signed this as guarantors?

A. They had -- they were acting as guarantors because they knew the lender in this case they

introduced. I don't know any more about it.

119. Q. Okay, but not because they had an interest in the property at the time?

A. No.

120. Q. So that was a request that was made by Mr. Visram and they agreed to provide their guarantee?

A. Yes.

121. Q. And on each page there are various initials. And on page 49 of the record, you can point out which of those initials are yours?

A. On the top, middle left-hand side.

122. Q. Beside guarantors?

A. Yes, beside guarantors.

123. Q. Is yours the K?

A. Yes, what appears to be the K with a circle around it.

124. Q. All right. And then ---

A. Down below ---

125. Q. Yes?

A. --- on the right-hand side, next to -- underneath where it says fees and costs ---

126. Q. Right. On the right-hand side?

A. Yes.

127. Q. And if I understand your evidence, you're saying that you did not initial the left-hand side, at

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the bottom left.

A. Where it continues to say "And the 400,000 as described in point 8," that is not my handwriting and I did not initial that. I initialled below the fees and costs, which is what I wrote in.

128. Q. Okay.

A. And then my initial is also -- excuse me, on the right-hand side, after a handwritten note that says "The balance of the funds shall be to complete construction and payments ---" I can't make out the rest but ---

129. Q. Payments due for taxes and costs -- and other costs?

A. --- it's cut. Yes.

130. Q. Right. So those are -- you initialled that twice?

A. Oh, I initialled once there.

131. Q. Yes.

A. And once for the date.

MR. SCHORR: Underneath the date ---

THE DEPONENT: Yes.

MR. SCHORR: --- 20th of January 2013, there's an initial.

BY MR. CHAITON:

132. Q. Yes. Okay. Anyway -- and then the rest of

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the document that has initials, can we accept that initial that looks like a K is your initial on the rest of the document?

A. Some -- yes.

MR. SCHORR: What about page 51?

THE DEPONENT: Yes.

MR. SCHORR: That's yours?

THE DEPONENT: I believe so.

MR. SCHORR: So a slightly different K but that's his initial on page 51.

BY MR. CHAITON:

133. Q. Yes, on 51 and then 52 at the bottom right, that's yours again?

A. Yes, I believe so.

134. Q. All right. And the transaction contemplated by the mortgage loan commitment did close?

A. There were advances under this mortgage commitment.

135. Q. And a mortgage was executed by you and was granted by Mr. Visram?

A. It was registered on title.

136. Q. For 1.2 million dollars?

A. Correct.

137. Q. All right. And were you represented by a lawyer in connection with the completion of that

transaction?

A. There was a lawyer that was acting on the transaction but he was not the lawyer for 222, for the respondent.

138. Q. Who was the lawyer?

A. Who was the lawyer?

139. Q. Yes.

A. If I recall, it was Charles Stobie of Keyser Mason Paul.

140. Q. Who acted in connection with the initial 1.2 million dollar mortgage?

A. I do not recall.

141. Q. And so you -- if I understand you, you're saying that lawyer was Hush Homes lawyer?

A. Yes.

142. Q. Okay. Was that someone recommended to you by Suleman?

A. Yes.

143. Q. That would have been Naheel Suleman?

A. Yes.

144. Q. And did 222 have its own lawyer?

A. No.

145. Q. At any time prior to this transaction did 222 have its own lawyer?

A. Nothing to do with this transaction, no, we

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did not have any lawyer.

146. Q. Okay.

MR. SCHORR: For example, when you acquired the property under power of sale did the company have a lawyer?

THE DEPONENT: Yes.

BY MR. CHAITON:

147. Q. And who was that?

A. I don't remember the lawyer at the purchase.

148. Q. Can you find out?

A. I can.

149. Q. All right. And you'll let me know who that is?

A. Yes.

150. Q. All right.

(Whereupon UNDERTAKING NO. 5: To advise name of lawyer who acted for 2220277 Ontario Inc. on power of sale purchase of the property.)

BY MR. CHAITON:

151. Q. Do you need a minute?

MR. SCHORR: I shut it off. Sorry.

MR. CHAITON: No, no problem.

MR. SCHORR: Just a minute. Let me make a note of that undertaking.

BY MR. CHAITON:

152. Q. You had the opportunity to retain any lawyer you wanted in connection with this transaction?

A. I don't recall.

153. Q. I'm assuming that if you wanted to go to any particular lawyer you could have done so?

A. I recall that this was not the initial version of the commitment, that there were other documents that had exchanged hands prior to this, and the signature was signed without the original document at first, and then there were changes by Mr. Visram. And this was the final document.

154. Q. Right. But my question is in connection with the completion of the mortgage loan, you had the ability to retain any lawyer that 222 wanted to?

A. We could have, yes.

155. Q. Right. And I take it the lawyer that was retained was not Mr. Visram's lawyer? He wasn't acting for Mr. Visram as well?

A. I don't know.

156. Q. On the transaction?

A. I don't know.

157. Q. If I was to suggest to you that Mr. Visram had his own lawyer, would you dispute that?

A. No.

MR. SCHORR: I think it's fair to say

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that Mr. Perriconey of Cosman and Associates, whose name appears on a number of the documents, acted for Mr. Visram. And there's no suggestion that there was any conflict of interest ---

MR. CHAITON: Thank you.

MR. SCHORR: --- that we know of.

We will send you, because we've just discovered it, way back in January the 13th Mr. Visram prepared a -- his first construction financing commitment, the borrower was 222 and it was for a million two. And it's quite different than the one that was ultimately executed.

MR. CHAITON: Okay, well, if you can send that to me, that's fine.

(Whereupon UNDERTAKING NO. 6: To produce first construction financing commitment prepared by Mr. Visram for 1.2 million dollars.)

MR. CHAITON: Are the differences, though, just the changes that are handwritten?

MR. SCHORR: The primary difference is there's absolutely no reference to any outstanding amounts to -- for $400,000 to the Suleman interests.

MR. CHAITON: Right.

MR. SCHORR: That was presented on January the 13th of 2012.

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MR. CHAITON: And do you know when --

-

MR. SCHORR: This one ---

MR. CHAITON: --- this ---

MR. SCHORR: --- that was ---

MR. CHAITON: --- commitment letter that's at tab 5, I guess, do you know when that was presented?

MR. SCHORR: Yes, that was first shown to my client on January 18th. We'll send that to you as well, as well as the -- the email from Mr. Perriconey to Naheel saying attached is the revised commitment. And it's very similar to the one in question.

And we'll also send you Mr. Suleman's email saying that, you know, it's a last minute thing, it's the only way in which Mr. Visram's prepared to loan the money.

(Whereupon UNDERTAKING NO. 7: To produce email from Mr. Perriconey to Naheel Suleman attaching revised commitment.)

MR. CHAITON: Do you want to read that in the record or ---

MR. SCHORR: I'm just letting you know that we'll send that to you.

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MR. CHAITON: All right.

MR. SCHORR: Because we've just discovered these -- Mr. Karras will tell you why there was a difficulty locating many of the documents that support his position. It had to do with different computers and a computer being lost and what-have-you.

But, in any event, this is not the first one but it's the final one, it's the one that was signed.

MR. CHAITON: Understood.

BY MR. CHAITON:

158. Q. At tab 7, if you could turn that up, Mr. Karras. On page 74 of the record there's a revised redirection ---

MR. SCHORR: That's the one that's hard to read but it's there.

MR. CHAITON: Okay.

BY MR. CHAITON:

159. Q. But is that your signature on behalf of 222 at the bottom of the page?

A. Yes, it is.

160. Q. And turning the page, there's a redirection concerning the final advance and, again, is that your signature at the bottom of the page?

A. Yes, it is.

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161. Q. And you were represented by a lawyer in connection with the transaction at the time you signed these directions regarding the funds?

A. There was a lawyer acting but it was not 222's lawyer.

162. Q. What do you mean by that?

A. 222 had not retained this legal counsel.

163. Q. Who retained the lawyer?

A. I believe it was Hush Homes.

164. Q. Did they send you an account?

A. No, they did not.

165. Q. Never?

A. No.

166. Q. Right. And the use ---

MR. SCHORR: Counsel, there's no issue that there was a lawyer representing the numbered company.

MR. CHAITON: Right.

MR. SCHORR: The issue is whether it was an independent lawyer.

MR. CHAITON: Well, okay. I understand.

MR. SCHORR: There was no independent legal advice.

MR. CHAITON: I understand.

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MR. SCHORR: Can I see Exhibit 1.
Thank you.
BY MR. CHAITON:
167. Q. And did the lawyer that acted on this transaction to assist 222, did they ever provide you with a reporting letter on the transaction?
A. No, they did not.
168. Q. Not at all?
A. No.
169. Q. Did you ask for a reporting letter?
A. Yes, I have.
170. Q. When did you ask?
A. I've been asking for quite some time.
171. Q. And you have those requests ---
A. I have asked Mr. Visram's lawyer by email, Vince Perriconey, for a reporting letter as well. Never received.
172. Q. Have those requests been made in writing?
A. Yes, they have.
173. Q. Do you have copies of any of the requests?
A. Not today with me, no.
174. Q. Could you produce them for me, please?
A. Yes, I can.
(Whereupon UNDERTAKING NO. 8: To produce letters sent requesting reporting letter.)

BY MR. CHAITON:

175. Q. The mortgage loan matured on April 18, 2012, if you look at the terms of the mortgage, which is at ---

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A. Sorry, just a second.

MR. SCHORR: It's tab 6.

MR. CHAITON: M'hmm.

MR. SCHORR: Last payment date is April 18th of '12.

BY MR. CHAITON:

176. Q. Do you see that?

A. Yes.

177. Q. Okay. And was 222 in a position to repay the mortgage at that time?

A. I don't recall.

178. Q. Did you ask for an extension and amendment of the mortgage?

A. I don't remember.

179. Q. So if you turn to tab 8. You'll see a notice that's registered on title and briefly, it's starting at page 79 of the record, there's an agreement amending and extending the mortgage.

A. Yes.

180. Q. And you're a party to that. And if you turn to page 82 -- sorry, page 83 of the record. Can you

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confirm that you signed this personally and on behalf of 222?

A. Yes.

181. Q. And I note, looking at pages 80 and 81 of the record, that there's some handwritten changes.

A. Yes.

182. Q. So the interest rate, was that something you negotiated with Mr. Visram?

A. I believe it was Hush that negotiated that.

183. Q. You didn't ask for a change in interest rate from 24 percent down to 18 percent?

A. I don't remember. It's likely that I may have.

184. Q. And did you initial the change?

A. I did, yes.

185. Q. Which one is yours, on page 80?

A. I believe it's the one next to -- to the left-hand side of the 18 percent.

186. Q. The second from the left?

A. Yes.

187. Q. All right. Okay. And if you look at page 80 again, you'll -- I take it you'll agree with me that the -- this amending agreement had the effect of extending the maturity date of the mortgage to October 18, 2012? If you look at 1B.

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A. Yes.
188. Q. Or 2B.
A. Yes.
189. Q. And also it increased the amount of the mortgage from 1.2 to 1.9 million?
A. Yes.
190. Q. And, again, were you represented or was 222 represented by a lawyer in connection with this transaction?
A. I don't remember.
191. Q. Is there anything that you can check to confirm whether or not that was the case?
A. I can try to look through old communications.
MR. SCHORR: So you're asking for an undertaking as to whether or not there was any lawyer for 222 on the 1.9 million dollar ---
MR. CHAITON: On the amendment.
MR. SCHORR: --- increase? Yes.
MR. CHAITON: Right. And, if so, to advise me of the name of the lawyer?
MR. SCHORR: I'm sorry?
MR. CHAITON: And if there is you'll advise me of the name of the lawyer.
MR. SCHORR: Oh, just a minute. And,

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if so, the name of lawyer. Okay.

(Whereupon UNDERTAKING NO. 9: To advise if 2220277 Ontario Inc. represented by a lawyer on 1.9 million dollar amendment and, if so, to advise the name of the lawyer.)

BY MR. CHAITON:

192. Q. Turning to tab 9, which relates to the additional $700,000 that was to be advanced under the amendment from 1.2 to 1.9 million, is a direction regarding the funds, and did you sign this direction on behalf of 222?

A. Yes, my signature is on it.

193. Q. If you turn to the next page, I see that you also signed ---

MR. SCHORR: The next page?

BY MR. CHAITON:

194. Q. Yes, page 86.

MR. SCHORR: I'm sorry.

BY MR. CHAITON:

195. Q. I see that you also signed the direction in your capacity as a guarantor?

A. Yes.

196. Q. And I notice that there is a witness signature. Do you know whose signature that is?

A. No, I do not.

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197. Q. Going back to page 85, looking at the direction, you'll see item number 3, that you were authorized to use part of the funds to pay interest and fees from May 18, 2012 to July 18, 2012 in the amount of 48,000?

A. Yes.

198. Q. All right. And is that because interest was in arrears on the loan?

A. No.

MR. SCHORR: No, we have the proof of the payments.

MR. CHAITON: All right.

MR. SCHORR: That takes it up to the end of April. The mortgage was up-to-date as of the end of April.

MR. CHAITON: No, if you look at item number 3 it's from May 18 ---

MR. SCHORR: That's right.

MR. CHAITON: --- to July 18.

MR. SCHORR: Yes.

MR. CHAITON: That's to April.

MR. SCHORR: Yes.

MR. CHAITON: Right. So you're saying ---

THE DEPONENT: The question was, was

the mortgage in arrears.
BY MR. CHAITON:
199. Q. This was signed in July, the direction ---
A. Yes.
200. Q. --- 2012.
MR. SCHORR: The direction was signed.
MR. CHAITON: Right.
BY MR. CHAITON:
201. Q. So, can you -- do you have proof that interest was paid on the loan in May and June of 2012?
MR. SCHORR: The only thing we have is what Hush gave us. We don't know if they made any other payments but they did give us that recently.
BY MR. CHAITON:
202. Q. Okay. Well, the obligation to pay the loan and the interest on the loan was 222's, so did 222 ---
A. I don't know.
203. Q. --- pay any interest on the loan?
A. At that time? I don't remember, no.
204. Q. Okay. And if they did you'll provide me with proof?
MR. SCHORR: Sure.
MR. CHAITON: All right.
(Whereupon UNDERTAKING NO. 10: To provide proof that

2220277 Ontario Inc. paid interest on the loan in May and June 2012.)

MR. VISRAM: This is by Hush?

MR. CHAITON: No. Look underneath -- underneath Hush, you'll see very clearly.

MR. VISRAM: Okay.

MR. CHAITON: Six fifty the ---

MR. VISRAM: Right.

MR. CHAITON: Right at the very top, right. Right there.

MR. VISRAM: Where does it say 75...

MR. CHAITON: Right below that. If you take a close look you'll see it.

MR. VISRAM: Is this April and May?

MR. CHAITON: Right.

MR. VISRAM: Is this ---

MR. CHAITON: No, I understand.

BY MR. CHAITON:

205. Q. And I take it, as well, that if Hush had paid the interest in May and June you'll ask them for proof of payment ---

A. Yes.

206. Q. --- and provide that to me?

A. Yes.

(Whereupon UNDERTAKING NO. 11: To provide proof of

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payment of interest in May and June 2012 by Hush Homes if payment not made by 2220277 Ontario Inc.)

MR. SCHORR: But, Counsel, I did misspeak. You're correct. In the absence of any other cheques it appears as at July there would have been arrears ---

MR. CHAITON: Correct.

MR. SCHORR: --- for May and June and July.

MR. CHAITON: Right.

BY MR. CHAITON:

207. Q. Which is why the direction contemplates or provides for a payment of $48,000 on account of interest for those three months.

A. Yes.

208. Q. So you're -- as I understand it, the way we've left this discussion, is you will search your records to see whether you can provide proof of any interest paid by 222 for those three months, and also you'll speak to representatives of Hush, and if they've made those payments you'll provide me with proof.

A. I will try to get them from them.

209. Q. Right. Okay.

A. Sure.

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MR. CHAITON: Counsel, may we get copies of those cheques before we leave?

MR. SCHORR: Sure. Well, why don't we have them marked?

MR. CHAITON: Well, they don't address ---

MR. SCHORR: We can mark them for identification.

MR. CHAITON: They don't address the period in question.

MR. SCHORR: Oh, they -- they certainly address the issues in this case because he -- no credit's given for this.

MR. CHAITON: Well ---

MR. SCHORR: In your client's claims, no credit is given for these payments.

MR. CHAITON: Right. Well, we can deal with that.

MR. SCHORR: Okay. So you don't want it marked for identification?

MR. CHAITON: I -- I don't think that it ---

MR. SCHORR: Okay. Fair enough.

MR. CHAITON: --- Counsel.

MR. SCHORR: [inaudible] payments on

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mortgage -- just a second, please. Other than two cheques from Hush, March and April -- sorry. Bear with me, Counsel. These are from April and May.

THE DEPONENT: One is for ---

MR. SCHORR: I apologize.

THE DEPONENT: --- two and one is for single.

MR. SCHORR: One of them's a two payment. So it does cover ---

THE DEPONENT: It was three months.

MR. SCHORR: It's hard to say, Counsel. All we know is it covers three months and the last cheque is for two months and it's dated May the 18th.

MR. CHAITON: All right. So ---

MR. SCHORR: But we've given an undertaking for payments on the mortgage, other than those two cheques, prior to July ---

MR. CHAITON: Eighteen ---

MR. SCHORR: --- 26 of '12.

MR. CHAITON: So just so that we're clear, Counsel, item number 3 in the direction is in the amount of $48,000 for interest and fees for the period May 18 to July 18, 2012. Right?

MR. SCHORR: Well, that's what it

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says.

MR. CHAITON: Right.

MR. SCHORR: It's a direction.

MR. CHAITON: All right. So the fees are a separate item, that's what's being charged by Mr. Visram ---

MR. SCHORR: We have no idea.

MR. CHAITON: --- to 222. But the interest is -- is what we're talking about, whether you can provide evidence of payment of interest for that period, May 18, 2012 to July 18, 2012. That's seems to pre-date ---

MR. SCHORR: As I said, we already provided a cheque dated May 18th for two months. We're going to seek information, either from the records of 222 or from the Sulemans, to the extent they're prepared to give it to us, as to whether there were any other payments during this period of time.

MR. CHAITON: Okay. And what I need to know is if you're relying on any of those cheques as being the payment of interest during the period July 18 to September 18, 2012, then I guess you need to confirm that, in fact, that's what that cheque is --

MR. SCHORR: No, the interest from

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July 18 to September 18, 2012 ---

MR. CHAITON: Sorry, I meant ---

MR. SCHORR: --- is a prepayment.

MR. CHAITON: I meant May 18 to July 18.

MR. SCHORR: Yes.

MR. CHAITON: My apologies.

MR. SCHORR: Al I know is that we have a cheque here for two months dated May the 18th.

MR. CHAITON: All right. So you'll inquire of, I guess, the Hush people ---

MR. SCHORR: Yes.

MR. CHAITON: --- Sulemans, whether that was payment for ---

MR. SCHORR: And he'll check his records and when your client has implemented his undertakings and given us what he says is an accounting on the mortgage up to the date when the $3,000 payment was entered into, we'll have a better idea.

MR. CHAITON: Okay.

MR. SCHORR: Because we don't even know if credit was given for these payments.

MR. CHAITON: All right.

MR. SCHORR: And, of course, Counsel,

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we're still waiting for your client's undertaking to establish that he complied with the directions that he made these payments.

MR. CHAITON: I understand.

MR. SCHORR: Okay. Because we have no evidence of that.

BY MR. CHAITON:

210. Q. Again, I take it, to your knowledge 222 was not represented by a lawyer in connection with the amending agreement or was?

A. I don't recall.

211. Q. And you'll check your records ---

MR. SCHORR: We gave -- we gave an undertaking on that.

MR. CHAITON: Yes.

MR. SCHORR: Was there a lawyer for the 1.9 increase and, if so, who the lawyer was.

MR. CHAITON: Okay. Thank you.

BY MR. CHAITON:

212. Q. If you -- so the mortgage as amended to 1.9 million matured on October 18 I believe it was 2012. And prior to that, on September 28th, if you look at tab 10, you'll see an agreement amending and extending the mortgage which had the effect of increasing the mortgage from 1.9 to 3 million dollars and extending

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the term of the mortgage to March 15, 2013. You'll agree with me?

A. Yes.

213. Q. All right. And if you turn to page 92 of the record, please confirm you signed this agreement personally and on behalf of 222?

A. Yes, that's my signature.

214. Q. Had the mortgage not been extended, was 222 in a position to pay off the mortgage when it had matured?

A. I don't recall.

215. Q. Can you look at your records and confirm whether it had the resources to pay off the mortgage in October when it matured?

A. Yes, I can.

(Whereupon UNDERTAKING NO. 12: To advise if 2220277 Ontario Inc. had resources to pay off the mortgage in October 2012 when it matured.)

BY MR. CHAITON:

216. Q. And if it is your evidence that the -- that 222 was in a position to have it fully repaid then, will you provide me with proof of the ability to make the payment?

A. Yes.

(Whereupon UNDERTAKING NO. 13: To provide proof, if

says 2220277 Ontario Inc. had resources to pay off the mortgage in October 2012 when it matured.) 340

BY MR. CHAITON:

217. Q. Turn to tab 11. It's an amended direction dealing with the increase in the mortgage by the 1.1 million dollars to 1.9 to 3 million. You'll see there at the bottom of page 95. Are those your signatures in your personal capacity and on behalf of 222?

A. Yes.

218. Q. And I note that in item number 4 of this direction that reference is made to some realty taxes owing to the city of Toronto in the amount of 112,751.41.

A. Yes.

219. Q. Is that because the taxes were in arrears?

A. Yes.

220. Q. All right. And in item number 5, reference is made to a payment to a bailiff for outstanding realty taxes owing for 2010, and that amount was also in arrears?

A. Yes.

221. Q. And was the city in the process of taking steps to enforce their rights to try to collect the tax arrears?

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A. No, they weren't.
222. Q. So why was there a bailiff involved?
A. The city of Toronto, after 12 months of an unpaid property tax bill, the city of Toronto sends it to a company called Security Bailiffs, to collect that debt.
223. Q. All right. So they were -- it was in the hands of a bailiff though for collection?
A. Correct. A collection company, if you will.
224. Q. Okay. So going -- looking at the direction, and going back to page 95 of the record, the last item shows a net balance to borrow $440,046.40. Do I understand your position to be that that amount was not received by 222?
MR. SCHORR: Where are you referring to, Counsel?
THE DEPONENT: Here.
BY MR. CHAITON:
225. Q. The net balance to borrower. That amount, the 440,046.40, was that amount ---
A. It was not received ---
226. Q. --- received by 222?
A. No, it was not.
227. Q. And do you know if it was paid by Mr. Visram or on his behalf to Hush Homes?

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A. I do not know.

228. Q. Have you asked?

A. Yes, I have.

229. Q. And what have they told you?

A. I haven't provide -- I haven't been provided with any documents.

230. Q. Okay. So will you ask them again?

MR. SCHORR: Well, your client gave an undertaking as well to provide details of ---

MR. CHAITON: Well, what I'd like to know is whether Hush Homes is in a position to acknowledge whether they received ---

MR. SCHORR: We'll ask them, certainly.

MR. CHAITON: --- the amount. Okay. And you'll let me know what they say.

(Whereupon UNDERTAKING NO. 14: To re-ask Hush Homes if they received $440,046.40 from Mr. Visram or on his behalf.)

BY MR. CHAITON:

231. Q. And just for purposes of the records, the mortgage as amended and extended, so what became a 3 million dollar mortgage, matured on March 15, 2013, and I take it you can confirm that it was not repaid at the time?

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A. Yes, it was not repaid.

232. Q. Turning to tab 17 ---

MR. SCHORR: He'll refer you to one at 11, extension to March ---

MR. CHAITON: Yes.

MR. SCHORR: --- of 7 ---

THE DEPONENT: Of 2013.

MR. CHAITON: Yes.

MR. SCHORR: To March of '13.

MR. CHAITON: Yes.

MR. SCHORR: Right.

THE DEPONENT: Which tab, sorry?

BY MR. CHAITON:

233. Q. Tab 17. So following the maturity of the mortgage in March of 2013, until this forbearance agreement was entered into, was there any -- was there any agreement to extend the mortgage any further?

A. Yes, Mr. Visram had agreed to extend the mortgage.

234. Q. Was there any -- any agreement in writing to that effect?

A. I don't remember.

235. Q. And if there is will you produce it?

A. I believe that we've asked Mr. Visram for those as well. I can also check my records to see

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what I have.

(Whereupon UNDERTAKING NO. 15: To produce anything in writing of Mr. Visram agreeing to extend the mortgage at March 2013.)

BY MR. CHAITON:

236. Q. And what efforts was 222 making, during this time period, to try to repay the mortgage?

A. 222 had been negotiating and discussing with the various lenders to obtain alternate financing.

237. Q. And were they also exploring the possibility of a sale of the property to repay the mortgage?

A. No, not the sale of the property at that time, I don't believe.

238. Q. So just refinancing?

A. Oh, in 2015, excuse me. In 2000 ---

239. Q. Between 2000 -- March 2013 and ---

A. I don't recall.

240. Q. Okay. And during that time frame, so approximately two years, was there a -- was there any financing commitments that had been received by 222?

A. Yes, there were.

241. Q. Okay. And do you know from whom?

A. I don't remember off hand.

242. Q. Do you have copies of those commitments?

A. I can look.

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MR. SCHORR: Are we talking about commitments re the second mortgage?

THE DEPONENT: Yes.

MR. SCHORR: Okay. Because we did produce so far some three commitments, but I think one of them was an earlier one for 1.5 million, that was in 2011. And then we produced two of them for the first mortgage.

So you're going to look for other commitments on the second mortgage?

THE DEPONENT: Yes.

(Whereupon UNDERTAKING NO. 16: To produce any documents showing receipt of any financing commitments on the mortgages.)

MR. SCHORR: Yeah.

THE DEPONENT: Well, it would be -- I had commitments for a new first, which was to replace the existing -- the prior first and the second.

MR. SCHORR: Right. We did produce that. We produced two.

THE DEPONENT: That's already ---

MR. SCHORR: There's one in the record.

MR. CHAITON: In your material.

MR. SCHORR: There's one in the

record and there was another one that was marked Exhibit 2 on the examination of Mr. Visram.

You may not have seen that because you didn't do the cross-examination. And the one in the record.

MR. CHAITON: Right, this relates to the first mortgage?

MR. SCHORR: Yes.

MR. CHAITON: I'll get to that.

MR. SCHORR: And there's another one, it's in the record, respondent's record, that relates to the first but it's the first and second. I don't want to misspeak.

MR. CHAITON: Okay.

MR. SCHORR: There's one. It's not yours is it?

MR. VISRAM: Yes.

MR. SCHORR: Okay. Sorry. Just a second.

Yes, the one that we produced in the record, page 230, was the commitment for six and a half million dollars in February of '13.

MR. CHAITON: All right.

MR. SCHORR: Which is before the second mortgage matured.

347

MR. CHAITON: Sorry, what tab?

MR. SCHORR: That's at tab H of the respondent's record.

So on February of '13 there's a commitment for six and a half million dollars to take out the first and second. Well, it's a new first.

BY MR. CHAITON:

243. Q. Right. So this wasn't to pay out the second?

A. Yes, it was to replace the existing first and the second with a new first mortgage.

244. Q. And why did this transaction not get completed?

A. I don't remember.

245. Q. To your knowledge, did the -- did the lender waive its closing conditions?

A. I don't know.

246. Q. Who was representing 222 in connection with this proposed financing?

A. I don't remember.

247. Q. How can you refresh your memory as to the reasons why this financing did not proceed?

A. I can attempt to find communication that would relate to this transaction.

248. Q. So if you can find any communication that

348

would help explain why the transaction did not close, I'd appreciate you providing it to me.

A. Okay.

249. Q. Right.

(Whereupon UNDERTAKING NO. 17: To produce any communication explaining why commitment of six and a half million dollars did not close.)

BY MR. CHAITON:

250. Q. So in -- just going through the record for ease of reference at tab 12, in September of -- tab 12 -- September of 2014 Mr. Visram commenced an action for payment and possession on mortgage?

A. Yes.

251. Q. Okay. You were served with that. You put in a defence, correct?

A. Yes.

252. Q. And then, turning to tab 17, a forbearance agreement was entered into.

And if you could turn to pages 163 and 164 and confirm that you signed the forbearance agreement in your personal capacity as well as on behalf of 222?

A. Yes.

253. Q. And that was on May 21, 2015?

A. Yes.

254. Q. You were represented by or 222 was

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represented by a lawyer in connection with the negotiation and execution of this forbearance agreement?

A. I believe so.

255. Q. Right. And that lawyer was Alfred Aaps?

A. Yes.

256. Q. Of the firm Wildeboer Dellelce?

A. Yes.

257. Q. At the time?

A. Yes.

258. Q. All right. And you'll see at paragraph 5 by signing this agreement you acknowledged that the amount owing under the mortgage at March 15, 2015 was $4,289,760?

A. Yes, I see that.

259. Q. All right. And from the perspective of 222, what was the purpose of the forbearance agreement?

A. I don't know. I know that Mr. Visram and I had been discussing a forbearance agreement. He was requiring that one be signed, requesting some time prior to this date in May, we could not agree on the number. I was refusing and rejected the amount that Mr. Visram claimed was outstanding. And the forbearance agreement was not signed. And there was some correspondence back and forth between us to that

effect. And this forbearance agreement was only signed when Mr. Visram took over the first mortgage. As a condition of him taking over the first mortgage.

260. Q. All right. But it was signed, and from 222's perspective, was it looking for forbearance because it could not repay the mortgage loan at the time?

A. I don't know.

261. Q. Well, you're a representative of 222. You are its directing mind. Was 222 in a position, at that time, to pay off the mortgage?

A. To pay off the second mortgage?

262. Q. Yes, the second mortgage.

A. 222 had mortgage financing available to pay off the second mortgage. Mr. Visram couldn't -- would not agree to the discharge amount. There was a discrepancy between the amount that Mr. Visram was claiming and the amount that was actually advanced to the company.

263. Q. So, do you have any documentation that would evidence that disagreement as to the amount?

A. I can look through my records to find something, yes.

264. Q. Okay, will you produce that?

A. Yes, I will.

351

(Whereupon UNDERTAKING NO. 18: To produce documentation evidencing disagreement as to amount owing on second mortgage.)

THE DEPONENT: Much of that was oral communication with Mr. Visram as well, those discussions that we had.

BY MR. CHAITON:

265. Q. Well, okay, I'm looking for any written evidence ---

A. And there ---

266. Q. --- of those discussions.

A. --- and there may very well be, yes.

267. Q. If you were in a position to repay the mortgage at that time did you contemplate going to court to compel a discharge of the mortgage for the amount that you said was owing under it?

A. I believe I did, yes.

268. Q. And did you bring such an application?

A. No.

269. Q. Did you receive a reporting letter from Mr. Aaps in connection with the completion of the forbearance agreement?

A. No, I did not.

270. Q. Did you ask him for one?

A. Yes.

352

271. Q. And do you have any written communication with him asking -- making that request?

A. I don't remember.

272. Q. Could you look in your records and if you can locate it produce for me copies of any emails or other written communications with Mr. Aaps requesting reporting letter in connection with the transaction contemplated by the forbearance agreement?

MR. SCHORR: Is that yes?

THE DEPONENT: Okay. I'll locate them.

(Whereupon UNDERTAKING NO. 19: To produce any written communication to Mr. Aaps requesting copy of reporting letter in connection with transaction contemplated by the forbearance agreement.)

BY MR. CHAITON:

273. Q. Are you able to tell me what payments 222 or Hush have made to Mr. Visram in connection with the mortgage, since the date of this forbearance agreement was entered into?

A. 222 was making payments to Mr. Visram from the date of this forbearance ---

MR. SCHORR: No, he's talking about from the date forward.

THE DEPONENT: Yes, after ---

353

MR. CHAITON: Hold on. Hold on

THE DEPONENT: --- this forbearance agreement.

MR. SCHORR: The forbearance agreement is dated ---

MR. CHAITON: May of 2015.

MR. SCHORR: --- May '15, and you produced -- excuse me -- sorry. In your respondent's record you produced -- bear with me.

Yes, at tab C you produced a handwritten statement for the second mortgage. It starts at page 95.

MR. CHAITON: Yes.

MR. SCHORR: And it starts March 15th of 2015.

MR. CHAITON: Right.

MR. SCHORR: And the amount, the 4,289,760 appears to ---

MR. CHAITON: Yeah, it agrees with the number in paragraph ---

MR. SCHORR: Coincides, yes, coincides. So this sets out a number of credits. We certainly accept those credits. Whether there were more or not, we'll have to advise you.

MR. CHAITON: Okay.

THE DEPONENT: These were all payments from 222.

MR. CHAITON: Right, so ---

MR. SCHORR: Did 222 make any other payments?

THE DEPONENT: I don't remember.

MR. SCHORR: All right.

MR. CHAITON: So just so that I'm clear and the record is clear, I take it from your answer, Counsel, that 222 is accepting that as at May -- March 15, 2015 the amount owing under the mortgage was $4,289,760 as it acknowledged ---

MR. SCHORR: We said that. What we're accepting is that these credits -- you asked for payments, were any amounts paid after that date, and yes, it shows those payments and we agree with those payments were made.

MR. CHAITON: Okay. And if there are any others you're going to produce them?

MR. SCHORR: Exactly.

MR. CHAITON: And whether they were made by 222 or by Hush Homes?

MR. SCHORR: We're going to request information from Hush as to whether or not they paid anything after that.

355

MR. CHAITON: All right.

MR. SCHORR: It's not likely -- not likely they did because they were in receivership. But we don't know whether the Sulemans paid anything or not.

MR. CHAITON: Okay.

(Whereupon UNDERTAKING NO. 20: To advise of any other payments made on mortgage after date of forbearance agreement.)

MR. SCHORR: This is for the second mortgage?

MR. CHAITON: Correct.

MR. SCHORR: You see as well, Counsel, at pages 93 and 94 there are a number of credits. And whether those credits were properly applied on the first or should have gone on the second or vice versa we don't know, but, again, there's no issue that those payments were made?

THE DEPONENT: That's right. 222 made these payments. I count off the first one.

BY MR. CHAITON:

274. Q. All right. And, again, if there are any other payments that are not reflected in the schedule at page 93 in respect of the first mortgage you will advise?

MR. SCHORR: Yes.

MR. CHAITON: And you'll provide me with proof of those payments?

356

MR. SCHORR: Yes.

MR. CHAITON: Okay. Thank you.

(Whereupon UNDERTAKING NO. 21: To advise of any other payments not reflected in schedule at page 93 in respect of first mortgage and provide proof of same.)

BY MR. CHAITON:

275. Q. At paragraph 22 of your affidavit, Mr. Karras, you make the statement that, "Respondent has committed itself to repay three million dollars when it has received a pittance." What amount is a pittance?

A. I would have to go through my notes.

276. Q. Well, you've made a statement under oath. You swore that it's a pittance. So what is the amount that you say that you had received?

A. I don't remember offhand the amount that 222 had received.

277. Q. When you prepared that statement and swore this affidavit did you have those numbers available to you?

A. I did, yes.

278. Q. Where would they be?

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A. In my notes.

279. Q. All right. And where are those notes kept?

A. In my office.

280. Q. Right. And so you'll provide a copy of those notes to me that set out the amount that you calculate is the amount that you received under the mortgage?

A. Yes, I will look through my records and...

(Whereupon UNDERTAKING NO. 22: To provide copy of notes used to calculate amount received under the mortgage shown at paragraph 22 of his affidavit.)

BY MR. CHAITON:

281. Q. And perhaps I can refresh your memory. If you turn up tab 36 ---

MR. SCHORR: I'm sorry?

MR. CHAITON: Tab 36.

MR. SCHORR: Of the application record?

MR. CHAITON: Yes.

BY MR. CHAITON:

282. Q. It's a copy of the issued Statement of Claim by 222 against Mr. Visram.

A. Yes.

283. Q. And I assume that this document was prepared by your counsel with information you provided to your

counsel?

A. Yes.

284. Q. All right. And if you turn up paragraph 9 on page 5 of the Statement of Claim you'll see there that you acknowledge having received 2.2 million dollars.

A. Okay.

285. Q. All right. So I take it that's the number that you're acknowledging you received? At least that amount?

A. Perhaps. I'd have to verify that.

286. Q. But that's the number that you provided to your ---

A. Yes.

287. Q. --- lawyer and asked him to include in this issued ---

A. Yes.

288. Q. --- pleading?

A. Yes.

289. Q. Now, prior to the entering into of the forbearance agreement that we looked at at tab 17, I understand that the first mortgagee had commenced an application for the appointment of a receiver over the property, they were looking to enforce the first mortgage by seeking the appointment of a receiver,

correct?

A. Their mortgage had matured and I had arranged financing to repay them.

290. Q. Right.

A. And because that financing couldn't be completed, the mortgagee at the time was not prepared to wait any further and they commenced that application.

291. Q. All right. And before the application was heard Mr. Visram redeemed the first mortgage, took an assignment of it?

A. After negotiation, yes.

292. Q. What do you mean by that?

A. Well, I had arranged another mortgage to replace the Handleman mortgage.

293. Q. Right.

A. But Mr. Visram would not consent to that new first mortgage.

294. Q. And why is that? What was the reason he gave you?

A. He didn't provide any reason.

295. Q. Okay. What's the reason you needed his consent?

A. Well, in order to amend the terms of the prior first mortgage.

360

296. Q. And what did you need to amend?

A. The first was the interest rate, the original mortgage was at the rate of five percent, I believe, or six percent.

297. Q. Right.

A. So that was one of the prime -- that was the main item that needed to be changed as well as the term.

298. Q. Was there anything else?

A. Well ---

299. Q. Were you looking for more money?

A. Not initially, no.

300. Q. No?

A. So the first commitment that I had was for 2.1 million.

301. Q. Right.

A. And it increased to 2.2 and then ultimately to 2.6 million from the same lender.

302. Q. Okay. And who made the request for the -- to increase it to 2.6?

A. I did.

303. Q. So you needed more money?

A. Well, we needed to pay the property taxes that were outstanding on the property.

304. Q. Right. So -- so at tab 16 of our record,

after Mr. Visram took an assignment of the first mortgage, you entered into the amending agreement with him, which provided for an increase in the amount of that mortgage to 2.6 million. It extended the term of the mortgage to May 31, 2016, among other things.

So you, in fact, asked Mr. Visram for the additional money that you needed to pay the taxes and other amounts that were owing?

A. No, Mr. Visram stated that he would match the commitment that I had from Corwin Capital.

305. Q. Okay. At paragraph 32 of your affidavit, you say in the sentence beginning on the fourth line, "As appears from the amending agreement the respondent was required to agree to an increase in the principal amount of 2.6 million dollars."

So that's not the case, is it? He didn't force you to take 2.6 million dollars, you needed the 2.6 and he agreed to give it to you?

A. No. I didn't need 2.6 from Mr. Visram, because Mr. Visram was paying less for the first mortgage. The Corwin Capital was providing 2.6 million because of the fixed value of the first mortgage from [inaudible] and Handleman was for 2.283 or 2.3 million approximately. Mr. Visram only paid 2.1 million and change for that first mortgage. So

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there was a difference between what Mr. Visram required to pay out between the first mortgage and the taxes and the difference.

So -- but Mr. Visram registered 2.6 and what he stated to me at the time, and we have some correspondence to that extent as well, is he was to provide some capital to 222 as working capital, which he did not.

THE DEPONENT: Sorry, could we go off the record and break for a moment?

MR. SCHORR: Do you want to take a break?

MR. CHAITON: Sure.

THE DEPONENT: If you wouldn't mind.

MR. SCHORR: Sure.

COURT REPORTER: The time is 1:32 and we're off the record.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

EVAN KARRAS, resumed,

CONTINUED CROSS-EXAMINATION BY MR. CHAITON:

306. Q. Mr. Karras, before we broke we were talking about the first mortgage, the Handleman first

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mortgage.

A. Yes.

307. Q. And which had matured and you indicated that Handleman brought an application for the appointment of a receiver, and that Mr. Visram, you acknowledged, took an assignment of that mortgage.

A. Yes.

308. Q. To prevent it from being -- prevent the receiver being appointed over the property. And prior to his taking ---

MR. SCHORR: He didn't say that. He said -- how would he know what was in Mr. Visram's mind? He did say that, yes, he took it over. There's no question about that.

BY MR. CHAITON:

309. Q. And that stopped the receivership application, is that fair to say?

A. That it stopped the receivership, yes.

310. Q. Okay.

MR. SCHORR: Well, he didn't continue.

MR. CHAITON: Okay.

BY MR. CHAITON:

311. Q. And at that time you were looking to actually have the Handleman mortgage repaid from

364

financing that was being offered by Corwin Capital?

A. I had financing from Corwin Capital prior to the application. Mr. Handleman had a copy of it. He had communicated with Kyle Fenwick of Corwin Capital, confirmed that the mortgage was ready to be advanced, all we were waiting for on the 2.1 million dollar advance was Mr. Visram's consent for an amendment because he would have to postpone behind the amendment.

312. Q. Right. And the amendment increased the mortgage from ---

A. No.

313. Q. --- 2.1 to 2.6?

A. As I said, initially it was for 2.1 million.

314. Q. Well, the document that has been produced into evidence as the mortgage commitment contemplates a 2.6 million dollar.

A. Yes, and I can provide the original one that talks for the 2.1 million dollars.

315. Q. All right. If you would do that.

(Whereupon UNDERTAKING NO. 23: To provide copy of original mortgage commitment for 2.1 million dollars.)

THE DEPONENT: Because that changed - - the amount changed over time, as we were going along.

BY MR. CHAITON:

316. Q. And it changed because there were some prior encumbrances that had to be paid, like realty taxes?

A. As I explained, it also changed because the assignment was contemplating a full discharge of Handleman and agreeing to a different amount for Handleman.

So as they were waiting, because their mortgage matured at a prior time, costs were accruing as a result. So the 2.1 million dollars increased to a larger amount. So in order to take into consideration we had to increase the amount of the new first.

317. Q. And were there any other amounts you were looking for from -- from Corwin to make it 2.6?

A. Yes. Well, the lender required the property taxes be paid.

318. Q. Did you have the money to do that or did you need that from Corwin?

A. I believe, if I recall correctly, we required that from Corwin.

319. Q. Right. And were there any other amounts that had to be paid as a condition of that financing?

A. No.

320. Q. There was fees that had to be paid?

A. Correct. Which we would -- 222 would have paid.

321. Q. And legal fees that would have ---

A. Correct.

322. Q. And anyway those additional amounts took the mortgage up to 2.6?

A. Again, I don't remember because that amount changed. We had several commitments from Corwin, as the numbers were changed.

323. Q. Is it fair to say that the final number of 2.6 and the commitment, that is the final commitment, reflected the amount of money that 222 needed in order to pay out the Handleman mortgage, the taxes and any other amounts that Corwin required you to pay as a condition of getting the financing?

A. Approximately. I don't have it in front of me to check the Corwin final amount. Yes.

324. Q. Okay. And then when we're talking about Mr. Visram coming up with the financing, to take out the Handleman mortgage, your evidence in your affidavit that you swore under oath says that it was Mr. Visram that required 222 to take 2.6 million as opposed to the 2.1 million or whatever the number was to take out Handleman ---

A. Yes.

367

325. Q. --- is that right? That's your position?
A. Yes. That's correct.
326. Q. Okay. And so I believe you produced, or your counsel produced on the examination of Mr. Visram as Exhibit 2, the Corwin mortgage commitment dated April 10, 2015, you have that?
A. Yes.
327. Q. Can you turn up the last page of that exhibit? Sorry, the last page of the exhibit, next page.

What I have and what you should have is an email that you sent to Mr. Schorr on May 29, 2017.
A. Yes.
328. Q. Okay. And it refers to the fact that Mr. Visram refused to allow the Corwin Capital financing to take out the Handleman mortgage?
A. Yes.
329. Q. Okay. And if you look at the next paragraph ---
A. Yes.
330. Q. --- you'll agree with me that you're saying there to your lawyer that Mr. Visram was offering 2.1 originally and you had him increase it to 2.6?
A. Not Mr. Visram was offering. Corwin was offering 2.1.

331. Q. How was Corwin "he"?

A. I'm sorry?

332. Q. How does Corwin translate into "he"? The word "he".

A. Yes, I was referring ---

333. Q. To Mr. Visram because you also said before we broke that you and Visram was offering you some additional monies for operating capital and that you had evidence of that.

A. Sorry, what I said is he was offering from 2.1 million originally and then I had him increase it. I'm referring to Kyle Fenwick of Corwin Capital and not Mr. Visram.

334. Q. That's your -- that's your position, that's what ---

A. That's not my position. That's what I state. That's what I meant.

335. Q. Okay. But you also said that Mr. Visram agreed to match the financing that was being offered by Corwin?

A. Yes.

336. Q. Okay. You recall that the forbearance agreement that related to the second mortgage, as a result, that it matured on September 15th, 2015. You can confirm that if you need to. Tab 17.

MR. SCHORR: It's 16, that's the amending agreement?

MR. CHAITON: Forbearance agreement.

MR. SCHORR: Forbearance agreement. What are we talking about ---

MR. CHAITON: The forbearance agreement.

MR. SCHORR: --- on the second?

MR. CHAITON: The second.

MR. SCHORR: The second. Forbearance agreement under the second is at tab 17 and ---

BY MR. CHAITON:

337. Q. So that extended the second to September 15, 2015?

MR. SCHORR: Yes.

MR. CHAITON: Okay.

BY MR. CHAITON:

338. Q. And was 222 in a position to repay the mortgage at that time?

A. I don't remember.

339. Q. If you turn to tab 31. You'll see an email from yourself to Mr. Visram at page 279. You'll agree that confirms an agreement that you made to extend the second mortgage to December 15, 2015?

A. Yes.

370

340. Q. And the terms of the extension are set out in that email that you sent him?

A. Yes.

341. Q. All right. And then if you turn to page 230 -- or, sorry, 281, so it's in the same tab. So prior to the maturity of the extended mortgage you entered into a renewal agreement and you signed this, did you, on behalf of 222? At the bottom of the page.

A. Yes.

342. Q. All right. And you'll see here that the renewal extended the second mortgage from December 15 to the March 15, 2016?

A. Yes.

343. Q. And the terms of the extension are set out in that document?

A. Yes.

344. Q. Okay. And I take it you asked for the extension at that time because you did not expect 222 to be in a position to repay the mortgage by December 15? Right?

A. I don't -- I'm trying to recall. I assume.

345. Q. Right. If you -- if you will, the rest of the pages in tab 31 include emails and handwritten agreements pursuant to which the first and second mortgages were further extended. You'll find your

agreement to pay fees for the extension. And if you could confirm that those are the extension agreements that you're familiar with?

MR. SCHORR: You want him to confirm that he sent -- that he -- that he exchanged these emails with your client?

MR. CHAITON: Their -- sorry?

MR. SCHORR: Is that what you're asking him for, for him to confirm ---

MR. CHAITON: Well, on page 234 ---

MR. SCHORR: Yes, there's an email from ---

MR. CHAITON: From Mr. Karras asking for an extension.

MR. SCHORR: To Tristar.

MR. CHAITON: Right.

BY MR. CHAITON:

346. Q. You're asking for an extension to July 15th. So I take it, at the time, again, 222 was not in a position to repay the mortgage and that you were seeking an extension for that purpose?

A. We weren't ready to pay him out at that time.

347. Q. Right. Okay. I'm turning the page ---

A. Yes.

372

348. Q. --- notes of a meeting on September 15, 2016, which I understand to be Mr. Visram's notes, that evidences an agreement to further extend the mortgages to October 15th, 2016.

You would agree that there was such an agreement, to further extend the mortgages?

A. Well, I know there were agreements to extend the mortgages.

349. Q. Okay. And the term set out in that document on page 285 is -- are those terms that you had agreed to?

A. Well, I don't know because I have no initial or signature on this. I just see Mr. Visram.

MR. SCHORR: Well, at 286 ---

THE DEPONENT: That's a different document.

MR. CHAITON: Eighty-five.

THE DEPONENT: It's October. This is September.

MR. SCHORR: I see. Okay.

BY MR. CHAITON:

350. Q. You may have agreed to it verbally?

A. I don't recall.

351. Q. Okay. Two eighty-six, there's further extensions of the mortgages.

373

MR. SCHORR: To January 15th of '17.
MR. CHAITON: To ---
MR. SCHORR: Page 287.
MR. CHAITON: I'm on 86 -- 286.
THE DEPONENT: Yes.
BY MR. CHAITON:
352. Q. Right. And again the company wasn't in a position to repay the mortgage at that time, it required a further extension?
A. I would assume so.
353. Q. And then on page 287, which your counsel was looking at, it was further extended, both mortgages, to January 15, 2017. And you signed this particular document confirming the agreement?
A. Yes.
354. Q. And the terms of the extension are as set out in that document?
A. Yes.
355. Q. And then finally there's -- on page -- starting on page 288 of the record, handwritten agreement dated January 13, 2017 extending the term of both mortgages to April 15, 2017, on the terms set out in that document, and you signed that document on page 289, did you?
A. Yes.

374

356. Q. Despite the fact that the mortgage matured on April 15, 2017 it has not been repaid?

A. That's correct.

357. Q. In whole or in part, in terms of what was owing as of that date has not been repaid?

A. The total has not been repaid, no.

358. Q. Has any amount been -- been paid since April 15, 2017?

A. I don't remember.

359. Q. And if any amount has been paid you'll provide proof of those payments?

A. Yes.

(Whereupon UNDERTAKING NO. 24: To provide proof of any payments made on both mortgages since April 15, 2017.)

MR. SCHORR: I'm sorry, what was the date again, Counsel?

MR. CHAITON: April 15, 2017 was the maturity of both mortgages.

BY MR. CHAITON:

360. Q. And the purpose of these extensions, was that just to seek refinancing to pay out the mortgages, or were you also looking to possibly sell the property?

A. I was -- I had negotiated a transaction

which would result in the payment of Mr. Visram's mortgages.

361. Q. And the nature of that transaction was what?

A. It was a share purchase.

362. Q. Was there any -- and this is with the Bay Street partnership ---

A. Yes.

363. Q. --- the 650 Bay partnership?

A. Yes.

364. Q. Was there any other transaction that you had negotiated during this period of time that would have resulted in the payment of the mortgages?

A. I don't remember.

365. Q. And the transaction that you're referring to is 650 Bay Street, and I'll come back to this later, but that would have involved you retaining an equity interest in the property?

A. Correct.

366. Q. If you could turn up tab 42. There's an exchange of emails between you and Mr. Visram concerning a cheque that you had provided him, a post-dated cheque that he wanted to deposit, that you asked him not to deposit, and part of the reason being that CRA froze your account?

A. Yes.

367. Q. Okay. And when you say my account, is that yours personally or was that the 222 account?

A. No, 222.

368. Q. And that account was located where?

A. At which financial institution?

369. Q. Yes.

A. TD.

370. Q. Okay. At which branch?

A. Castlefield and Eglinton.

371. Q. All right. And what was the reason for the seizure -- for the freezing of the account by CRA?

A. Payroll taxes.

372. Q. And how much was owing?

A. I don't know.

373. Q. Approximately?

A. I don't remember.

374. Q. Can you confirm, do you have any ---

A. I can.

375. Q. Okay. And so would you do so, please ---

A. Yes.

376. Q. --- you'll look at your records ---

MR. SCHORR: Was it the 222 company?

THE DEPONENT: It was, yes.

MR. SCHORR: Okay.

MR. CHAITON: And you'll find any

3775

correspondence from CRA that would indicate how much was owing for source deductions?

THE DEPONENT: Yes.

(Whereupon UNDERTAKING NO. 25: To produce correspondence from CRA showing how much was owing by 2220277 Ontario Inc. for source deductions.)

BY MR. CHAITON:

377. Q. Were any other amounts owing to CRA?

A. Not to my knowledge, no.

378. Q. Okay. And was the -- is the account still frozen?

A. Yes, it is.

379. Q. And is that because the source deduction amounts are still not paid?

A. Correct.

380. Q. Have you made any payments to CRA for the source deductions?

A. Yes, I have.

381. Q. Do you know the balance currently owing?

A. I do not, no.

382. Q. You can let me know?

A. Yes.

(Whereupon UNDERTAKING NO. 26: To advise current amount owing to CRA by 2220277 Ontario Inc. for source deductions.)

BY MR. CHAITON:

383. Q. At the bottom of the page, still 291, there's reference in the email from Mr. Visram to yourself concerning an insurance claim.

A. Yes.

384. Q. All right. And is this a claim that resulted from damage to the -- to the hotel?

A. It's for damages to the property and loss of income to the businesses.

385. Q. Okay. And was the claim for damage to the property paid?

A. No.

386. Q. At all?

A. There was some partial advances.

387. Q. There's still more to be paid?

A. Yes.

388. Q. How much money is still ---

A. I don't know.

389. Q. --- owing? Have you got a copy of the claim?

A. A copy of the claim?

390. Q. That you have filed with the insurance company?

A. I haven't physically filed anything.

391. Q. Okay. How is it being dealt with then? How

379

do they know what's the amount of your claim?

A. Well, their contractor produced a budget of what it would cost to restore the property. So that's that basis that they've been working on.

392. Q. So they're dealing with paying the contractor to ---

A. Well ---

393. Q. --- effect the repairs?

A. --- we're dealing to determine the amount that they should be paying.

394. Q. All right. And what about the loss of profits claim ---

A. M'hmm.

395. Q. --- is there a proof of claim that's been filed for that claim?

A. Well, their accounting firm did, I guess, accounting on the businesses that were operating, that are part of the claim.

396. Q. And is it your accounting firm, 222's accounting firm, is that who you're referring to?

A. 222's and the insurer's.

397. Q. And who is the accounting firm?

A. For whom?

398. Q. For 222.

A. For 222 it was actually Mousas Lamark (ph)

Management Consultants.

399. Q. Okay, so they've prepared the claim?

A. No, they prepared information that the accounting firm for the insurance company requested.

400. Q. And do you know if there's been a formal claim that has been filed in respect of the loss of profit?

A. There isn't a formal claim, if you will. It's the insurance company is reviewing the loss of income under businesses but more so they want to establish why the construction took as long as it did to complete, because they want to limit or reduce the amount of coverage they provide.

401. Q. What is the amount that has been claimed for loss of ---

A. For loss of income?

402. Q. --- profit? Yeah.

A. I don't remember.

403. Q. How can you refresh your memory?

A. I will have to try and make some inquiries?

404. Q. Okay, will you do that and let me know ---

A. Certainly.

405. Q. --- what the amount of the claim is for the hotel. I take it there's two claims, one for the hotel and one for the ---

381

A. There's the business interruption, which is separate, that's for the hotel business. And then there is the property owner, which is separate as well.

(Whereupon UNDERTAKING NO. 27: To advise amount being claimed for loss of business for the hotel.)

BY MR. CHAITON:

406. Q. And I understand at some point you had agreed to direct the insurance company to pay 50 percent of the loss of business claim to Mr. Visram?

A. Well, Mr. Visram, as you can see all these handwritten extensions were Mr. Visram's extensions, and his tactics were, meet in person, either force an extension agreement, you agree to his terms, or his threat was power of sale. That was his MO throughout the entire period so it's ---

407. Q. I take you would agree those were his legal rights? He didn't have to provide an extension?

A. Well, there was an issue, and the issue was that the amount that Mr. Visram was seeking was different than the amount that I was prepared to pay, because he had not advanced the funds.

Mr. Visram always maintained the position that when it was time to pay him out we would discuss and negotiate the amount that was due to him.

332

When it came time for me to pay him out, when I had financing, he refused to take anything less than whatever was on his discharge statement. And the first time he provided ---

408. Q. When was that?

A. The first time he provided a discharge statement, if I recall correctly, was in June -- sometime in the summer of 2016 I'm going to say.

409. Q. There is a -- bear with me.

Before I get to that I just -- you didn't really answer my question, that was, did you agree to direct the insurance company to pay half of the business loss claim to Mr. Visram?

A. Yes.

410. Q. Okay. And did you provide that direction to the insurance company?

A. I did, yes.

411. Q. And that was an irrevocable direction?

A. Yes, that's what it stated.

412. Q. And did you ever purport to revoke that direction?

A. Did I purport to revoke it?

413. Q. Yes, did you ever send a letter to the insurance company or to the -- the adjuster revoking that direction to paying Mr. Visram out of the

383

proceeds?

A. I don't recall.

414. Q. And if I tell you that the insurance adjuster who we've spoken to claims that you did that ---

A. Yes.

415. Q. --- would you disagree?

A. I would have to see whether I did so in writing or not.

416. Q. Would you look through your records and see ---

A. I could.

417. Q. --- if you sent such a letter to the insurance adjuster or to the insurance company?

A. Sure.

418. Q. Thank you.

(Whereupon UNDERTAKING NO. 28: To produce letter sent to adjuster or insurance company revoking the irrevocable direction.)

BY MR. CHAITON:

419. Q. You were talking about a discharge statement. So if turn up tab 20 of our record, so is that the discharge statement that you seem to recall having received from Mr. Visram?

A. I believe so, yes.

384

420. Q. Okay. And if I understood your evidence, you're saying that you had not been provided with a prior discharge statement?

A. I don't remember. What I stated is that I had not seen this amount prior to this discharge statement.

421. Q. Okay. And had you received any prior statements of balances owing under the mortgages ---

A. I don't know.

422. Q. --- from Mr. Visram? Pardon?

A. I don't remember. I've only received these calculation summaries ---

MR. SCHORR: Well, we have a handwritten one.

THE DEPONENT: Yeah.

MR. SCHORR: It's Exhibit C.

BY MR. CHAITON:

423. Q. The one?

MR. SCHORR: Exhibit C.

MR. CHAITON: You're talking about Mr. Karras' exhibit?

MR. SCHORR: Yes.

THE DEPONENT: Yes.

MR. CHAITON: I understand.

MR. SCHORR: And it was

385

handwritten ---

BY MR. CHAITON:

424. Q. Are there any others that you received?

A. I don't remember.

MR. SCHORR: But they start, for the -- for the first mortgage from the date of the amending agreement, and on the second mortgage from the date of the forbearance agreement. We don't have any prior to that.

BY MR. CHAITON:

425. Q. Well, I'm going to show you a document dated March 15, 2014, concerning the second mortgage which matures -- which then matured on March 15. And it sets out the amount owing as of March 12th and I will just ask you to confirm -- look at the document and confirm that you signed the document at the bottom of the page?

A. Yes.

426. Q. Okay.

A. But I also inserted a little provision that says "interest is subject to calculation," because there was a dispute as to the amount.

427. Q. Okay. So if we can make that the next exhibit, please.

COURT REPORTER: Exhibit 2.

(Whereupon EXHIBIT NO. 2 : Document dated March 15, 2014 concerning second mortgage.)

BY MR. CHAITON:

428. Q. What's your business fax number?

A. 416-352-7832 I believe.

429. Q. Okay. So on May 20th, 2015, around the time of the -- actually just prior to the execution of the forbearance agreement ---

A. And prior to the assignment of the first mortgage.

430. Q. Well, this relates to the second mortgage ---

A. But it was done at the same time.

431. Q. And there's a mortgage statement that was sent to you by Mr. Visram. Do you recall receiving it?

Now, what you would have received would be that statement but it would only be up to May of 2015.

MR. SCHORR: No, it's September 15th of '15.

MR. CHAITON: I understand. That's -- and that's because Mr. Visram has been adding to it subsequent to that date.

BY MR. CHAITON:

432. Q. But I wanted to know whether you received

and -- the mortgage statement from him?

MR. SCHORR: Hold on. Hold on. Counsel, let me see if I've got this correct. Oh, I see.

MR. CHAITON: Right?

MR. SCHORR: So -- so -- well, just a minute here. Just a minute.

THE DEPONENT: Sorry, just checking something.

MR. SCHORR: All right. So, Counsel, what you're saying is that what was sent on May 20th was this document but it wouldn't have had the items for June, July, August, September on it?

MR. CHAITON: Correct.

MR. SCHORR: Is that what you're saying?

MR. CHAITON: Correct.

MR. SCHORR: And you want him to verify that he got it?

MR. CHAITON: Yes.

THE DEPONENT: I don't remember if I received this.

MR. SCHORR: Okay, do you want an undertaking -- can you check that?

MR. CHAITON: Please.

388

THE DEPONENT: Yes.

MR. SCHORR: Okay, just a minute.

(Whereupon UNDERTAKING NO. 29: To confirm received fax of mortgage statement from Mr. Visram sent on May 20th, 2015.)

MR. SCHORR: Was this marked?

MR. CHAITON: It's going to be marked.

MR. SCHORR: I'd like a copy of that as well as the previous one. So, just a minute here. Re May 20th '15 fax didn't get. Okay.

MR. CHAITON: We'll make that fax the next exhibit.

COURT REPORTER: Exhibit 3.

MR. CHAITON: Yes.

(Whereupon EXHIBIT NO. 3 : Copy of fax sent by Mr. Visram to Mr. Karras on May 20th, 2015.)

MR. SCHORR: Well, we haven't seen this before but -- are you looking at the exhibit, counsel?

MR. CHAITON: No, I'm not. I don't have ---

MR. SCHORR: Well, it shows on March 15th of '13 release holdback. But then, under that, to the right of that it's 87 5, but it's under the

heading -- under the column for interest. But then we have a holdback credit the same day of 200,000. It could be that release holdback, holdback credit is the one item. But, in any event, it does show $200,000 credit.

MR. CHAITON: And, in fact, since you're talking ---

MR. SCHORR: Of various payments.

MR. CHAITON: Since you're talking about that, Counsel, I'll show you an email of September 6th, 2016 from Mr. Karras to Mr. Visram, which appears to be asking about that very entry. If you take a look at it.

MR. SCHORR: Yes, so he makes a request for information about that.

MR. CHAITON: Okay. All right. And we can make that the next exhibit.

MR. SCHORR: Sure.

COURT REPORTER: Exhibit 4.

(Whereupon EXHIBIT NO. 4 : Email from Mr. Karras to Mr. Visram dated September 6, 2016.)

BY MR. CHAITON:

433. Q. And what I'd like to know id are there any other emails or letters that you might have sent to Mr. Visram where you're questioning any other amounts

390

that are set out in various statements that he had provided to you from time to time?

A. I believe there are, yes.

434. Q. Okay. And you'll look for those and produce them to me, please?

A. Yes.

435. Q. Thank you.

(Whereupon UNDERTAKING NO. 30: To produce any documentation sent to Mr. Visram where Mr. Karras was questioning the amounts set out in the various statements received from Mr. Visram.)

BY MR. CHAITON:

436. Q. What I want to next turn to are the various mortgages on the property. But, before going there, I wanted to ask you a question about paragraph 12 of your affidavit.

And there you're talking about after having purchased the property you entered into a disguised form of partnership with Ben Estreicher, is that how you pronounce the name?

A. Yes.

437. Q. Okay. What do you mean by that?

A. Mr. Estreicher was one of the mortgagees of the property when I acquired it under power of sale.

438. Q. Okay. But what's the disguised form of

391

partnership mean?

A. Well, he became a shareholder of the company.

439. Q. Okay. And do you -- were shares actually issued to him?

A. Yes.

440. Q. Okay. I thought I had asked you the question of whether anybody else had been a shareholder and ---

MR. SCHORR: No, no, you asked whether there -- about whether there was any shareholders now.

THE DEPONENT: Yes.

MR. SCHORR: There's no question he was a shareholder at the time.

MR. CHAITON: Okay.

MR. SCHORR: And there's no question that -- that he got the $200,000 pursuant to one of the directions.

MR. CHAITON: Right. One of the advances by ---

MR. SCHORR: Yes.

MR. CHAITON: --- Mr. Visram?

MR. SCHORR: Yes. I don't think there's an issue about that, is there?

392

MR. CHAITON: Okay.

MR. SCHORR: No.

BY MR. CHAITON:

441. Q. So were there any other shareholders?

A. No.

442. Q. So is Mr. Estreicher the only other shareholder that there has been?

A. Mr. Estreicher was the only shareholder at that time.

443. Q. Right.

A. I told you previously that there were other shareholders, and I believe it was one of the undertakings that I'm going to look up.

444. Q. Okay. Fair enough. Okay. So if we can -- I think it would be probably easiest to use my record book for this.

If we could turn up, I guess, the first -- it's a mortgage registered in favour of 932005 Ontario Inc. in the amount of 625,000. It's at tab 20. No?

A. No.

445. Q. I apologise. Sorry, tab 21.

MR. SCHORR: Is this the original third mortgage that was postponed?

MR. CHAITON: No.

MR. SCHORR: Okay.

393

THE DEPONENT: Yes, this is the third mortgage.

MR. SCHORR: That was postponed?

THE DEPONENT: It's postponed behind.

MR. SCHORR: Yes.

THE DEPONENT: Yes.

BY MR. CHAITON:

446. Q. Right. And in your affidavit you say that the mortgage we're looking at is collateral to another mortgage and it ---

A. To another property.

447. Q. Another property. So if you look at the bottom of page 199.

A. One ninety-nine?

448. Q. Yes, 199. There's a cross-default provision at the bottom of the page. And it refers to ---

A. The Cobourg property.

449. Q. --- the Cobourg property, and then on the next page I guess the Elm Street property is the Bay Street property we're talking about?

A. Correct.

450. Q. Okay. So there's only the two mortgages that support the $925,000 mortgage loan?

A. Right. It's 625,000.

451. Q. Or 625.

394

A. It was a first mortgage on the Cobourg property.

452. Q. Yes.

A. A cross-collateral on the Bay Street property.

453. Q. Okay. And who owns the Cobourg property?

A. This numbered company. I don't have the number with me.

454. Q. A different company?

A. A different company, yes.

455. Q. And ---

MR. SCHORR: Is it 322005?

THE DEPONENT: Actually it should be right here. No, that's the lender.

MR. SCHORR: Oh, sorry. Sorry. All I see is ---

THE DEPONENT: I don't have that here.

MR. SCHORR: Okay. He's asking you for the legal owner of the property in Cobourg.

MR. CHAITON: Right.

THE DEPONENT: Okay. So would you like me to provide that information?

MR. CHAITON: Yes, if you would.

MR. VISRAM: They have it on

paragraph 48.

MR. CHAITON: Sorry?

MR. VISRAM: It's in paragraph 48.

MR. CHAITON: Paragraph 48 of...

MR. VISRAM: Of this, yes.

MR. SCHORR: Did your client tell you that if it's -- it's in one of the document s?

MR. CHAITON: He just said paragraph 48 of where I don't -- I'm not sure.

MR. VISRAM: Twenty -- Twenty-eight.

MR. SCHORR: Of his affidavit?

MR. VISRAM: Yes.

MR. CHAITON: No, it's all right. Never mind.

Okay, so you'll let me know who the owner is of the Cobourg property?

THE DEPONENT: Yes.

MR. CHAITON: All right.

(Whereupon UNDERTAKING NO. 31: To advise name of the owner of the Cobourg property.)

BY MR. CHAITON:

456. Q. And does 222 have an interest in that property?

A. No.

457. Q. And do you personally have an interest in

396

that property?

A. No.

458. Q. Do you have a copy of any commitment letter in relation to this mortgage?

A. Sorry, which mortgage?

459. Q. The mortgage at ---

A. Oh, 621.

460. Q. --- 621 for 625?

A. No, I don't.

461. Q. None was issued?

A. No.

462. Q. Other than the mortgage is there any letter that evidences the promise to ---

A. I don't believe so.

463. Q. --- provide the financing? Can you look and see if there is?

A. Sure.

464. Q. And provide it to me?

A. Sure.

465. Q. Thank you.

A. So mortgage financing commitment for [inaudible].

(Whereupon UNDERTAKING NO. 32: To provide any letter evidencing promise to provide financing for $625,000 mortgage.)

BY MR. CHAITON:

466. Q. You say in your affidavit that this mortgage is up-to-date and not in default?

A. Which paragraph is that?

467. Q. Twenty-eight.

A. Yes.

468. Q. Can you provide some evidence from the mortgagee confirming that it is up-to-date and not in default?

A. I can request.

469. Q. Please. And you'll provide me with the answer?

A. Sure.

(Whereupon UNDERTAKING NO. 33: To provide evidence from the mortgagee confirming it is up-to-date and not in default, paragraph 28.)

BY MR. CHAITON:

470. Q. I also see that on the mortgage, if you have page 197 turned up, there were guarantors, Musa Suleman, Naheel Suleman, yourself and Farid Lalani. Why would the Sulemans be guaranteeing payment of this mortgage?

A. Because we were contemplating a joint development on the property.

471. Q. Can you elaborate?

A. Well, it's a development property, and we were looking at doing a partnership with the property owner to redevelop it.

472. Q. And the property owner being? We're talking about ---

A. The numbered company.

473. Q. 222?

A. No. No. You're referring to the $625,000 mortgage?

474. Q. Yeah.

A. And I am to provide you with the name of the owner of that property.

475. Q. Of the Cobourg property?

A. Correct. And this is what this is -- and these names that you see here, Musa Suleman, Naheel Suleman, Fred Lalani -- Farid Lalani and Evan Karras, are guarantors to that mortgage.

476. Q. On the other property as well as this property?

A. Correct.

477. Q. Okay. And you're saying there was -- and there was a development that was being contemplated on the Cobourg property?

A. Yes.

478. Q. Who are the co-developers?

399

A. It would be myself and the Sulemans and Farid.

479. Q. And who is Farid Lalani?

A. He's -- I don't know him personally other than an acquaintance.

480. Q. Of yours?

A. No, of the Sulemans.

481. Q. And has there been any development work done on that property?

A. No, there hasn't.

482. Q. Also if you look at the bottom of page 197, you'll see that there's a lawyer by the name of Ronald Samson that was acting for the borrower.

A. No, he would have been acting ---

MR. SCHORR: It says acting for charger.

MR. CHAITON: Which is the borrower.

MR. SCHORR: Yeah, that's what it says.

BY MR. CHAITON:

483. Q. So is he the lawyer that 222 had used in connection with this mortgage loan?

A. I don't believe so. I don't know.

484. Q. Who was?

A. I don't know.

400

485. Q. Can you check your records and confirm what lawyer ---

A. Well, 222 wasn't using a lawyer. We -- 222 provided the guarantee so I don't remember 222 providing -- having a lawyer for it.

486. Q. 222 provided the mortgage.

MR. SCHORR: The collateral mortgage.

THE DEPONENT: But I believe it was the property owner's lawyer that did this. So I can verify that.

MR. CHAITON: All right.

THE DEPONENT: So Samson, that was, I believe, the numbered company that owns the property.

(Whereupon UNDERTAKING NO. 34: To advise name of lawyer acting for owners of Cobourg property.)

BY MR. CHAITON:

487. Q. If you turn to tab 22 you'll see a mortgage in favour of Harbour First Mortgage Fund in the amount of $100,000.

A. Yes.

488. Q. And what was the purpose of this mortgage loan?

A. This was a cross-collateral line on another property.

489. Q. Okay. So just like the other one?

401

A. Correct.

490. Q. And looking at page 205, I see that this is collateral to a mortgage that was given by 1826741 Ontario Inc.?

A. Yes.

MR. SCHORR: Re 194A Carlton Street.

MR. CHAITON: Right.

BY MR. CHAITON:

491. Q. And who is behind that company, 1826741?

A. It was myself and another gentleman.

492. Q. Okay. Is that other gentleman any of the Sulemans?

A. No.

493. Q. All right. And is this property still owned by the numbered company?

A. No, it's not.

494. Q. It's been sold?

A. Yes.

495. Q. And what -- what happened to this mortgage, the mortgage loan, was it paid off through the sale of the property?

A. I don't know.

496. Q. Who acted in connection with the sale of the property?

A. I don't know.

402

497. Q. Okay, well, I need you to find out. The property was sold. It was subject to a mortgage. I'd like to know whether that mortgage was paid off.

And I'd also like to know who the lawyer was that acted for 182 in connection with the sale of the property.

MR. SCHORR: Okay.

(Whereupon UNDERTAKING NO. 35: To advise if mortgage on 194A Carlton Street was paid off on its sale, and name of the lawyer who acted for 1826741 Ontario Inc. in connection with the sale of that property.)

BY MR. CHAITON:

498. Q. At tab 23 is a mortgage in favour of Gold Card Inc. for $100,000. And I believe we said that this was collateral to a lease for equipment?

A. Yes.

499. Q. And has that lease been paid off?

A. Yes, it has.

500. Q. So this mortgage should be discharged?

A. Yes.

501. Q. Do you have an undertaking from Gold Card to discharge the mortgage?

A. I have an email from Gold Card stating that the loan has been repaid and that they would be attending to discharge the mortgage.

502. Q. Will you provide me with a copy of that email?

A. Yes.

503. Q. Thank you.

(Whereupon UNDERTAKING NO. 36: To provide copy of email from Gold Card Inc. stating the loan has been repaid and they will be attending to discharge the mortgage.)

BY MR. CHAITON:

504. Q. At tab 24 there's a mortgage in favour of CBC Ardinelli (ph) for 2.5 million dollars.

A. Yes.

505. Q. And looking at page 221 of the record, I take it that this mortgage is collateral to mortgages that were granted by Hush Homes and related entities, is that right?

A. Correct.

506. Q. So I take it the 2172152 Ontario Inc. company and the 2142301 Ontario Inc. company are companies that are owned by the Sulemans?

A. I don't know who they're owned by.

507. Q. Why would 222 be allowing its property to be mortgaged to support a loan in favour of Hush Homes and its related entities?

A. Well, it was done temporarily as a favour to

404

Suleman, but also under the understanding that lender was to provide a financing commitment for a new first mortgage against Bay Street. So it was a temporary charge that never got removed.

508. Q. And that understanding, is that confirmed in writing anywhere?

A. I believe so.

509. Q. Can you provide me with the evidence of that ---

A. Yes.

510. Q. --- agreement, that the mortgage is ---

A. Well, there is no agreement. There would be email exchanges.

511. Q. Okay.

(Whereupon UNDERTAKING NO. 37: To provide confirmation in writing that 2220277 Ontario Inc. agreed to mortgages, as per tab 24, page 221, and that it was a temporary charge.)

BY MR. CHAITON:

512. Q. But I want -- is it your position -- well, did they provide the financing?

A. To 650 Bay Street?

513. Q. Yeah.

A. No, they did not.

514. Q. Are you contesting the validity of the

mortgage because of the fact that the financing wasn't provided?

MR. SCHORR: We put in a Statement of Defence.

THE DEPONENT: We have a Statement of Claim against them.

MR. CHAITON: Statement of Defence.

MR. SCHORR: Statement of Defence.

THE DEPONENT: Oh, yes.

MR. SCHORR: We put -- we've put that in ---

MR. CHAITON: So whatever that defence is, that's your position ---

MR. SCHORR: Well, there's a number of defences. The major one, of course, being that they accepted the proposal on the ---

THE DEPONENT: That's of Hush Homes.

MR. SCHORR: Yes, under the CCAA and that's the end of it. There is no more debt.

MR. CHAITON: So you say.

MR. SCHORR: So we say.

MR. CHAITON: All right.

MR. SCHORR: They haven't responded. They haven't done anything ---

MR. CHAITON: Well, you're putting in

406

a defence and ---

MR. SCHORR: In April.

MR. CHAITON: So it's only been two months and I appreciate the plaintiff has taken no further steps in the past two months.

MR. SCHORR: No further steps.

BY MR. CHAITON:

515. Q. I take it you don't have any communication from counsel for the plaintiff that says they're withdrawing the action?

MR. SCHORR: No. Nor do we have any that they intend to proceed.

MR. CHAITON: Okay.

MR. SCHORR: In any event, it's a contested claim.

MR. CHAITON: Okay.

BY MR. CHAITON:

516. Q. And I take it the amount that is owing under that mortgage, at least so far as Ardinelli is concerned, is the amount set out in their notice of sale?

A. I have no involvement in that claim, so I have no idea.

MR. SCHORR: I think the amounts have been disputed as well, Counsel.

407

BY MR. CHAITON:

517. Q. As far as you know the amount they're claiming is that amount set out in the notice of sale, which I believe is at tab 30. Yes. To your knowledge that's the amount that they're claiming?

MR. SCHORR: I'm sorry?

MR. CHAITON: To your knowledge that's the amount that they say is owing under the mortgage?

MR. SCHORR: Well, that's a notice of sale under the mortgage, that they delivered in January of '17.

MR. CHAITON: Have there been any since them?

MR. SCHORR: Despite the order of the court that -- in connection with ---

MR. CHAITON: Hush Homes.

MR. SCHORR: --- 217 and 214 and Hush Homes ---

MR. CHAITON: Right.

MR. SCHORR: --- there was a permanent stay of all proceedings.

MR. CHAITON: Okay.

BY MR. CHAITON:

518. Q. And have there been any payments made under

this mortgage since the notice of sale was issued?

MR. SCHORR: By whom?

MR. CHAITON: By 222.

MR. SCHORR: 222 never made a payment.

MR. CHAITON: All right.

MR. SCHORR: He's already told you it was an accommodation. As far as we know the debt was paid in full by acceptance of the proposal under the CCAA.

BY MR. CHAITON:

519. Q. At tab 25 there's a mortgage in favour of Accomplish Capital Inc. for $525,000. What was the purpose of this mortgage?

A. I don't recall.

520. Q. Do you have a copy of a commitment for the mortgage?

A. I don't recall.

521. Q. Can you check to see if you do and provide me with a copy, please?

A. Yes.

(Whereupon UNDERTAKING NO. 38: To provide copy of a commitment for mortgage in favour of Accomplish Capital Inc. for $525,000.)

BY MR. CHAITON:

522. Q. Now, according to the mortgage on page 227, it says that the mortgage was due on October 13, 2015. Has it been repaid?

A. It has not been repaid, no.

523. Q. Is it in good standing?

MR. SCHORR: Say that again?

BY MR. CHAITON:

524. Q. Is it in good standing?

MR. SCHORR: You can answer the question.

THE DEPONENT: I believe so.

MR. CHAITON: Okay.

BY MR. CHAITON:

525. Q. When does it currently mature?

A. I don't remember.

526. Q. Is it in default?

A. No.

527. Q. Can you provide me with -- can you ask the mortgagee and provide me with evidence that the mortgage is in good standing and not in default?

A. Okay, I can request that.

(Whereupon UNDERTAKING NO. 39: To ask Accomplish Capital Inc. to provide evidence the mortgage is in good standing and not in default.)

BY MR. CHAITON:

528. Q. Are you aware of any mortgage extension agreement that would have extended the maturity date of the loan?

A. I don't recall.

529. Q. So the other thing I'd like to know is, when does this mortgage mature, and evidence of the agreement that extended the mortgage to whatever the current maturity date is?

A. All right.

530. Q. Thank you.

(Whereupon UNDERTAKING NO. 40: To advise when Accomplish Capital Inc. mortgage matures and evidence of the agreement that extended the mortgage to current maturity date.)

BY MR. CHAITON:

531. Q. Do you know the amount owing under this mortgage as of today?

A. I don't, no.

532. Q. Do you know the approximate amount?

A. No, I don't but I suspect it would be set out in the letter that states that it's in good standing.

533. Q. Could you ask for the balance owing as well?

A. I believe that they would include that in their statement.

411

534. Q. Well, please ask them.

(Whereupon UNDERTAKING NO. 41: To ask Accomplish Capital Inc. for balance outstanding on the mortgage.)

MR. SCHORR: Can we take a five minute break?

MR. CHAITON: Sure.

COURT REPORTER: The time is 2:41 and we're now off the record.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

COURT REPORTER: The time is 2:53 and we're back on the record.

EVAN KARRAS, resumed,

CONTINUED CROSS-EXAMINATION BY MR. CHAITON:

535. Q. Okay, Mr. Karras, if you can turn up tab 26 there's a mortgage in favour of 9480536 Canada Inc. in the original amount of $600,000, but if you turn the pages, at page 234, there's an amendment agreement which increases the mortgage to a million dollars, and it matures January 25, 2018. I believe your evidence is that this is a friendly mortgage, if you will?

A. Well, friendly in the sense that I know the lender.

412

536. Q. Okay. And who is that? Who is behind this company?

A. It's a business associate.

537. Q. Who is that?

A. What do you mean who is it?

538. Q. What's the name of the person that is behind the 948?

A. The name is right there, it says Zoran Nenadovic.

539. Q. Okay. And what was the purpose of this mortgage?

A. I don't remember now.

540. Q. What was it used for? The hotel?

A. For the property, yes.

541. Q. Yes?

A. Yes.

542. Q. Is there a commitment letter?

A. No, there was no commitment letter.

543. Q. Did you have a lawyer acting for you in connection with this mortgage?

A. Yes.

544. Q. Who would that have been?

A. I believe it was the firm of Keyser Mason Ball.

545. Q. Was there a reporting letter?

413

A. I will have to check. I don't remember.

546. Q. All right. Well, if you could check and provide me with a copy of the reporting letter and any -- any evidence of how they disbursed the money?

A. Okay.

MR. SCHORR: Well, we're going to take that part under advisement. We'll certainly review the reporting letter. To the extent that there's nothing that's privileged we'll provide you with that information.

MR. CHAITON: Okay.

(Whereupon UNDER ADVISEMENT NO. 2: To provide copy of reporting letter from Keyser Mason Ball re mortgage in favour of 9480536 Canada Inc.)

MR. CHAITON: And then ---

MR. SCHORR: Just a minute. So this is -- well, this is a Lisa Nutter signed it.

THE DEPONENT: From Keyser Mason Ball.

MR. SCHORR: Yes.

MR. CHAITON: Right. Anyway, Counsel, I'm looking as well for any -- well, for the funds disbursement. I don't know if there's direction re funds or whether it's part of any reporting letter, but I'd like to know how the proceeds of the mortgage

and the increase from 600 to a million were disbursed by the law firm. All right?

MR. SCHORR: Yes. Well, I have no idea.

MR. CHAITON: No, I understand.

MR. SCHORR: The mortgage was entered into in 2015 for 600,000.

MR. CHAITON: Right. It's been extended now and ---

MR. SCHORR: Then in March of this year, '17, it's increased to a million, and it doesn't mature until January 25th of '18. And so your question was, were there any funds advanced under this and, if so, to whom?

MR. CHAITON: Right. Thank you.

(Whereupon UNDERTAKING NO. 42: To advise whether any funds advanced under mortgage in favour of 9480536 Canada Inc. and, if so, to whom.)

BY MR. CHAITON:

547. Q. Turning now to tab 28 ---

MR. SCHORR: Well, this is the postponement of the original third ---

MR. CHAITON: Yeah.

MR. SCHORR: --- the original second that became a third.

415

MR. CHAITON: Sorry, I meant 27. My apologies.

MR. SCHORR: I'm sorry?

MR. CHAITON: I meant tab 27.

MR. SCHORR: Twenty-seven.

MR. CHAITON: The mortgage in favour of Amstat (ph) Corporation ---

MR. SCHORR: Oh, yes, Amstat.

MR. CHAITON: --- for 5.5 million.

MR. SCHORR: Yeah.

BY MR. CHAITON:

548. Q. Is there a mortgage commitment for this mortgage, Mr. Karras?

A. I believe there would have been.

549. Q. Okay. Could you obtain a copy and provide it to me, please?

A. I can undertake to request a copy.

550. Q. Okay.

MR. SCHORR: Just a minute.

MR. CHAITON: If you have it you'll produce it.

MR. SCHORR: A mortgage commitment.

THE DEPONENT: If I have it I will provide it, certainly.

(Whereupon UNDERTAKING NO. 43: To provide copy of

416

mortgage commitment for mortgage in favour of Amstat Corporation.)

BY MR. CHAITON:

551. Q. Now, I understand from reading this mortgage that it's collateral security to mortgage loan on adjacent properties?

A. Yes.

MR. SCHORR: The three properties.

MR. CHAITON: Right.

BY MR. CHAITON:

552. Q. Are these the properties on Elm Street?

A. Yes.

553. Q. Do you have an interest in those properties, the adjacent properties?

A. I am to have an interest upon conclusion of the transaction.

554. Q. But at the moment you don't have?

A. I do not, no.

MR. SCHORR: Well, it all depends on what equity he has under that agreement.

MR. CHAITON: Right. I assume ---

MR. SCHORR: If, in fact, the debts are more than 15 million dollars, he doesn't have any equity.

MR. CHAITON: Right.

417

BY MR. CHAITON:

555. Q. I take it 222 has no interest in that property?

A. No.

556. Q. This mortgage ---

MR. SCHORR: Here are the three copies, page 251 under H, it shows who the owners are. 57 Elm, Holco Inc. (ph), 59 Elm, Holco Inc., and 61 Elm, Holco Inc.

BY MR. CHAITON:

557. Q. Right. But neither you nor 222 are shareholders of those companies?

A. No.

558. Q. And according to the face page of the mortgage on 236, it expires or matures on July 31, 2017, which is next month, okay.

How do you propose to pay out the mortgage when it matures?

A. It's not my mortgage, so the people who took it out, so they either renew it or pay it out.

559. Q. All right. So you don't intend to pay it, you're relying on the others who borrowed the funds?

A. Who borrowed the funds.

560. Q. Okay. And I take it the funds were not borrowed for purposes of the hotel at all, this 5.5?

A. No.

MR. SCHORR: It was borrowed for the three adjoining properties.

BY MR. CHAITON:

561. Q. And why would 222 have allowed a 5.5 million dollar mortgage to be registered against its property as security for a loan to an unrelated party?

A. Well -- shall I?

MR. SCHORR: Yeah.

THE DEPONENT: Because I entered into a -- an agreement, share purchase agreement, with the purchaser of those three properties.

MR. CHAITON: All right.

THE DEPONENT: That was the purpose. All the properties would go into an LP of which Mr. Visram was aware of. And it was dependent upon coming up with a payout amount on the mortgages.

BY MR. CHAITON:

562. Q. Okay. So you're referring to the share purchase agreement that's attached to, I guess it's Exhibit B or tab B of your motion record.

MR. SCHORR: B like in Bob?

MR. CHAITON: Yes.

MR. SCHORR: Yes.

BY MR. CHAITON:

419

563. Q. So that agreement is dated July 29, 2016. So it's almost a year old.

A. M'hmm.

564. Q. It has a closing date, on page 26, that contemplates July of 2016.

A. Yes.

MR. SCHORR: Well, it's blank.

MR. CHAITON: I understand. But ---

MR. SCHORR: It means blank ---

MR. CHAITON: It says ---

MR. SCHORR: "--- blank '16 or such earlier or later date as the parties may agree which may be extended in accordance with the terms hereof."

MR. CHAITON: All right.

BY MR. CHAITON:

565. Q. So why has this agreement not been completed?

A. This agreement was supposed to have been completed at the same time as the purchaser acquired the three adjacent properties, but we were not able to reach an agreement with Mr. Visram on the mortgages, as the mortgages claimed by Mr. Visram were in dispute. So, that's why this has not been able to be completed as of yet.

566. Q. I'm not sure I follow. You could, could you

not, just pay the amount that Mr. Visram is claiming into court to obtain a discharge and then do what you want with the property?

A. I think that might be one of the things that we're considering doing.

567. Q. Well, how long has that issue been on the table?

A. Well, we were attempting for some time with Mr. Visram to resolve our differences.

568. Q. When was the -- when was it determined that you were unable to resolve your differences?

A. Well, just recently when Mr. Visram commenced this action.

MR. SCHORR: Just prior to your letter, Counsel.

MR. CHAITON: Okay.

BY MR. CHAITON:

569. Q. And do you have any communication which -- like from Mr. Visram that -- or from you to Mr. Visram, concerning the amount that is claimed owing under the mortgage?

A. All of our discussions were oral and I don't recall whether I had ---

MR. SCHORR: There are without prejudice exchanges of correspondence between myself

and Mr. Thompson.

In fairness to Mr. Thompson, he never gave us a number. We gave him a number. And his answer was it's not acceptable. But he didn't come back with a counter-offer.

MR. CHAITON: Well, are they settlement discussions or is this actually calculation of the amount that you claim is owing under the mortgage?

MR. SCHORR: Well, we could never give him a calculation of what's owed under the mortgage because we don't -- we still don't have the implementation of undertakings.

We hired a forensic expert to calculate it. And the questions were simple, show us what was advanced under these mortgages and I'll tell you exactly what's owed and I'll tell you whether or not the criminal code was violated and I'll tell you whether or not the -- the most recent decisions of the court dealing with what you can charge when there's default, I'll tell you whether or not all those apply or not, just give me the numbers.

MR. CHAITON: Well, that's ---

MR. SCHORR: So we're trying to get the numbers.

MR. CHAITON: Okay. Well, as we've seen from the -- on this examination, there have been some statements, mortgage statements that have been provided to you as far ago -- as far back as a year or so ago.

And you acknowledge that the credits that you have been provided are credits you're entitled to.

So why is it difficult at this point to come up with a calculation?

MR. SCHORR: Because we haven't seen what was advanced. There were directions and we haven't seen that those directions were complied with.

And then there's the issue of whether or not those directions are enforceable in law and that would depend upon whether or not there was a violation of the provisions of the Criminal Code.

MR. CHAITON: Okay.

MR. SCHORR: Because you can't agree to violate the law.

MR. CHAITON: Right. So you're saying you really don't know what was advanced under the mortgages?

MR. SCHORR: Exactly. We've never got an accounting from anybody.

MR. CHAITON: Even from Hush Homes. Even from Hush Homes?

MR. SCHORR: No.

MR. CHAITON: And you've asked them?

MR. SCHORR: Oh, yes. And we've asked Mr. Visram too. And when he was cross-examined he undertook to produce cancelled cheques and all of that. Still haven't got them.

MR. CHAITON: Okay.

MR. SCHORR: And that's what our forensic expert's waiting for. We sent you his letter. He said -- and now he says I'm an expert in this field, he's given testimony in the Supreme Court on many occasions.

MR. CHAITON: Okay. So are you prepared to pay the amount that is being claimed by Mr. Visram even on a under protest in order to get a discharge of the mortgage?

MR. SCHORR: It's being considered.

MR. CHAITON: Are you in a position to make that payment?

MR. SCHORR: Well, we have 15 million dollars from this group.

MR. CHAITON: Well ---

MR. SCHORR: We have that.

MR. CHAITON: You don't have it yet. Obviously there's question ---

MR. SCHORR: No. What do you mean yet?

MR. CHAITON: Well, there's a question of what is the amount of the mortgages on the property.

MR. SCHORR: Well, I realize that. There are other mortgages but the -- the key issue here is what's owed under the first and second.

MR. CHAITON: Right. But Mr. Visram's claiming 10 million dollars ---

MR. SCHORR: I know he is.

MR. CHAITON: --- I appreciate you may dispute it but my question is, are you in a position to pay that 10 million dollars into court?

MR. SCHORR: We may be.

MR. CHAITON: Okay. But are you ---

MR. SCHORR: It's being pursued.

MR. CHAITON: Are you, at this time?

MR. SCHORR: As I said, he has 15 million dollars available.

MR. CHAITON: He doesn't.

MR. SCHORR: He does.

MR. CHAITON: That's not what the

425

agreement says.

MR. SCHORR: I don't agree with you.

MR. CHAITON: Okay.

MR. SCHORR: It's available. We're just waiting for the updated appraisal because we may be able to get a lot more financing once we have the updated appraisal, which could be in the 20 million dollar range.

BY MR. CHAITON:

570. Q. So I take it your position is this agreement has not been terminated?

A. That's right. It has not.

571. Q. Has any closing date been established for the completion of this transaction?

A. No.

572. Q. Can you obtain confirmation from the purchaser or its lawyer that they regard the trans -- this agreement as remaining open and to be fulfilled, that it has not been terminated?

MR. SCHORR: Yes.

THE DEPONENT: Yes.

MR. CHAITON: Okay.

(Whereupon UNDERTAKING NO. 44: To provide confirmation from purchaser or its lawyer that share purchase agreement dated July 29, 2016 remains open

426

and has not been terminated.)

BY MR. CHAITON:

573. Q. If you could turn up tab 18 of our brief. This is an agreement of purchase and sale whereby Reserve Land Corporation was to purchase the property from 222.

A. Yes.

574. Q. And you provided Mr. Visram with a copy of this agreement?

A. Yes, confidentially, yes.

575. Q. Okay.

MR. SCHORR: We did, but ---

BY MR. CHAITON:

576. Q. That was back in June of 2015?

MR. SCHORR: --- what's -- what's been reproduced as -- at page 169, we've deleted the price.

THE DEPONENT: Yes, I did.

MR. SCHORR: But he, in his affidavit, sets out what it was.

MR. CHAITON: Yeah, well, can't stop him from doing that.

MR. SCHORR: No.

BY MR. CHAITON:

577. Q. In any event, this was provided to Mr.

Visram to -- to what, to demonstrate that there was a potential sale of the property that would see his mortgage or mortgages paid out?

A. Correct. Because we were trying to determine a payout amount. Mr. Visram would not agree to discuss a discharge amount until I had a final deal.

578. Q. Okay. And what happened to this agreement?

A. I believe the purchaser wanted to extend the conditional period and I did not agree.

579. Q. So it's terminated?

A. That's terminated, yes.

580. Q. And then if you turn to tab 19, there's another agreement dated January 28, 2016. And this is with 9329293 Canada Inc.

A. Yes.

581. Q. Okay, and this was also for the sale of the property?

A. Correct.

582. Q. It was provided to Mr. Visram?

A. Yes.

583. Q. And also to demonstrate that there was a potential sale of the property that would pay his mortgages out in full?

A. Yes.

584. Q. And is it the case that you are behind 9329293 Canada Inc.?

A. Yes, I was. That's the company that was transferred into the share purchase agreement.

585. Q. Okay. And did you tell Mr. Visram at the time this was your company?

A. Yes, I did.

586. Q. That you were selling to yourself?

A. Not selling to myself. I told him ---

587. Q. Well, that's what ---

A. Well, no, I had discussions with Mr. Visram and I told Mr. Visram about the Chinese group that were the investors participating in this and that it would be transferred into the LP.

588. Q. But why is ---

A. I provided Mr. Visram with a copy of the LP and a copy of the share purchase.

589. Q. Sorry, maybe I'm missing the point. This has the buyer being your company?

A. Okay.

590. Q. That's all the transaction talks about. It's a sale from you to you.

A. From one company to another company.

591. Q. Of yours.

A. That I controlled or was a director of.

592. Q. Okay. And that was the transaction. And when you provided this to Mr. Visram he claims in his affidavit that he was unaware that the buyer was you, directly or indirectly.

A. Well, Mr. Visram can claim whatever he likes in his affidavit. I can't tell him what to say.

593. Q. And do you have anything in writing that would confirm that 932 -- that you were behind 932?

A. That I was behind 932?

594. Q. Yes. Officer, director.

A. I believe so, yes.

595. Q. You were the shareholder of 932?

A. I don't know if I was the shareholder. I was a director of the company.

596. Q. Who would have been a shareholder?

A. I don't know.

597. Q. Well, could you find out who was the shareholder at the time?

A. I can make inquiries and see.

(Whereupon UNDERTAKING NO. 45: To advise who are the shareholders of 9329293 Canada Inc.)

BY MR. CHAITON:

598. Q. Who would you be inquiring of?

A. Well, I'd have to look through my records.

MR. SCHORR: Well, it's already

430

you've agreed.

THE DEPONENT: M'hmm.

MR. SCHORR: I mean your share transfer agreement.

THE DEPONENT: Right. That's what I'm saying.

MR. SCHORR: It shows 9329293 Canada Inc. Oh, I see. But he doesn't describe ---

THE DEPONENT: No.

MR. SCHORR: --- who the owners are. Oh, yes, it's a company wholly owned and controlled by the vendor. The vendor's 2220277. The vendor ---

THE DEPONENT: Yeah, the vendor's me.

MR. SCHORR: Oh, Evan, right. The vendor's a sole director and legal and beneficial owner of all the purchase shares.

MR. CHAITON: That's in the share purchase agreement?

MR. SCHORR: At page 24 ---

THE DEPONENT: Tab B.

MR. SCHORR: --- of Exhibit B.

BY MR. CHAITON:

599. Q. Okay. If you look at page 188 in our record, you'll see there are two signatures. Is yours the top signature? At the top of the page, the first

431

signature going from the top of the page down, is that your signature?

A. No, that's not my signature.

600. Q. Whose signature is that?

A. That is someone else's signature I believe.

601. Q. Okay. Whose?

A. His name is Kyle.

602. Q. Kyle, what's his last name?

A. McDonald.

603. Q. Okay. And is he -- was he involved in either 222 or 932?

A. He was an officer, I believe, of 932.

604. Q. Is he a friend of yours?

A. I could consider him a friend.

605. Q. Okay. Was he a shareholder of 932?

A. I believe he was.

606. Q. And was there any other shareholder besides you and him?

A. I don't remember who the shareholders were. That's one of the undertakings I think to get that information.

607. Q. And who's the -- whose signature is next, below that?

A. Oh, below is mine.

608. Q. I take it this agreement's been terminated?

432

A. Yes.

609. Q. Were there any other sale agreements -- and when I talk about sale, agreements of purchase and sale for the property that have been entered into since the -- Mr. Visram became a mortgagee?

MR. SCHORR: You mean other than those two?

MR. CHAITON: Yes.

THE DEPONENT: I don't remember.

BY MR. CHAITON:

610. Q. If there are any will you provide them to me, please?

A. Okay.

(Whereupon UNDERTAKING NO. 46: To provide any other agreements of purchase and sale for the property entered into since Mr. Visram became a mortgagee.)

BY MR. CHAITON:

611. Q. In your record at ---

MR. SCHORR: Okay.

BY MR. CHAITON:

612. Q. In your record at tab E you have an appraisal report that's ---

MR. SCHORR: That was the one for the Royal Bank.

BY MR. CHAITON:

433

613. Q. --- back in -- yeah, back in May of 2012. Do you have any more current appraisal on the property?

MR. SCHORR: It's been ordered. We don't have it here. We will have it very shortly.

MR. CHAITON: All right.

MR. SCHORR: You can ask the witness whether or not it's the same appraiser or not. I asked him to get that right away. Because the appraiser told it would be, what, three weeks or something?

THE DEPONENT: Four weeks.

MR. SCHORR: Four weeks. We're expecting ---

BY MR. CHAITON:

614. Q. When was it ordered?

A. I don't remember now but we're expecting it in the next couple of weeks or so, three weeks.

615. Q. Okay. And could I get a copy of that appraisal when it's obtained?

A. Yes.

MR. SCHORR: Yes. We'll do that. Is it the same appraiser?

THE DEPONENT: Yes it's the same company.

434

MR. SCHORR: So it's an update.

THE DEPONENT: Yes. Well, they're doing a whole new appraisal. They needed new information.

(Whereupon UNDERTAKING NO. 47: To provide copy of appraisal when it's obtained.)

MR. CHAITON: We can take two minutes.

COURT REPORTER: The time is 3:18 and we're off the record.

OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

MR. CHAITON: So I have no further questions at this time, but subject to answers to the undertakings and any questions that may arise out of them, we'll adjourn the examination. Okay.

MR. SCHORR: You mean you've completed it subject to those things.

MR. CHAITON: Subject to that.

MR. SCHORR: All right. That's fine. Thank you.

MR. CHAITON: Thanks.

COURT REPORTER: The time now is 3:20 and we're off the record.

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OFF THE RECORD

(WHEREUPON, A BRIEF RECESS WAS TAKEN)

ON THE RECORD

COURT REPORTER: The time now is 3:21 and we're going back on the record.

MR. CHAITON: Thank you. Thank you, Counsel, for your indulgence. I appreciate it.

EVAN KARRAS, resumed,

CONTINUED CROSS-EXAMINATION BY MR. CHAITON:

616. Q. Mr. Karras, just showing you an email that you apparently sent to Mr. Visram on May 18, 2015 concerning the amounts owing under the mortgage. If you could just look at that to refresh your memory.

And then please explain to me what the two figures mean near the bottom where you talk about Hush principal and 650 Bay principal.

A. Okay. So I don't know whether I've sent this, but what I see here is that the funds that were applicable to Bay Street, based on the advances, the directions that I have, would total 1.84 million, of funds based on the directions that would have been applied towards Bay Street, and the amount of 1.152, based on the directions were for Hush.

MR. SCHORR: And then he refers to

436

$145,000 in cheques that were issued.

THE DEPONENT: Not including those ones that we produced as well today. But at that time there was $145,000.

BY MR. CHAITON:

617. Q. Sorry, and you're saying that those amounts are based on directions or based on what you understood was advanced?

A. Well, what I understood that was advanced based on the directions that were signed.

618. Q. Okay.

A. So I was only going off of the directions.

MR. SCHORR: We're assuming these advances were made at random.

THE DEPONENT: Exactly.

MR. CHAITON: Okay.

THE DEPONENT: Should we -- can we mark this as an exhibit?

MR. CHAITON: Yeah, we can mark that as the next exhibit.

COURT REPORTER: So that will be Exhibit 5.

MR. CHAITON: Thank you.

(Whereupon EXHIBIT NO. 5 : Email from Mr. Karras to Mr. Visram dated May 18, 2015.)

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MR. SCHORR: Is that it?

MR. CHAITON: Yeah, that is.

MR. SCHORR: Okay.

COURT REPORTER: The time now is 3:23 and we're off the record.

I hereby certify the foregoing to be the Cross-Examination of EVAN KARRAS, taken before me on the 20th day of June, 2017.

CERTIFIED CORRECT: PROFESSIONAL COURT REPORTERS INC.

Damian Iverson

Digital Court Reporter

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$100,000 107:19 109:14

$145,000 143:1 143:4

$200,000 96:4 98:18

$3,000 44:19

$4,289,760 56:14 61:12

$400,000 28:22

$440,046.40 48:12 49:18

$48,000 40:13 42:23

$525,000 115:13 115:24

$600,000 118:19

$625,000 103:24 105:8

$700,000 36:8

$925,000 100:23

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1 5:6 8:2 8:3 8:4 9:5 17:13 32:1

1,000 5:19

1.1 47:5

1.152 142:23

1.2 20:8 20:13 20:16 21:10 24:22 25:10 28:17 35:5 36:9

1.5 52:6

1.84 142:21

1.9 35:5 35:17 36:3 36:9 45:17 45:20 45:25 47:6

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Professional Court Reporters Inc.
EXHIBIT 1
RPTR: Damian Lucas DATE: 6/20/17
TOTAL POS: 2 CASE: Usram vs ont inc
JOB # 006104-2 DEPONENT: MR. Karras

Evan Karras

Mr. Karras is a leading project developer with key strengths in the organization and implementation of small, medium and large scale projects on an international level. He has extensive experience in the development of real estate projects, hotel & casino operations, cable television and telecommunications.

Evan Karras served as President and CEO of Telemax Global Communications, a provider of specialty telecommunications products for the prepaid industry as well as various POS solutions to its corporate clients. Telemax was regarded as the largest prepaid long distance calling card provider until Mr. Karras changed the direction of the company to more profitable and specialized products and services. In an independent study conducted by Price Waterhouse Cooper, Mr. Karras was ranked number 35 of the most respected businessmen during his tenure as President and CEO of Telemax. He was instrumental in dramatically increasing the company's sales, raising awareness in the public markets and securing lucrative international telecom contracts for the company.

As an independent consultant, Mr. Karras assisted the government of Greece in forming a national gaming commission for the privatization and award of twelve casino licenses. He formed several consortiums with international hotel and gaming operators, including Lady Luck Gaming Corporation, Playboy Enterprises, Hyatt Hotels, Sun International and IMG. All five casino licenses tendered for were awarded. Mr. Karras further secured property for the participating consortiums and was instrumental in the overall development of three (3) luxury hotel and casino resorts and two (2) marina developments. Mr. Karras worked closely with DLJ and Bear Sterns in order to secure in excess of $300 million for those developments.

Mr. Karras was the first entrepreneur to cultivate, create and develop a $300 million network to provide multimedia services to subscribers in Saudi Arabia and the United Arab Emirates. Mr. Karras negotiated agreements with the national telecommunications providers, as well as government authorities. Mr. Karras then founded MoviesPlus and provided satellite television programming in Poland, securing 100,000 subscribers in less than six months.

Mr. Karras has been involved in the successful re-interpretation, renovation and restoration of various heritage properties in Ontario.

In 2008-9, Mr. Karras completely renovated a 3 story 11,000 square foot dilapidated heritage hotel in Cobourg, Ontario and converted it into 6 retail/commercial units and 8 luxury residential apartments. The project was successfully completed, leased and sold shortly after completion.

Prior to that, Mr Karras was instrumental in the restoration of several commercial buildings in Cobourg's downtown.

Other significant real estate milestones include the acquisition of an abandoned 24,000 square foot retail plaza, the renovation and creation of 14 retail/commercial units with 115 above grade parking spaces, full lease-up and sale within 12 months from the date of purchase.

Mr. Karras has lectured on starting a successful business at the Abu Dhabi School of Business in the United Arab Emirates and at LaVerne University in Greece. He holds a Masters degree in Business and Finance.

March 15th, 2014

RE: FIRST MORTGAGE OVER PTLT 2 PL 60 TORONTO IN CA 720524 CITY OF TORONTO, MUNICIPALLY KNOWN AS 55 ELM ST/650 BAY ST BETWEEN ZAHERALI VISRAM (THE LENDER) AND 2220277 ONTARIO INC (THE BORROWER)

It is hereby agreed by the Lender and the Borrower that

- The Loan Mortgage on above property matures on March 15th, 2014

- The Principal amount outstanding is $3,000,000.00.

- There is an accumulated interest and fees outstanding of $749,214.00 as of February 15, 2014 thus making a total amount outstanding to be $3,749,214.00 (as per Mortgage Statement dated March 12th, 2014).

* Interest is subject to calculation.

- A final extention of 6 months is granted, making the Loan Mortgage to mature on September 15th, 2014.

- An extention fee of $73,500.00 is payable by the borrower and has been added to the above outstanding balance.

- Interest at the rate of 15% (compounded monthly) keeps on accumulating until the mortgage loan is paid in full.

- Monthly interest that becomes due on the 15th of each month will be paid in full when due, starting March 15th, 2014.

- All other terms and conditions of the original Mortgage remain same.

2220277 Ontario Inc
President

Zaherali Visram

Evan Karras

EXHIBIT 2
Professional Court Reporters Inc.
RPTR: Damian Vieira DATE: 6/20/17
TOTAL PGS: 1 CASE: Visram vs ont inc et
JOB #: 0066042 DEPONENT: Mr. Karras

DATE: MAY 20, 2015

FROM: ZAHERALI VISRAM
FAX: (416) 512 - 13[illegible]
TEL: (416) 512 - 68[illegible]

TO: EVAN KARRAS.

FAX NO: 416. 352. 7832

ATTENTION: EVAN

RE: 650 BAY ST MORTGAGE STATEMENT.

YOUR REFERENCE NO:

COMMENTS: I am herewith faxing you the mortgage statement.

Professional Court Reporters Inc.
RPTR: Darian Iverson DATE: 6/20/17
TOTAL PGS: 3 CASE: Visram vs ont Inc
JOB #: 006109-2 DEPONENT: MR. Karras

EXHIBIT 3

MAY 8, 2015

RE 650 BAY ST TORONTO

2ND MORTGAGE

Date	Interest	Payments	Accumulated Balance
			$
SEPT 15, 2012 PRINCIPAL			3,000,000.
OCT 15, 2012	37500		3,037,500
NOV 15, 2012	37500		3,075,000
DEC 15, 2012	37500		3,112,500
JAN 15, 2013	37500		3,150,000
FEB 15, 2013	37500		3,187,500
MAR 15, 2013	37500		3,225000
MAR 15, 2013 RELEASE HOLD BACK.	87500		3,312,500
MAR 15, 2013 HOLDBACK CREDIT		200,000	3112500
APRIL 15, 2013	38906		3151406
MAY 15, 2013	39393		3190799
MAY 15, 2013 EXTENTION FEES	45000		3235799
JUNE 15, 2013	40447		3276246
JULY 15, 2013	40954		3317200
AUG 15, 2013	41465		3358665
SEPT 15, 2013	41983		3400648
OCT 15, 2013	42508		3443156
NOV 15, 2013	43040		3486196
NOV 15, 2013 EXTENTION FEES	100000		3586196
DEC 15, 2013	44827	40,000	3591023
JAN 15, 2014	45888	20000	3615911
FEB 15, 2014	45198	15000	3646109
MARCH 15, 2014	45576	25000	3666685
MARCH 15, 2014 EXT FEE	73500		3740185
APRIL 15, 2014	46752		3786937
MAY 15, 2014	47337	5000	3829274
JUNE 15, 2014	47866	40,000	3837140
JULY 15, 2014	47964		3885104
AUG 15, 2014	48564		3933668
SEPT 15, 2014	49171		3982839

		Interest	Payments	Accumulated Balance
Sept 15, 2014	Bal B/fwd			3,982,839
Oct 15, 2014		49785		4,032,624
Nov 15, 2014		50407		4,083,031
Dec 15, 2014		51038		4134069
Jan 15, 2015		50425		4184494
Feb 15, 2015		52306		4,236,800
Mar 15 2015		52960		4,289,760
March 15, 2015	Ext Fee	123500		4413260
April 15, 2015		55165		4468425
May 15, 2015		55855		4524280
May 15, 2015	NSF Cheques Charges (6)	1050		4,525,330
June 15 2015		56566		4581896
July 15 2015		57274		4639170
Aug 15, 2015		57990		4697160
Sept 15, 2015		58715		4755875
Sept 15, 2015	Ext Fee	45000		4800875

Tristar

From: Evan Karras [ekarras@rogers.com]
Sent: Tuesday, September 6, 2016 2:48 PM
To: Zaher Visram
Subject: Mortgage Statement - Error
Attachments: Zaher Statement.pdf

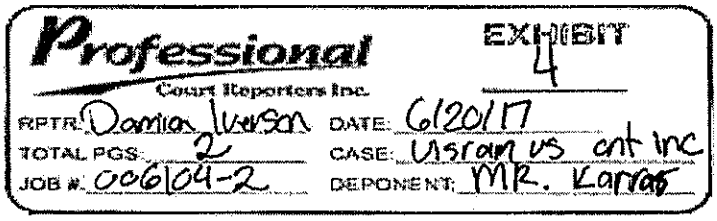
Hello Zaher,

I hope that you are well.

Please look at the attached statement that you provided to me. I have made a not next to one item. It is labeled release of holdback for $87,500, but instead of being credited it is debited. This appears to be an error. Can you please confirm what it is?

Best,

Evan



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May 8, 2016

Re 626 Bay St Toronto

2nd Mortgage

Date		Interest	Payments	Accumulated Balance
Sept 15, 2012	Principal			3,000,000
Oct 15, 2012	✓	37500		3,037500
Nov 15, 2012	✓	37500		3,075,000
Dec 15, 2012	✓	37500		3,112500
Jan 15, 2013	✓	37500 -		3,150,000
Feb 15, 2013	✓	37500 -		3,187500
Mar 15, 2013	✓	37500 -		3,225000
Mar 15, 2013	✓ Release Holdback	87500 -		3,312500
Mar 15, 2013	✓ Holdback Credit		200,000 -	3,112500
April 15, 2013	✓	38906 -		3,151406
May 15, 2013	✓	39393 -		3,190799
May 15, 2013	✓ Extention Fees	45000 -		3,235799
June 15, 2013	✓	40447 -		3,276246
July 15, 2013	✓	40954 -		3,317200
Aug 15, 2013	✓	41465 -		3,358665
Sept 15, 2013	✓	41983 -		3,400648
Oct 15, 2013	✓	42508 -		3,443157
Nov 15, 2013	✓	43046 -		3,486196
Nov 15, 2013	✓ Extension Fees	100000 -		3,586196
Dec 15, 2013	✓	44827 -	40,000 - ✓	3,591023

Tristar

From: Evan Karras [ekarras@rogers.com]
Sent: Monday, May 18, 2015 11:47 AM
To: Zaher Visram
Subject: Payments

Hello Zaher:

I have reviewed my accounts and there are 3 cheques that were not deposited or stopped totalling $65,000.

The payments that were made totalled $145,000.

Please send me the agreement as soon as possible.

Also, please prepare the calculations as follows:

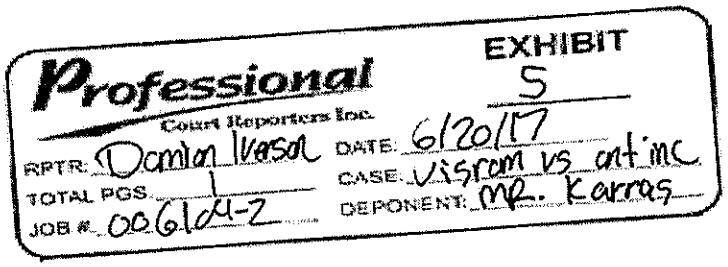
Bay St Principle: $1,847,720.05

Hush Principle: $1,152,279.96

Regards,

Evan

Sent from Yahoo Mail on Android



UNDERTAKINGS AND UNDER ADVISEMENTS CHART

UNDERTAKINGS					
Outstanding undertakings given on the cross-examination of Evan Karras, dated June 20, 2017.					
Issue & relationship to pleadings or affidavit *(Group the undertakings by issues.)*	**Question No.**	**Page No.**	**Specific undertaking**	**Date answered or precise reason for not doing so**	**Disposition by the Court**
	29	8-9	To advise who the other shareholder or shareholders are of 2220277 Ontario Inc.	**Undertaking Revoked.**	
	31	9	To advise who are the officers, directors and shareholders of any corporation that is a shareholder of 2220277 Ontario Inc.	**Undertaking Revoked.**	
	71	14	To produce a copy of the lease with Food Society restaurant	**Attached.**	
	93-94	17	To provide a copy of the lease between B650 Hotel and 2220277 Ontario Inc.	**Attached.**	
	147-150	26	To advise of the name of the lawyer who acted for 2220277 Ontario Inc. on power of sale purchase of the property	**Earl Heiber.**	
	153-157	27-28	To produce first construction financing commitment prepared by Mr. Visram for $1.2 million	**Attached.**	

	153-157	27-29	To produce email from Mr. Perricone to Naheel Suleman attaching revised commitment	**Attached.**	
	173-174	32	To produce written requests made to lawyers for reporting letters	**Unable to locate.**	
	190-191	35-36	To advise if 2220277 Ontario Inc. was represented by a lawyer on the amendment from $1.2 million to $1.9 million, and if so, to advise of the name of the lawyer	**2220277 Ontario Inc. did not have its own lawyer on the original advance nor the subsequent two amendments. Legal counsel for Hush acted for 2220277 as well.**	
	198-204	37-39	To provide proof that 2220277 Ontario Inc. paid interest on the loan in May and June 2012	**Interest for this period was paid by Hush. Cheque copies provided.**	
	205-206	39-40	To provide proof of payment of interest for May and June 2012 by Hush Homes if payment not made by 2220277 Ontario Inc.	**Same as above.**	
	215	46	To advise if 2220277 Ontario Inc. had the resources to repay the $1.9 million mortgage in October 2012 when it matured	**If 2220277 owed the funds, we had ample equity in the property to raise the financing necessary to discharge the mortgage.**	
	216	46-47	To provide proof of resources to repay the $1.9 million mortgage in October 2012	**See appraisal and parcel register.**	
	230	49	To ask Hugh Homes if they received the $440,046.40 from Mr. Visram or on his behalf	**Now that we have received the Applicants lawyer's trust account ledger, we can agree to the disbursements which the trust ledger shows.**	
	234-235	50-51	To produce anything in writing of Mr. Visram agreement to extend the mortgage at March 2013	**Have not been able to locate documents.**	

	240-242	51-52	To produce any documents showing receipt of any financing commitments on the mortgages	**Attached.**	
	247-248	54-55	To produce any communication explaining why the commitment of $6.5 million did not close	**After showing the $6.5 m commitment to Mr. Visram, he suggested that he and his investors wanted to provide the financing. He subsequently stated that his investors could not. Did not provide all info to lender See attached email.**	
	263-264	57-58	To produce documentation evidencing disagreement as to amount owing on second mortgage to Mr. Visram at time forbearance agreement was being negotiated	**Attached.**	
	272	59	To produce any written communication to Mr. Apps requesting copy of reporting letter in connection with transaction contemplated by forbearance agreement	**Not able to locate**	
	273	59-62	To advise of any other payments made on mortgage after date of forbearance agreement	**Attached cheque stubs.**	
	274	62-63	To advise if any other payments made and not reflected on schedule set out on page 93 of the application record with respect to first mortgage and provide proof of same	**Confirming.**	
	275-280	63-64	To provide copy of notes used to calculate amount received under mortgage and referenced as a "pittance" at paragraph 22 of Karras affidavit	**We have been unable to find notes, but agree with Mr. Schorr's summary outlined in the factum.**	

	315	71	To provide a copy of the original mortgage commitment from Corwin Capital for $2.1 million	**Unable to locate the original. The second offer for $2.2m is attached.**	
	358-359	81	To provide proof of any payments made on both mortgages since April 15, 2017	**Unable to locate records.**	
	371-376	83-84	To produce correspondence from CRA showing how much was owing by 2220277 Ontario Inc. for source deductions	**An agreement has been reached to discharge the amount at the rate of $12,000 per month. Attached is a statement.**	
	377-382	84	To advise as to current amount owing to CRA by 2220277 Ontario Inc. for source deductions	**As above, statement attached.**	
	404-405	87-88	To advise as to the amount being claimed from insurance company for loss of business for the hotel	**Statement of Claim attached.**	
	416-417	90	To review records and produce any letter to insurance adjuster or insurance company regarding revoking direction in favour of Mr. Visram	**We have not been able to locate any letters.**	
	432	93-95	To confirm whether received fax of mortgage statement from Mr. Visram sent on May 20, 2015	**No fax was received on May 20, 2015.**	
	433-434	96-97	To produce any documentation sent to Mr. Visram where Mr. Karras was questioning the amounts set out in the various statements received from Mr. Visram	**See attached emails and summary.**	

	453-455	101-102	To advise of the name of the owner of the Cobourg property	**2315446 Ontario Inc.**	
	458-465	103	To provide any document evidencing promise to provide financing for $625,000 mortgage from 932005 Ontario	**There is no document**	
	468-469	104	To provide evidence from the 932005 Ontario mortgagee confirming mortgage is up to date and not in default, as stated in para. 28 of Karras affidavit	**Requested and waiting for letter.**	
	485	107	To advise name of lawyer acting for owners of Cobourg property	**Smith Valeriotte**	
	497	109	To advise if mortgage on 194A Calrton Street in favour of Harbour First Mortgage Fund was paid off on its sale, and the name of the lawyer who acted for 1826741 Ontario Inc. in connection with the sale of that property	**The property was sold under power of sale. Mortgage is still outstanding. There is an issue as to whether the sale was provident or improvident.**	
	501-503	109-110	To provide copy of email from Gold Card Inc. stating the loan has been repaid and they will be attending to discharge the mortgage	**Attached.**	
	508-511	111	To provide confirmation in writing that 2220277 Ontario Inc. was to obtain financing from Ardellini and that mortgage registered on title was to be a temporary charge	**2220277 was not obtaining financing from Ardellini. This was a collateral charge to assist Hush. See letter from Hush attached.**	

	519-521	115	To review records and provide copy of a commitment in favour of Accomplish Capital for $525,000	**Unable to locate commitment.**	
	527	116	To ask Accomplish Capital Inc. to provide evidence that the mortgage is in good standing and not in default	**Requested and waiting.**	
	529-530	117	To advise when Accomplish Capital Inc. mortgage matures and evidence of the agreement that extended the mortgage to current maturity date	**Unable to locate.**	
	533-534	117-118	To ask Accomplish Capital Inc. for balance outstanding on the mortgage	**Requested.**	
	546	120-121	To advise whether any funds advanced under mortgage in favour of 9480536 Canada Inc. and if so, to whom	**Yes, funds were advanced to 2220277.**	
	548-549	122-123	To provide a copy of mortgage commitment in favour of Am-Stat Corporation	**Attached.**	
	572	132-133	To provide confirmation from purchaser or its lawyer that share purchase agreement dated July 29, 2016 remains open and has not been terminated	**Requested and waiting.**	
	597	136	To advise who are the shareholders of 9329293 Canada Inc.	**Undertaking revoked. Not relevant.**	

	610	139	To provide any other agreements of purchase and sale for the property entered into since Mr. Visram became a mortgagee	**Attached.**	
	615	140-141	To provide copy of appraisal when it's obtained	**Okay.**	

UNDER ADVISEMENTS

Outstanding under advisements given on the cross-examination of Evan Karras, dated June 20, 2017.

Issue & relationship to pleadings or affidavit *(Group the questions by issues.)*	**Question No.**	**Page No.**	**Specific question**	**Date answered or precise reason for not doing so**	**Disposition by the Court**
	90-92	17	To advise who are the officers, directors and shareholders are of B650 Hotel	**Not relevant.**	
	546	120	To provide copy of reporting letter from Keyser Mason Ball re mortgage in favour of 9480536 Canada Inc.	**No reporting letter received.**	

LEASE

Q 71

THIS LEASE made as of the 1st day of April, 2017;

B E T W E E N:

2220277 ONTARIO INC.

(the "**Landlord**")

- and -

2452482 Ontario Inc. o/a Food Society

(the "**Tenant**")

ARTICLE 1 – INTERPRETATION

1.01 DEFINITIONS

In this Lease, unless otherwise stated, the following terms shall have the following meanings:

"**Additional Rent**" means the Tenant's contribution to Operating Costs, Property Taxes, payments for Services, and all other amounts, and Rental Taxes, excluding Mimimum Rent, payable by the Tenant in accordance with the terms of this Lease, whether to the Landlord or otherwise;

"**Buildings**" means all buildings on the Lands and all improvements thereon and thereto and all fixtures and equipment (whether chattels or fixtures) (but not including tenants' fixtures, improvements or chattels).

"**Building Systems**" means: (i) the heating, ventilating and air-conditioning equipment and facilities and all other systems, services, installations and facilities from time to time installed in or servicing the Leased Premises (or any portion thereof) including, but not limited to, the elevators and escalators and the following systems, services, installations and facilities: mechanical (including plumbing, sprinkler, drainage and sewage), electrical and other utilities, lighting, sprinkler, life safety (including fire prevention, communications, security and surveillance), computer (including environmental, security and lighting control), ice and snow melting, refuse removal, window washing, and music; and (ii) all machinery, appliances, equipment, apparatus, components, computer software and appurtenances forming part of or used for or in connection with any of such systems, services, installations and facilities including, but not limited to, boilers, motors, generators, fans, pumps, pipes, conduits, ducts, valves, wiring, meters and controls, and the structures and shafts housing and enclosing any of them;

"**Capital Repairs**" means repairs to and replacements of structural components of the Leased Premises, which structural components consist of the foundations, footings, roof, roof membrane, walls, floors, subfloors, columns, joists, beams, pipes, wires, sewers, water and gas mains, HVAC, electrical and mechanical systems, load bearing structuresand other repairs and maintenance expenses that are capitalized in accordance with generally accepted accounting principles.

"**Commencement Date**" means the date first set forth above.

"**Environmental Laws**" means all applicable Laws now or hereinafter in existance relating to the natural environment and public health and safety, worker health and safety, exposure to Hazardous Substances, or to protection and preservation of the natural environment, including surface or ground water, drinking water supply, soil, surface or subsurface strata or medium, or ambient air, including, but not limited to: (i) those

relating to the presence, use, production, reporting, licensing, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, emission, release, threatened release, control or cleanup of, remedial action, or exposure to, any Hazardous Substance; and (ii) those relating to the transfer of any assets or to any business engaged in the use, production, handling or generation of Hazardous Substances.

"Hazardous Substances" means any contaminants, pollutants, substances or materials that, when released into the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, including such contaminants, pollutants, substances or materials as are prohibited, controlled or regulated by any Regulatory Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in any Environmental Laws.

"Initial Term" means the period described in Section 3.01 herein.

"Lands" means the lands municipally known as 55 Elm Street / 650 Bay Street, Units 1 & 2, Toronto, Ontario M5G 1M8, exterior patio at the back and basement level storage and preparation area.

"Laws" means all laws, by-laws, statutes, regulations, codes, orders, standards, rules, policies, ordinances, directions or enactments of any applicable Regulatory Authority, now or hereafter in force, including the principles of common law and equity and includes Environmental Laws.

"Leased Premises" means, collectively, the Lands, the Buildings and all access rights and/or easements on other lands (if any) which service and provide access to the Lands.

"Lease" means this Lease and all Schedules attached hereto.

"Minimum Rent" means the rent specified in Section 4.01 herein.

"Operating Costs" means, for any period, the total of all costs and expenses attributable to the maintenance, repair, replacement, administration, management and operation of the Leased Premises (including the common areas) during such period including, without limiting the generality of the foregoing: (a) all charges for utilities and similar services to the Leased Premises including, without limiting the generality of the foregoing, water, gas, heat, electrical power or energy, steam or hot water used upon or in respect of the Leased Premises and for fittings, machinery, apparatus, meters, or other things leased in respect thereof and for all work or services performed by any corporation or commission in connection with such public utilities and similar Services; (b) all costs incurred by the Landlord in connection with the maintenance, repair, replacement and operation of the Leased Premises (including all Services, equipment, common areas and other fixtures and appurtenances) and every part thereof, and of complying with all applicable Laws including, without limiting the generality of the foregoing, the cost of providing garbage removal and maintenance services, the cost of heating and cooling and ventilating the Leased Premises and the cost of maintaining, repairing and replacing all Building Systems, the cost of window cleaning, and any and all other costs incurred by the Landlord in connection with the maintenance, repair and operation of the Leased Premises; (c) the cost of providing security, supervision, landscaping, window cleaning, waste collection, disposal and recycling, and snow removal services, and the costs of machinery, supplies, tools, equipment and materials used in connection with such services or any rentals thereof, and the amount of salaries, wages and fringe benefits paid to employees engaged in the maintenance or operation of the Leased Premises and amounts paid to independent contractors for any services in connection with such maintenance or operation; (d) the cost of direct supervision and management and indirect expenses, to the extent applicable to the maintenance and operation of the Leased Premises, and all expenses of every nature incurred in connection with the management, maintenance and operation of the common areas; (e) the cost of insuring the Leased Premises; (f) an administrative fee not greater than fifteen percent (15%) of the aggregate of all Operating Costs; provided that Operating Costs shall exclude: (a) all such costs determined by separate metering or assessment, or otherwise incurred for the exclusive benefit of the premises leased by the Tenant or any other

tenant of the Leased Premises and billed to and paid for directly by the Tenant or such other tenant, including charges to tenants for above-normal utilization of utilities; and (b) taxes upon the income of the Landlord;

"Property Taxes" means all real property taxes, local improvement and school taxes, rates, duties, charges, levies and assessments, whether general or special, charged, assessed or levied by any Regulatory Authority in respect of the Leased Premises, and any taxes payable by the Landlord which are imposed in lieu of, or in addition to, any such real Property Taxes, whether of the foregoing character or not, and whether or not in existence at the commencement of the Term, and any such real Property Taxes levied or assessed against the Landlord on account of its ownership of the Leased Premises or its interest therein, but specifically excluding any taxes assessed upon the income of the Landlord;

"Regulatory Authority" means any federal, provincial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

"Renewal Term" means the period described in Section 3.01 herein.

"Rent" means all Minimum Rent and Additional Rent;

"Rental Taxes" means any and all taxes or duties imposed upon the Landlord or the Tenant measured by or based in whole or in part upon the Rent payable under the Lease, whether existing at the date hereof or hereinafter imposed by any Regulatory Authority, including, without limitation, goods and services tax, harmonized sales tax, value added tax, business transfer tax, retail sales tax, federal sales tax, excise taxes or duties, or any tax similar to any of the foregoing.

"Rules and Regulations" means the rules and regulations promulgated by the Landlord from time to time pursuant to the terms of this Lease;

"Services" means all water mains, sanitary sewers, storm sewers, electrical and gas lines, cable, internet and other utilities servicing the Leased Premises.

"Term" means the period described in Section 3.01 herein.

"Transfer" means a direct or indirect assignment of this Lease in whole or in part, a sublease of all or any part of the Leased Premises, any transaction whereby the rights of the Tenant under this Lease or to the Premises are directly or indirectly transferred to another person, any transaction by which any right of use or occupancy of all or any part of the Leased Premises is shared with or conferred upon any person, any mortgage, charge or encumbrance of this Lease or the Leased Premises or any part thereof, any change of effective control of the Tenant or any transaction or occurrence whatsoever which has changed or will change the identity or control of the person having lawful use or occupancy of any part of the Leased Premises.

ARTICLE 2 – DEMISE

2.01 DEMISE

In consideration of the rents, covenants, conditions and agreements hereinafter respectively reserved and contained, the Landlord hereby demises unto and leases to the Tenant, and the Tenant hereby leases from the Landlord, for the Term and upon the terms and conditions contained herein, the Leased Premises.

ARTICLE 3 – TERM AND RENEWAL

3.01 TERM

The Term of this Lease shall be five (5) years, commencing on the Commencement Date and terminating on the first anniversary of the Commencement Date (the "**Initial Term**") provided that, unless terminated by written notice given by either the Tenant or the Landlord prior to the date that is 60 days prior to the end of the Initial Term or the the then current Renewal Term, this Lease shall automatcially renew on a month to month basis (each a "**Renewal Term**", and together with the Initial Term, the "**Term**"). The Minimum Rent for each Renewal Term shall be mutually agreed upon, provided that it shall not be less than the Minimum Rent as at the end of the then current Term. In the event that the Landlord and the Tenant cannot agree on the Minimum Rent for a renewal/extension period at least two months prior to the commencement of such renewal/extension period, then subject to the foregoing, the Minimum Rent for such renewal/extension period shall be equal to the then current fair market rental rate for renewing tenants in similar premises in the Toronto, Ontario area for a similar term as determined by arbitration in accordance with the *Arbitration Act* (Ontario) or any successor or replacement legislation.

3.02 PARTIAL MONTHS

If the Term commences on any day other than the first day, or ends on any day other than the last day, of any calendar month, Minimum Rent, Additional Rent and Operating Costs and any other amounts required to be paid pursuant to this Lease for the fraction of such month shall be adjusted on a *per diem* basis for such month.

3.03 RENEWAL

The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

ARTICLE 4 – RENT

4.01 RENT

The Tenant covenants to pay Rent as provided in this Lease. It is the intention of the parties that the Rent provided to be paid shall be net to the Landlord and clear of all taxes, costs and charges arising from or relating to the Leased Premises and that the Tenant shall pay as Additional Rent all charges, impositions and expenses of every nature and kind relating to the Leased Premises, including Operating Costs and Property Taxes (except the Landlord's income taxes, and except as otherwise specifically provided) in the manner hereinafter provided, and the Tenant hereby covenants with the Landlord accordingly. The Landlord may at any time, and from time to time, require the Tenant to provide to the Landlord either: (a) a series of monthly post-dated cheques, each cheque in the amount of the monthly installment of Rent; or (b) authorization and documentation required to automatically debit the Tenant's bank account for such amounts. In the event of any change in the estimates of Additional Rent, the Landlord may require a new series of monthly post-dated cheques or new documentation (as applicable) for automatic withdrawal. A late fee in the amount of One Hundred Dollars ($100.00) shall be assessed if payment is not received by the Landlord on or before the 3rd day of each and every month. If the Tenant fails to pay its Rent by the third day of the month, interest shall also accrue at the the prime commercial lending rate of the bank of the Tenant plus five percent (5%) per month (calculated daily) such interest to be calculated from the time such Rent became due until paid by the Tenant.

4.02 MINIMUM RENT

The Tenant covenants and agrees to pay, from and after the Commencement Date, to the Landlord at the office of the Landlord, or to such other person or at such other location as the Landlord shall direct by notice in writing, in lawful money of Canada, without any prior demand therefore and without any deduction, abatement or set-off whatsoever as annual Minimum Rent the amount of $137,704, payable in equal monthly installments in advance on the first day of each and every month during the Term (pro rata for partial periods), in the amont of $11,475.33 plus HST.

There shall be a rent increase of 2.5% per annum.

4.03 ADDITIONAL RENT

In addition to the Minimum Rent reserved in favour of the Landlord, the Tenant shall, throughout the Term, pay to the Landlord in lawful money of Canada, without any deduction, abatement or set-off whatsoever, as Additional Rent, the following costs:

(a) Operating Costs;

(b) any and all costs relating to the Leased Premises that would otherwise be included in Operating Costs but are determined by separate metering or assessment of the Leased Premises;

(c) all Realty Taxes levied, rated, charged or assessed on or in relation to the Leased Premises; and

(d) all other sums, amounts, costs, cost escalations and charges specified in this Lease to be payable by the Tenant.

All of the payments set out in this Lease (other than Rental Taxes) shall constitute Minimum Rent or Additional Rent, and shall be deemed to be and shall be paid as Rent, whether or not any payment is payable to the Landlord or otherwise, and whether or not as compensation to the Landlord for expenses to which it has been put. The Landlord has all the rights against the Tenant for default in payment of Additional Rent that it has against the Tenant for default in payment of Minimum Rent. The Additional Rent is estimated to be $33.39 per square foot for a total of $52,221.96 plus HST, payable in equal monthly installments in advance on the first day of each and every month during the Term (pro rata for partial periods), in the amount of $4,351.83 plus HST.

The Minimum Rent and the Additional Rent is currently $15,827.16 monthly plus HST for a total of $17,884.69.

RENTAL TAXES

The Tenant will pay to the Landlord the Rental Taxes assessed upon: (a) the Rent; (b) the Landlord; and/or (c) the Tenant pursuant to the laws, rules and regulations governing the administration of the Rental Taxes by the Regulatory Authority having jurisdiction, and as such may be amended from time to time during the Term of this Lease or any extension thereof. The Rental Taxes shall not be deemed to be Additional Rent under this Lease, but may be recovered by the Landlord as though they were Additional Rent.

4.04 Operating Costs and Realty Taxes

Prior to the commencement of each Term, the Landlord shall estimate the amount of Operating Costs and Realty Taxes and other recurring Additional Rent payable by the Tenant for such Term and notify the Tenant in writing of such estimate, providing reasonable detail as to the breakdown and calculation thereof. The amount so estimated shall be payable in equal monthly installments, in advance, on the first day of each and every month over the Term in question. From time to time during the Term, the Landlord may re-estimate the amounts payable for such Term, in which event the Landlord shall notify the Tenant in writing of such re-estimate, providing reasonable details as to the breakdown and calculation thereof, and fix monthly installments for the remaining balance of such Term such that, after giving credit for installments paid by the Tenant on the basis of the previous estimate or estimates, all Operating Costs, based upon the most recent estimate by the Landlord, will have been paid upon the expiration of such Term. the Tenant shall pay to the Landlord as Additional Rent, one-twelfth of such estimated payments in advance during such period together with the monthly instalments of Minimum Rent.

4.05 Annual Readjustment of Additional Rent

Within 60 days after the end of the Term for which the Landlord has estimated the Operating Costs, the Landlord shall deliver a statement (the "Statement") to the Tenant setting out in detail all costs included in the Landlord's Operating Costs during such period (as well as the Realty Taxes payable for such period and any other amounts estimated by the Landlord for such period) and if necessary, an adjustment will be made between the parties, as follows: (a) if the Tenant has paid more than the amount actually payable by it (the difference being called the "Excess"), then the Excess will be applied by the Landlord against the next succeeding instalments of Rent. If there is any Excess for the last year of the Term, the Excess will be refunded by the Landlord to the Tenant at the time the Statement for the last year of the Term is to be given; or (b) if the Tenant has paid less than the amount actually payable by it (the difference being called the "Deficiency"), the Tenant shall pay the Deficiency to the Landlord within 30 days of receiving the Statement from the Landlord. The Landlord may not issue any subsequent statements in respect of a fiscal period to which a Statement relates following the issuance of a Statement except in the case of (a) any typographical error or computational error evident on the face of the Statement and (b) any reassessment of the Realty Taxes for the Lands, in which cases the Landlord shall issue a revised Statement on account of the applicable period and the parties shall make any necessary readjustments on account of the amount payable by the Tenant in respect of the Leased Premises for such period within 30 days following the Tenants receipt of the revised Statement, together with a copy of the reassessment. If requested by the Tenant, the Landlord shall provide copies of receipts of all Operating Costs to the Tenant. If there is any disagreement between the Landlord and the Tenant regarding the calculation of the Operating Costs then such disagreement shall be decided by arbitration pursuant to the Arbitration Act of Ontario, as amended from time to time.

4.06 Overholding

If, at the expiration of the Initial Term or any subsequent Renewal Term, the Tenant shall continue to occupy the Leased Premises without further written agreement, there shall be no tacit renewal of this Lease, and the tenancy of the Tenant thereafter shall be from month to month only, and may be terminated by either party on one (1) month's notice. Rent shall be payable in advance on the first day of each month equal to the sum of one hundred and fifty percent (100%) of the monthly installment of Minimum Rent payable during the last year of the Term (plus Additional Rent based on the current period) and otherwise on the same terms and conditions of this Lease which shall, so far as applicable (but specifically excluding any right to renew or extend), apply to such monthly tenancy.

ARTICLE 5 – USE

5.01 USE OF THE LEASED PREMISES

The Leased Premises may be used occupied and used by the Tenant solely for the purpose of operating a restaurant, café, bar, lounge and patio with food and alcohol service and any other lawful use ancillary thereto, subject to the Landlord's prior written approval. Nothing herein shall give the Tenant the right to use the Leased Premises for any other purpose or to sublease, assign, or license the use of the Leased Premises to any sublessee, assignee, or licensee, without the prior written consent of the Landlord.

5.02 RESTRICTIONS

The Tenant shall not do or permit to be done at the Leased Premises anything which may:

(a) constitute a nuisance;

(b) cause damage to the Leased Premises or suffer any waste, damage, disfiguration or injury to the Leased Premises, nor permit or suffer any overloading of the floors, roof deck, walls or any other part of the Leased Premises, and shall not use or permit to be used any part of the Leased Premises for any illegal or unlawful purpose or any dangerous, noxious or offensive trade or business, and shall not cause or permit any nuisance in, at or on the Leased Premises;

(c) cause injury or annoyance to occupants of the Building or neighbouring premises;

(d) make void any insurance in effect at the Buildings;

(e) constitute a breach of any applicable Law; and

(f) comply, and cause all persons visiting or doing business with Tenant on the Leased Premises to comply, with all Rules and Regulations made by the Landlord from time to time and of which notice in writing shall be given to the Tenant. All such Rules and Regulations shall be deemed to be incorporated into and form part of this Lease.

5.03 Compliance with Law

The Tenant shall, at its own expense, comply and cause all other persons have business with Tenant to comply, with all Laws affecting the Leased Premises, or the use or occupation thereof including, without limitation, police, fire and health regulations and requirements of the fire insurance underwriters. Tenant will comply with all applicable Laws governing the conduct of its business and affairs.

5.04 Surrender of the Leased Premises

At the expiration or earlier termination of this Lease, the Tenant shall peaceably surrender and give up unto the Landlord vacant possession of the Leased Premises in substantially the same condition and state of repair as the Tenant is required to maintain the Leased Premises throughout the Term and in accordance with its obligations herein, reasonable wear and tear excepted. The Tenant covenants and agrees at the expiration or earlier termination of this Lease at its own expense to remove from the Leased Premises and properly dispose of any hazardous substance and warrants that no such Hazardous Substance shall be left on the Leased Premises. The obligations of the Tenant to remove from the Leased Premises and properly dispose of any Hazardous Substance will survive the expiration or termination of this Lease and will remain in full force and effect for the benefit of the Landlord.

ARTICLE 6 – TENANT'S COVENANTS

The Tenant covenants and agrees with the Landlord as follows:

6.01 NET LEASE

It is the intention of the parties that this Lease shall be a net and totally carefree lease to the Landlord.

6.02 TO PAY RENT, UTILITIES AND OPERATING COSTS

(a) The Tenant shall pay Rent as provided in Article 4, including Minimum Rent and Additional Rent.

(b) The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply or use of the Services to the Leased Premises. In the event that any of the Services are charged to the Landlord, the costs thereof shall be included in Operating Costs or otherwise paid as Additional Rent and paid by the Tenant.

6.03 TO PROCURE AND LICENSES OR PERMITS

The Tenant is required to procure any licenses or permits required for any use made of the Leased Premises by the Tenant, and upon expiration of this Lease.

6.04 TENANT TAXES

The Tenant shall be liable for all Rental Taxes and other taxes levied against any leasehold interest of the Tenant or personal property and trade fixtures owned or placed by the Tenant in the Leased Premises.

6.05 MAINTENANCE AND REPAIRS BY TENANT

The Landlord, its servants, agents and contractors shall be entitled to enter upon the Leased Premises at any time without notice for the purpose of making emergency repairs, and during normal business hours on reasonable prior written notice, for the purpose of inspecting and making repairs, alterations or improvements to the Leased Premises, or for the purpose of having access to the underfloor ducts, or to access panels to mechanical shafts (which the Tenant agrees not to obstruct). The Tenant shall not be entitled to compensation for any inconvenience, nuisance or discomfort occasioned thereby. The Landlord, its servants, agents and contractors may at any time, and from time to time, on reasonable prior written notice, enter upon the Leased Premises to remove any article or remedy any condition which, in the opinion of the Landlord, would likely lead to the cancellation of any policy of insurance or presents a risk to the health or safety to persons or to damage to property. The Landlord will take reasonable precautions and attempt to schedule such work so as not to unreasonably interfere with the operation of the Tenant's business and to minimize interference with the Tenant's use and enjoyment of the Leased Premises.

The Tenant shall keep the Leased Premises clean of any debris and will repair and maintain the Leased Premises in good order and condition, except for reasonable wear and tear, the repairs required of Landlord pursuant hereto, and maintenance or replacement necessitated as the result of the gross negligence of the Landlord, its employees, agents, or contractors. The Tenant will not install any equipment which would exceed or overload the capacity of the utility facilities in the Leased Premises or the other facilities in the Leased Premises, and agrees that if any equipment installed by the Tenant shall require additional facilities, such facilities shall be installed, if available, and subject to the Landlord's prior written approval thereof (which approval may not be unreasonably withheld), at the Tenant's sole cost and expense in accordance with plans and specifications to be approved in advance by the Landlord, in writing. The Tenant shall, throughout

the Term, operate, maintain, repair, replace and regulate the Building Systems in such a manner as to maintain reasonable conditions of temperature and humidity within the Leased Premises and so as to maintain the Building Systems in a good and working order.

Notwithstanding any other provision of this Lease, if the Leased Premises, the Building Systems and any other equipment or the roof or outside walls of the Leased Premises are put in a state of disrepair or are damaged or destroyed through the negligence, carelessness or misuse of the Tenant, its servants, agents, employees or anyone permitted by it to be in the Leased Premises, the expense of the necessary repairs, replacements or alterations shall be borne by the Tenant and paid to the Landlord forthwith on demand as Additional Rent, plus a sum equal to fifteen percent (15%) thereof for overhead.

6.06 INSURANCE

The Tenant shall, at its sole cost and expense, take out and maintain in full force and effect at all times throughout the Term the following insurance:

(a) "All Risks" insurance upon Leased Premises of every description and kind owned by the Tenant, or for which the Tenant is legally liable, or which is installed by or on behalf of the Tenant, within or on the Leased Premises or Leased Premises, including, without limitation, stock-in-trade, furniture, equipment, partitions, trade fixtures and Leasehold Improvements, in an amount not less than the full replacement cost thereof from time to time without deduction for depreciation, subject to a stated amount clause and with a contingent liability from enforcement of building by-laws endorsement and an inflation protection endorsement;

(b) general liability and Leased Premises damage insurance, including personal liability, contractual liability, tenants' legal liability, non-owned automobile liability, and owners' and contractors' protective insurance coverage with respect to the Leased Premises, which coverage shall include the business operations conducted by the Tenant. No other person shall conduct business at the Leased Premises. Such policies shall be written on a comprehensive basis with coverage for any one occurrence or claim of not less than Five Million Dollars ($5,000,000.00) or such higher limits as the Landlord may reasonably require from time to time;

(c) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis, with limits for each accident in an amount not less than the full replacement costs of the Leased Premises, with respect to all boilers and machinery owned or operated by the Tenant or by others (other than the Landlord) relating to or serving the Leased Premises;

(d) business interruption insurance in an amount sufficient to cover the Tenant's Rent for a period of not less than twelve (12) months;

(e) standard owners' form automobile insurance providing third party liability insurance with Five Million Dollars ($5,000,000) inclusive limits, and accident benefits insurance, covering all licensed vehicles owned, leased or operated by or on behalf of the Tenant;

(f) plate glass insurance with respect to all glass windows and glass doors in or on the Premises for the full replacement value thereof; and

(h) such other forms of insurance as may be reasonably required by the Landlord from time to time.

All such insurance shall be with insurers and shall be upon such terms and conditions as the Landlord reasonably approves. The insurance described in subections (a) and (c) shall name as loss payee the Landlord and anyone else with an interest in the Leased Premises from time to time designated in writing by the Landlord, and shall provide that any proceeds recoverable in the event of damage to leasehold improvements shall be payable to the Landlord. The insurance described in subsections (b) and (d) shall name as an additional insured the Landlord and anyone else with an interest in the Leased Premises from time to time designated in writing by the Landlord. The Landlord agrees to make available such proceeds toward repair or replacement of the insured Leased Premises if this Lease is not terminated pursuant to the terms of this Lease. All public liability insurance shall contain a provision for cross liability or severability of interest as between the Landlord and the Tenant.

All of the foregoing insurance policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or the Landlord's mortgagees, their contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its mortgagees, their contractors, agents or employees. The Tenant shall obtain from the insurers under such policies undertakings to notify the Landlord in writing at least thirty (30) days prior to any material change, termination or cancellation thereof. The Tenant shall furnish to the Landlord upon written request, certificates of all such policies. The Tenant agrees that if it fails to take out or to keep in force such insurance or if it fails to provide a certificate of every policy and evidence of continuation of coverage as herein provided, the Landlord shall have the right to take out such insurance and pay the premium therefore and, in such event, the Tenant shall pay to the Landlord the amount paid as premium plus fifteen percent (15%), which payment shall be deemed to be Additional Rent payable on the first day of the next month following the said payment by the Landlord.

The Landlord shall not be liable or responsible in any way for any loss of or damage or injury to any property belonging to the Tenant or to employees of the Tenant or to any other person while such property is in, upon or about the Leased Premises or for any injury (including death) to any person while such person is in, upon or about the Leased Premises or upon the sidewalks and land adjacent thereto, and, without limiting the generality of the foregoing, the Landlord shall not be liable for any loss, damage or injury caused by gas, fumes, vapours, dust, any hazardous material or substance, steam, water, rain or snow which may leak into, issue or flow from any part of the Leased Premises or caused by other tenants in the Leased Premises or from the water, steam or drainage pipes or plumbing works of the Leased Premises or from any other place or quarter or for any loss, damage or injury caused by or attributable to the condition or arrangement of any electric or other wiring.

The Landlord and Tenant covenant that there shall be no abatement from or reduction of the Rent due hereunder, nor shall the Tenant be entitled to damages, losses, costs or disbursements from the Landlord during the Term hereby created on, caused by or on account of fire (except as provided otherwise in this Lease) water, sprinkler systems, partial or temporary failure of stoppage of heat, lights, elevator, live steam or plumbing service in or to the Leased Premises, whether due to acts of God, strikes, accidents, the making of alterations, repairs, renewals, improvements, structural changes to the Premises, or Leased Premises or the equipment or systems supplying the said services unless same has been caused by the gros negligence or wilful act or omission of the Landlord or those for whom it is responsible at law, and provided that the said failure or stoppage be remedied within a reasonable time.

The Tenant shall not have anything upon the Leased Premises or do or omit to do anything in or about the Leased Premises which will in any way impair or invalidate its obligation of any policy of insurance effected by the Landlord on on the Leased Premises, and will, if such act or omission occurs, forthwith rectify the same upon notice by the Landlord, and reimburse the Landlord through an increase in the Tenant's Additional Rent for any increase in insurance premiums paid by the Landlord and attributable thereto or to anything done, or omitted or permitted to be done, by the Tenant or by anyone on the Leased Premises with the Tenant's permission, or to any unusual or hazardous use by the electrical or other equipment which may overload the electrical or other service facilities. The Tenant shall at its own expense make whatever changes

are necessary to comply with the reasonable and lawful requirements of insurance underwriters and governmental authorities having jurisdiction, but no changes shall be made by the Tenant until the Tenant first submits to the Landlord plans and specifications for the proposed work and obtains the Landlord's written approval to perform the same.

The Tenant agrees that it will comply with all applicable regulations, orders and requirements of the Canadian Underwriters Association or any body having similar functions or any liability or fire insurance company by which the Landlord and/or the Tenant may, in respect of the Leased Premises or any part thereof, be insured.

If any insurance on the Leased Premises against fire or any other risk shall be cancelled by the insurer or if any application for such insurance be refused by reason of the use or occupation of them, or any part thereof, by the Tenant or the assignee or subtenant of the Tenant, or by anyone permitted by the Tenant to be upon the Premises, and the Tenant fails to remedy the condition giving rise to such cancellation or refusal forthwith after written notice by the Landlord, the Landlord may, at the Tenant's expense, enter upon the Leased Premises and remedy such condition; provided that in the event the Landlord is unable to remedy such condition, the Landlord, at its option, may terminate the lease forthwith by leaving upon the Leased Premises a notice in writing of its intention to terminate the Lease, and upon leaving such notice in writing upon the Leased Premises, Additional Rent and any other payments for which the Tenant is liable under this Lease shall be apportioned and paid in full to the date of such termination, and the Tenant shall immediately deliver up vacant possession of the Premises to the Landlord.

If the occupancy of the Leased Premises, the conduct of business by the Tenant, or any acts or omissions of the Tenant in the Leased Premises or any part thereof causes or results in any increase in premiums for the insurance carried from time to time by the Landlord with respect to the Leased Premises, the Tenant shall pay any such increase in premiums as Additional Rent forthwith after invoices for such additional premiums are rendered by the Landlord.

6.07 INDEMNIFICATION OF LANDLORD

The Tenant covenants and agrees to indemnify the Landlord and its directors, officers, employees and representativs and save them harmless from and against any and all losses, damages, expenses, fines, liabilities, claims, demands, actions, investigations and other proceedings in connection with loss of life, personal injury and/or damage to or loss of property: (a) arising out of any occurrence in or about the Leased Premises; (b) occasioned or caused wholly or in part by any negligence, wrongful act or omission of the Tenant or anyone for whom it is in law responsible; or (c) arising from any breach or non-performance by the Tenant of any provision of this Lease. Notwithstanding the foregoing, the Tenant is not liable if and to the extent that any of the losses or claims, actions, demands, liabilities and expenses is due to the gross negligence of the Landlord, its employees, or those for whom it is in law responsible, or due to any peril or hazard against which the Landlord is insured under the terms of the Lease.

The Tenant agrees to promptly notify the Landlord in writing if any investigations, orders, claims, actions or other proceedings are issued with respect to its operations or with respect to its use or occupancy of the Leased Premises by any Regulatory Authority, including pursuan to any Environmental Law and/or if any statutory or civil proceedings are commenced against it by any Regulatory Authoirty or any person under any Environmental Law.

ARTICLE 7– LANDLORD'S COVENANTS

The Landlord covenants and agrees with the Tenant as follows:

7.01 QUIET ENJOYMENT

The Tenant may peacefully and quietly have, hold, occupy, possess and enjoy the Leased Premises for the Term.

7.02 LANDLORD'S TITLE AND AUTHORITY

(a) The Landlord is the sole registered owner of the Leased Premises with good and marketable title thereto free and clear of all mortgages, charges, encumbrances, easements, servitudes, agreements, covenants and restrictions other than those which do not interfere with or restrict the Tenant from carrying on its business in the Leased Premises or the rights of the Tenant under this Lease.

(b) The Landlord has full power and authority to enter into this Lease.

7.03 REPAIRS AND OTHER COSTS

The Landlord shall be responsible to repair only defects, deficiencies, deviations or failures of worksmanship in that constitute Capital Repairs.

7.04 INSURANCE

The Landlord shall provide and maintain insurance on the whole of the Leased Premises against loss, damage or destruction caused by fire and extended perils under a standard extended form of fire insurance policy in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Leased Premises and the intended demolition of the Leased Premises for a redevelopment. The amount of insurance to be obtained shall be determined at the sole discretion of the Landlord. The Landlord may maintain such other insurance in respect of the Leased Premises and its operation and management as the Landlord determines, acting reasonably. The Tenant shall not be an insured under the policies with respect to the Landlord's insurance, nor shall it be deemed to have any insurable interest in the Leased Premises covered by such policies, or any other right or interest in such policies or their proceeds.

7.05 OBSERVANCE OF LAWS

The Landlord will comply with all Laws applicable to it in relation to the Leased Premises.

7.06 TRANSFER

The Landlord may at any time during the Term transfer any right, title, or interest in or to the Leased Premises or to the Lease, provided that, if requested by the Tenant, the Landlord will obtain in favour of the Tenant a non-disturbance agreement (or, if the Tenant is then in default under this Lease, an acknowledgement) from any such transferee acknowledging and agreeing to be bound by the terms of this Lease on the transferee's standard form, acting reasonably.

ARTICLE 8 – ENVIRONMENTAL

8.01 COMPLIANCE WITH LAWS

The Tenant covenants and agrees to comply with all Environmental Laws and the terms of this Lease relating to environmental matters affecting its operations and its use and occupancy of the Leased Premises.

8.02 INDEMNITY

The Tenant covenants and agrees to indemnify and save the Landlord and its directors, officers, employees and representativs and save them harmless from and against any and all losses, damages, expenses, fines, liabilities, claims, demands, actions, investigations and other proceedings resulting from, in connection with or arising in any manner whatsoever out of the failure by the Tenant (and/or those for whom the Tenant is in law responsible) to fully comply with all Environmental Laws and this Lease and/or resulting from, or arising in any manner out of any Hazardous Substance being released into the environment or deposited, discharged, placed or disposed of in, on or about the Leased Premises by the Tenant and/or those for whom the Tenant is in law responsible. The obligations of the Tenant to indemnify the Landlord will survive the expiration or termination of thisLlease and will remain in full force and effect for the benefit of the Landlord.

8.03 SITE ASSESSMENTS

The Landlord represents and warrants that it has provided to the Tenant copies of all relevant and material environmental site assessments and other similar studies or reports which have been prepared or completed by it or on its behalf in respect of the Leased Premises.

ARTICLE 9 – ASSIGNMENT AND SUBLETTING

9.01 ASSIGNMENT AND SUBLETTING

The Tenant shall not effect any Transfer of the whole or any part of this Lease or its rights, liabilities or obligations hereunder without the prior written consent of the Landlord to be given or refused in its sole discretion and which may be arbitarily withheld or refused. Any consent granted by the Landlord shall be conditional upon the assignee or sublessee executing a written agreement directly with the Landlord agreeing to be bound by all the terms of this Lease as if the assignee or sublessee had originally executed this Lease as Tenant. No consent to any Transfer shall relieve the Tenant from its obligation to pay Rent and to perform all of the covenants, terms and conditions herein contained. In the event of a Transfer, the Landlord may collect Rent or sums on account of Rent from the transferee, and apply the net amount collected to the Rent payable hereunder but no such Transfer or collection or acceptance of the transferee as tenant, shall be deemed to be a waiver of this covenant. Any transfer or issue by sale, assignment, bequest, inheritance, operation of law, or other disposition, or by subscription, of any part or all of the corporate shares of the Tenant or any other corporation, which would result in any change in the effective direct or indirect control of the Tenant, shall be deemed to be a Transfer

9.02 CHANGE OF CONTROL

Any direct or indirect change of control of the Tenant or any sale or other transfer of a majority of the then outstanding voting or participating shares or other securities in the capital of the Tenant or any sale, transfer, issuance or division of shares of the Tenant sufficient to transfer control of the Tenant shall be deemed to be an assignment of this Lease for the purpose of this Article 9.

ARTICLE 10 – CONSTRUCTION AND COMPLETION

10.01 IMPROVEMENTS BY TENANT

Prior to the the Tenant undertaking any construction, renovation or improvement of any sort or kind on the Leased Premises, the Tenant must submit detailed plans to the Landlord and obtain the written consent of the Landlord. If the Landlord approves such plans (approval shall not be unreasonably withheld), the Tenant shall obtain all certificates, permits, licenses and other authorizations of governmental bodies or authorities which

are necessary to permit the construction of the improvements on the Leased Premises and shall keep the same in full force and effect at the Tenant's cost.

The Tenant shall negotiate and supervise all contracts for the furnishing of services, labour, and materials for the construction of the improvements on the Leased Premises at its cost. The Tenant shall cause all contracts to be fully and completely performed in a good and workmanlike manner, all to the effect that the improvements shall be fully and completely constructed and installed in accordance with good engineering and construction practice. During the course of construction, the Tenant shall, at its cost, keep in full force and effect a policy of builder's risk and liability insurance in a sum equal, from time to time, to the amount expended for construction of the improvements. All risk of loss or damage to the improvements during the course of construction shall be on the Tenant with the proceeds from insurance thereon payable to the Tenant.

Nothing herein shall alter the intent of the parties that the Tenant shall be fully and completely responsible for all aspects pertaining to the construction of the improvements of the Leased Premises and for the payment of all costs associated therewith. The Landlord shall be under no duty to investigate or verify the Tenant's compliance with the provision herein. Moreover, neither the Tenant nor any third party may construe the permission granted the Tenant hereunder to create any responsibility on the part of the the Landlord to pay for any improvements, alterations or repairs occasioned by the the Tenant. The Tenant shall keep the Leased Premises free and clear of all liens and, should the Tenant fail to do so, or to have any liens removed from the Leased Premises within five (5) days of notification to do so by the the Landlord, in addition to all other remedies available to the Landlord, the Tenant shall indemnify and hold the Landlord harmless for all costs and expenses, including attorney's fees, occasioned by the Landlord in having said lien removed from the Leased Premises; and, such costs and expenses shall be billed to the Tenant monthly and shall be payable by the Tenant with that month's monthly rental as additional reimbursable expenses to the Landlord by the Tenant.

If any construction or other lien or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant, within five (5) days after receipt of notice of the filing thereof, shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such lien, or orders, against the Tenant, at the Tenant's sole expense. The Tenant hereby indemnifies the Landlord against any expense or damage incurred as a result of such liens or orders. If the Tenant shall fail to discharge any lien, then in addition to any other right or remedy of the Landlord, the Landlord may, but it shall not be so obligated, discharge the lien by paying the amount claimed to be due into Court and the amount paid by the Landlord together with all costs and expenses including solicitor's fees incurred for the discharge of the lien shall be due and payable by the Tenant to the Landlord as Additional Rent on demand.

ARTICLE 11- FIXTURES, ALTERATIONS AND EXPANSION

11.01 FIXTURES, FURNITURE AND EQUIPMENT

All personal property, furnishings, fixtures, and equipment and all other trade fixtures installed, exclusive of any and all additions and/or improvements, structural, mechanical, electrical, and plumbing, affixed to the Leased Premises and used in the operation of the Tenant's business made to, in or on the Leased Premises, susceptible of being removed from the Leased Premises without damage, unless such damage be repaired by the Tenant, shall remain the property of the Tenant.

11.02 INSTALLATION BY TENANT

The Tenant may not make or cause to be made any alterations, additions or improvements to the Leased Premises and may install or cause to be installed any chattels, trade fixtures, shades, awnings, signs, shelves, racks, displays, counters, computers, operating equipment, office equipment, telephone systems, alarm

systems, furniture, portable ramps, floor coverings, interior or exterior lighting and mechanical or electrical systems as the Tenant deems desirable or appropriate without first obtaining the Landlord's written approval and consent unless alterations or additions to the structure of the Leased Premises are involved, in which event the Tenant shall first obtain the Landlord's written consent, which consent shall not be unreasonably withheld or unduly delayed. Any such work will be completed by the Tenant in a good and workmanlike manner and in accordance with all applicable Laws.

11.03 SIGNS

Subject tp the Tennat not being in default under this Lease:

(a) the Landlord will permit the Tenant to erect, at its own expense, signs to the exterior of the Buildings and at the road access point(s) to the Leased Premises, provided such signs are erected and maintained in accordance with all Laws; and

(b) the Landlord acknowledges and agrees that any and all of the Tenant's signs bearing the Tenant's name, trademarks, trade-names or other symbols are the property of the Tenant and shall remain the property of the Tenant.

11.04 REMOVAL AND RESTORATION

Subject to the Tenant not being in default under this Lease, the Tenant may, during the Term and upon the expiry of the Term, remove its chattels, inventory, products, stock in trade, goods for sale, computers, operating equipment, furniture, telephone systems, alarm systems, displays, trade fixtures, signs, shelves, racks and office equipment, regardless of whether same are attached or affixed to the Leased Premises, provided such property has been installed by the Tenant during the Term and the Tenant causes no damage to the Leased Premises in such removal or makes good such damage so caused.

ARTICLE 12 – DAMAGE, DESTRUCTION AND EXPROPRIATION

12.01 PROPERTY DAMAGE

Notwithstanding any contrary provisions of this Lease, the Landlord shall not be responsible for any loss of or damage to property of the Tenant or of others located on the Leased Premises, except where caused by the willful act or omission or gross negligence of the Landlord, or the Landlord's agents, employees or contractors.

12.02 DAMAGE AND DESTRUCTION

If during the Term the Building shall suffer any structural failure or collapse or be damaged or destroyed by any cause whatsoever, whether insured against or not, including, without limitation, fire, lightning, storm, acts of God or the Queen's enemies, riots, insurrections or other perils the following provisions shall have effect:

(a) if the Leased Premises are rendered partially unfit for occupancy by the Tenant, the rent hereby reserved shall abate in the proportion that the part of the Leased Premises so rendered unfit is of the whole of the Leased Premises until the Leased Premises have been repaired or restored;

(b) if the Leased Premises are rendered wholly unfit for occupancy by the Tenant, the rent hereby reserved shall abate until the Leased Premises have been repaired or restored;

(c) notwithstanding the provisions of clauses (a) and (b) of this Section 12.02, (A) the Landlord shall have the option, exercised by notice in writing to Tenant within 30 days of the date of such occurrence to terminate this Lease and (B) if the Leased Premises are not capable with reasonable diligence of being repaired or restored within one hundred and eighty (180) days of the occurrence of the damage or destruction, then the Tenant may terminate this Lease by written notice to the other given within thirty (30) days of the date of such occurrence, and if either such notice is so given, this Lease shall terminate effective as of and from the date of such occurrence and the Tenant shall within thirty (30) days of such notice surrender the Leased Premises to the Landlord and the rent shall be apportioned and shall be payable by the Tenant only to the date of such occurrence and the Landlord may re-enter and repossess the Leased Premises. If within the said period of thirty (30) days neither the Landlord nor the Tenant give notice terminating this Lease as aforesaid, then upon the expiration of such thirty (30) day period the Landlord shall promptly repair and restore the Leased Premises; and

(d) if the Landlord is restoring and repairing the Leased Premises, the Landlord shall do so promptly within the aforesaid one hundred and eighty (180) days. If, however, the Landlord fails to substantially complete the repair or restoration within such period, the Tenant shall have the option to terminate this Lease by providing the Landlord with written notice at any time not later than 30 days after the end of such 180 day period.

12.03 EXPROPRIATION

If during the Term all or any part of the Leased Premises are taken or expropriated by any lawful expropriating authority, or purchased under threat of such taking this Lease shall automatically terminate on the date on which the expropriating authority takes possession of such Leased Premises. Upon any such taking or purchase, the Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements, and the Tenant shall not have nor advance any claim against the Landlord for the value of its Leased Premises or its leasehold estate or the unexpired Term of the Lease, or for costs of removal or relocation, or business interruption expense or any other damages arising out of such taking or purchase. Nothing herein shall give the Landlord any interest in or preclude the Tenant from seeking and recovering on its own account from the expropriating authority any award or compensation attributable to the taking or purchase of the Tenant's improvements, chattels or trade fixtures, or the removal or relocation of its business and effect, or the interruption of its business.

ARTICLE 13-DEMOLITION

13.01 DEMOLITION

Notwithstanding any term of this Lease, the Landlord may terminate the Lease at any time after the first 2 years, if it is the Landlord's intention to sell, demolish, or substantially renovate the Building. The Landlord shall give the Tenant not less than sixty (60) days written notice of such termination. The Tenant agrees to vacate the Leased Premises and surrender the unexpired portion of the Term, at the expiry of the above notice period. If the Landlord demolishes or substantially renovates the Building, the Tenant will not have any rights to the Leased Premises or in the new or redeveloped Building. The Landlord can exercise the rights under this Section 13.01 at any time after the Commencement Date. The Landlord shall not be required to provide the Tenant with any proof with respect to any proposed sale, demolition or renovation of the Building or Leased Premises. The Landlord shall not be required to compensate the Tenant for: (a) any expenses incurred by the Tenant as a result of such termination, including expenses incurred in locating new premises or expenses incurred in having to move to new premises;(b) any leasehold improvements; or (c) any other expenses incurred by the Tenant in relation to the termination of this Lease.

ARTICLE 14– DEFAULT AND REMEDIES

14.01 LANDLORD'S REMEDIES

In the event that:

(a) any Rent or other amounts payable by the Tenant hereunder is not paid when due;

(b) the Tenant has breached any of its obligations in this Lease and, if such breach is capable of being remedied and is not otherwise listed in this Section 14.01, after notice in writing from the Landlord to the Tenant: (i) the Tenant fails to remedy such breach within ten (10) days (or such shorter period as may be provided in this Lease); or (ii) if such breach cannot reasonably be remedied within ten (10) days or such shorter period, the Tenant fails to commence to remedy such breach within ten (10) days of such breach, or thereafter fails to proceed diligently to remedy such breach;

(c) a lien has been filed against the Lands by the Tenant or any person person directly or indirectly performing work for or on behalf of the Tenant and such lien is not removed within five (5) days of demand by the Landlord to remove such lien;

(d) the Tenant becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, an assignment or arrangement with its creditors, or any steps are taken or proceedings commenced by any person for the dissolution, winding-up or other termination of the Tenant's existence or the liquidation of its assets, or a trustee, receiver, receiver/manager or a person acting in a similar capacity is appointed with respect to a material portion of the business or assets of the Tenant;

(e) the Tenant makes a sale in bulk of all or a substantial portion of its assets, other than in conjunction with an assignment or sublease approved by the Landlord;

(f) this Lease or any of the Tenant's assets are taken under a writ of execution and such writ is not stayed or vacated within fifteen (15) days after the date of such taking;

(g) the Tenant effects a Transfer other than in compliance with the provisions of this Lease;

(h) the Tenant abandons or attempts to abandon the Leased Premises or the Leased Premises becomes vacant or substantially unoccupied for a period of five (5) consecutive days or more or Tenant ceases or threatens to cease to carry on business;

(i) the Tenant moves or commences, attempts or threatens to move substantially all its trade fixtures, chattels and equipment out of the Leased Premises, out of the ordinary course of business; or

(j) any insurance policy covering any part of the Leased Premises is, cancelled or adversely changed (including a substantial premium increase) as a result of any action or omission by the Tenant or any person for whom it is legally responsible.

then the Landlord shall be entitled to its election (unless the Tenant shall cure such default prior to such election), to exercise concurrently or successively, any one or more of the following rights:

(i) Terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination,

with the same force and effect as though the date so specified were the date herein originally fixed as the termination date of the term of this Lease, and all rights of the Tenant under this Lease and in and to the Leased Premises shall expire and terminate, and the Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and the Tenant shall surrender the Leased Premises to the Landlord on the date specified in such notice; or

(ii) Terminate this Lease as provided herein and recover from the Tenant all damages the Landlord may incur by reason of the Tenant's default, including, without limitation, a sum which, at the date of such termination, represents the then value of the excess, if any, of (a) the Minimum Rent, Operating Costs, Property Taxes and all other sums which would have been payable hereunder by Tenant for the period commencing with the day following the date of such termination and ending with the date herein before set for the expiration of the full term hereby granted, over (b) the aggregate reasonable rental value of the Leased Premises for the same period, all of which excess sum shall be deemed immediately due and payable; or

(iii) Without terminating this Lease, declare immediately due and payable all Minimum Rent, Operating Costs, Property Taxes and other rents and amounts due and coming due under this Lease for three months from the termination date, together with all other amounts previously due, at once; provided, however, that such payment shall not be deemed a penalty or liquidated damages but shall merely constitute payment in advance of Rent for the remainder of said term; or

(iv) Should the Tenant default on lease obligations past the relevant time periods permitted hereunder to cure such default, then the Landlord without terminating this Lease, and with or without notice to the Tenant, the Landlord may in its own name but as agent for the Tenant enter into and upon and take possession of the Leased Premises or any part thereof, and, at the Landlord's option, remove persons and property there from, and such property, if any, may be removed and stored in a warehouse or elsewhere at the cost of, and for the account of the Tenant, all without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby, and the Landlord may rent the Leased Premises or any portion thereof as the agent of Tenant with or without advertisement, and by private negotiations and for any term upon such terms and conditions as the Landlord may deem necessary or desirable in order to re-let the Leased Premises. The Landlord shall attempt to mitigate its losses by attempting to re-let the Leased Premises. Upon such re-letting, all rentals received by the Landlord from such re-letting shall be applied: first, to the payment of any indebtedness (other than any rent due hereunder) from the Tenant to the Landlord; second, to the payment of any costs and expenses of such re-letting, including, without limitation, brokerage fees and attorney's fees and costs of alterations and repairs; third, to the payment of rent and other charges then due and unpaid hereunder; and the residue, if any shall be held by the Landlord to the extent of and for application in payment of future rent as the same may become due and payable hereunder. In re-letting the Leased Premises as aforesaid, the Landlord may grant rent concessions and the Tenant shall not be credited therefore. If such rentals received from such re-letting shall at any time or from time to time be less than sufficient to pay to the Landlord the entire sums then due from the Tenant hereunder, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall, at the Landlord's option, be calculated and paid monthly. No such re-letting shall be construed as an election by the Landlord to terminate this Lease unless a written notice of such election has been given to the

Tenant by the Landlord. Notwithstanding any such re-letting without termination the maximum extent of the the Tenant's obligation shall be deemed to be three months of the current leasehold fees. The Landlord may at any time thereafter elect to terminate this Lease for any such previous default provided same has not been cured; or

(v) Without liability to the Tenant or any other party and without constituting a constructive or actual eviction, suspend or discontinue furnishing or rendering to the Tenant any property, material, labour, utilities or other service, whether Landlord is obligated to furnish or render the same, so long as the Tenant is in default under this Lease; or

(vi) Allow the Leased Premises to remain unoccupied and collect rent from the Tenant as it comes due for a maximum of three months of current leasehold fees; or

(vii) Foreclose the security interest described herein, including the immediate taking of possession of all property on or in the Leased Premises; or

(viii) Pursue such other remedies as are available at law or equity.

The Landlord's pursuit of any remedy or remedies, including without limitation, any one or more of the remedies stated herein shall not (1) constitute an election of remedies or preclude pursuit of any other remedy or remedies provided in this Lease or any other remedy or remedies provided by law or in equity, separately or concurrently or in any combination, or (2) serve as the basis for any claim of constructive eviction, or allow the Tenant to withhold any payments under this Lease.

14.02 LANDLORD MAY PERFORM COVENANTS

If the Tenant shall fail to perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may from time to time in its discretion after giving not less than thirty (30) days written notice thereof to the Tenant, or such shorter period, if any, as is reasonable in the case of an emergency, perform or cause to be performed any of such covenants or obligations or any part thereof, and for such purpose may do such things as may be requisite, including, without limitation, entering upon the Leased Premises upon reasonable prior notice to the Tenant. All expenses incurred and expenditures made by or on behalf of the Landlord in so doing, shall be collected in the same manner as rent hereunder and shall be paid by the Tenant with the next instalment of rent falling due hereunder. Nothing in this Section 14.03 shall require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations.

14.03 Costs

The Tenant shall pay to the Landlord all damages, costs and expenses (including, without limitation, all legal fees on a substantial indemnity basis) incurred by the Landlord in enforcing the terms of this Lease, or with respect to any matter or thing which is the obligation of the Tenant under this Lease, or in respect of which the Tenant has agreed to insure or to indemnify the Landlord.

14.04 Distress

The Tenant does not contract out of, waive or relinquish any of the provisions of the *Commercial Tenancies Act* (Ontario) as it may be amended from time to time or any other existing or future any rule of law (whether statutory or otherwise).

Notwithstanding any provision of this Lease or any provision of any applicable legislation, none of the goods and chattels of the Tenant on the Premises at any time during the Term shall be exempt from levy by distress for Rent in arrears, and the Tenant waives any such exemption. If the Landlord makes any claim against the goods and chattels of the Tenant by way of distress, this provision may be pleaded as an estoppel against the Tenant in any action brought to test the right of the Landlord to levy such distress.

ARTICLE 15– ACCESS AND EXHIBITION OF PREMISES

15.01 ACCESS

The Landlord or its agents shall have the right to enter the Leased Premises at all reasonable times on reasonable notice to the Tenant to examine same and to make such repairs, alterations, improvements or additions to the Leased Premises as the Landlord may be required to make under the provisions of this Lease, provided that the Landlord exercises all commercially reasonable means so as not to impair or interfere with the Tenant's business operations and the Tenant, at its option, may have an employee or agent present at the time of such entry.

15.02 EXHIBITION

The Landlord shall have the right to exhibit the Leased Premises to prospective tenants during normal business hours during the last six (6) months of the Term. The Landlord shall give the Tenant not less than 24 hours prior notice of any intended showing of the Leased Premises to a prospective tenant.

ARTICLE 16 – STATUS STATEMENT, ATTORNMENT, SUBORDINATION

16.01 Status Certificate

The Tenant shall, on five (5) days' notice from the Landlord, execute and deliver to the Landlord a statement, or Status Certificate, or Tenant Estoppel, as prepared by the Landlord or Landlord's mortgagee or Landlord's purchaser, in writing directed to the Landlord, their mortgagee or purchaser, and their respective solicitors, certifying the following: (a) that this Lease is unmodified and in full force and effect, or, if modified, stating the modifications and that the same is in full force and effect as modified; (b) the amount of the annual rent then being paid; (c) the dates to which annual rent, by installments or otherwise, and other Additional Rent or charges have been paid; and (d) whether or not there is any existing default on the part of the Landlord of which the Tenant has notice; and (e) such other reasonable requests regarding the Lease. Provided that in the event the Tenant neglects or refuses to provide the statement, or Status Certificate, or Tenant Estoppel within the time limit provided for herein then the Landlord is hereby authorized by the Tenant to complete the statement, or Status Certificate, or Tenant Estoppel on the Tenant's behalf.

16.02 Subordination and Non-Disturbance

This Lease and all of the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all Mortgages and any renewals or extensions thereof, now or hereinafter in force against the Leased Premises. Upon the request of the Landlord, the Tenant shall promptly subordinate this Lease and all its rights hereunder in such form or forms as the Landlord may require to any such Mortgage or Mortgages, and to all advances made or hereinafter to be made upon the security thereof and will, if required, attorn to the holder thereof. No subordination by the Tenant shall have the effect of permitting a Mortgagee to disturb the occupation and possession by the Tenant of the Premises or of affecting the rights of the Tenant pursuant to the terms of this Lease, provided that the Tenant performs all of its covenants, agreements and conditions contained in this Lease and contemporaneously executes a document of attornment as required by the Mortgagee. The obligations of the Tenant to so subordinate this Lease shall be conditional upon the delivery

to the Tenant by the Landlord of a non-disturbance agreement in the form of the mortgagee of said Mortgage, acting reasonably.

16.03 ATTORNMENT

The Tenant shall, in the event any proceedings are brought for the foreclosure of or in the event of exercise of any power of sale under any mortgage made by the Landlord covering the Leased Premises, attorn to the mortgagee or the purchaser upon any such foreclosure or sale and recognize such mortgagee or purchaser as the landlord under this Lease.

ARTICLE 17 – MISCELLANEOUS

17.01 ENTIRE AGREEMENT

This Lease (including the Schedules thereto) sets out all the covenants, promises, agreements, conditions and understandings between the Landlord and the Tenant concerning the leasing of the Leased Premises by the Tenant from the Landlord and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as aforesaid. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon the Landlord or the Tenant unless reduced to writing and signed by them.

17.02 NOTICES

Any notice or other communication to be given in connection with this Lease shall be given in writing and shall be given by personal delivery, by courier, by registered mail or by e-mail transmission addressed to the recipient at the following address:

To the Tenant at:

c/o Food Society
650 Bay Street
Toronto, ON M5G 1M8

Attention: Diana Voskanova
E-mail: dvoskanova@hotmail.com

To the Landlord at:

c/o 2220277 Ontario Inc.
650 Bay Street
Toronto, ON M5G 1M8

Attention: Evan Karras
E-mail: ek@alliancevp.com

or to such other address, individual or e-mail address as may be designated by notice given by either party to the other. Any such notice or other communication given by personal delivery or courier shall be conclusively deemed to have been given on the day of actual delivery thereof, or if given by e-mail 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, or if sent by registered mailed, then on the fifth business day following the date of the mailing. Any party may change its information for notice by delivery of a notice in accordance with this section.

17.03 REGISTRATION OF LEASE

The Tenant may not register this Lease against title to the Lands, but may, however, register a Notice of this

Lease in a form approved by the Landlord.

17.04 WITHHOLDING

The Tenant shall not withhold or deduct any rents due to the Landlord for any reason whatsoever, without the prior written consent of the Landlord.

17.05 GOVERNING LAW

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

17.06 EXTRAORDINARY REMEDIES

To the extent recognizable at law, the parties hereto, in the event of breach and in addition to any and all other remedies available thereto, may obtain injunctive relief, regardless of whether the injured party can demonstrate that no adequate remedy exists at law.

17.07 EFFECT OF HEADINGS, ETC.

The division of this Lease into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Lease.

17.08 SEVERABILITY

If any provision of this Lease, or the application thereof to any circumstances, shall to any extent be, or be held to be, invalid or unenforceable, then the remaining provisions of this Lease or the application thereof to other circumstances shall not be affected thereby, and shall be held valid and enforceable to the full extent permitted by law.

17.09 GRAMMATICAL CHANGES

When the context so requires or permits, the singular number shall be read as if the plural were expressed, and the neuter gender as if the masculine or feminine, as the case may be, were expressed, and words importing persons shall include partnerships, firms and corporations and *vice versa*.

17.10 ACTING REASONABLY

Unless otherwise specifically provided, the parties agree to act reasonably in giving any approval or consent, making any determination or exercising any discretion under this Lease. If and whenever the consent or leave of either party is required pursuant to the terms hereof for the doing of any thing by the other party, such consent or leave shall not be unreasonably withheld or unduly delayed, except as otherwise expressly provided herein.

17.11 SUCCESSORS

All rights and liabilities herein given to or imposed upon the parties hereto shall extend to and bind the respective successors and permitted assigns of the said parties.

17.12 FORCE MAJEURE

In the event that the Landlord or the Tenant shall be unable to fulfill, or shall be delayed or prevented from

the fulfillment of, any obligation hereunder by reason of municipal delays in providing necessary approvals or permits, the other party's delay in providing approvals as required herein, strikes, third party lockouts, fire, flood, earthquake, lightning, storm, acts of God or the Queen's enemies, riots, insurrections or other reasons of like nature beyond the reasonable control of the party delayed or prevented from fulfilling any obligation hereunder (excepting any delay or prevention from such fulfillment caused by a lack of funds or other financial reasons) and provided that such party uses all reasonable diligence to overcome such unavoidable delay, then, except for the provisions of Article 11, the time period for performance of such an obligation will be extended for a period equivalent to the duration of such unavoidable delay. Force majeure shall not include the Tenant's obligation to pay the Landlord under this Lease.

17.13 TIME

Time shall be of the essence of this Lease.

17.14 COUNTERPARTS AND FACSIMILE TRANSMISSION

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to constitute one and the same instrument. This Lease, or a counterpart hereof, may be executed and delivered by facsimile transmission and, if so executed and transmitted, this Lease will be for all purposes as effective and binding as if an originally executed document was delivered. Any party so executing and delivering this Lease, or a counterpart thereof, by facsimile transmission shall thereafter deliver an originally executed copy of this Lease or counterpart thereof.

[Balance of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first written above.

2220277 ONTARIO INC.

By: _____
Name: Evan Karras
Title: President

2452482 ONTARIO INC.

By: _____
Name: Diana Voskanova
Title: President

SCHEDULE "A"

LANDS

Q 153-157
522

MORTGAGE LOAN COMMITMENT

TO: **2220277 Ontario Inc. (sometimes called the "Borrower")**

RE: **Second mortgage to Zaherali Visram (the "Lender") over the property municipally known as 650 Bay Street, Toronto (the "Property")**

I am pleased to confirm the approval of your application for second mortgage loan on 650 Bay Street, Toronto, Ontario (being a proposed hotel building). The mortgage will be drawn on my mortgage form and will be prepared by my solicitor.

LOAN TERMS: This loan will be for the amount of $1,200,000.00, calculated and payable monthly, interest only, not in advance, as at the date of the advance.

INTEREST RATE: The interest rate shall be 12%. Interest shall begin to on the full amount of the loan from the date of first advance, notwithstanding that the amount of the first advance will only be a portion of the total loan amount.

PAYMENTS: Interest only monthly. Taxes may be included at our discretion.

TERM: 3 months.

GUARANTORS: Hush Homes Inc. Musa Suleman, Naheel Suleman and Evan Karras (jointly and severally)

TERMS:

1. Three post-dated cheques to be delivered on closing.
2. Due on sale or transfer of properties at my option.
3. Closed Mortgage. Open on payment of one (1) month bonus if not in default.
4. $250.00 charge for NSF cheques.
5. Receiver clause.
6. Environmental Indemnity.
7. Funds shall be advance in two draws, subject to a 10% holdback pursuant to the Construction Lien Act. The first advance not shall exceed the sum of $200,000.00.
8. The funds advance pursuant to the mortgage shall be placed in a separate bank account solely in the name, and under the control, of Hush Homes Inc. $400,000.00 of the funds advanced shall be used to pay-down the mortgage from 2173252 Ontario Inc. in favor of Zaherali Visram. The balance of the

execution of such documents as are necessary for proper registration of the mortgage and the security contemplated herein, which registration shall take place prior to the advance of funds.

LEGAL FEES Legal fees are in the approximate amount of, and not less than,$5,000.00 plus disbursements, title insurance and HST. Legal fees will be for your account whether or not the loan closes.

LENDER FEE Forty-Eight Thousand ($48,000.00) Dollars

LAWYER: The legal work, including the report of title will be done by Cosman & Associates, 111 Zenway Blvd., Suite 37, Woodbridge, Ontario L4H 3H9.

SECURITY: All security outlined below is to be in my standard form, to be satisfactory in form and substance and to be registered as required by me and my solicitors.

1. A second mortgage for the specified amount on the subject property.

2. Guarantee and Postponement of claims form Hush Homes Inc. Musa Suleman, Naheel Suleman and Evan Karras (jointly and severally).

TAXES: Any property taxes due to the City of Toronto, shall be deducted from the advance and paid to the City of Toronto.

INSURANCE: You shall insure all buildings on the mortgaged premises and keep them constantly insured against loss or damage by any other cause or peril which, in my opinion should be protected by insurance to the full extent of their insurable value in a company or companies approved by me, and transferred as first mortgagee. Such insurance shall include:

1. Fire insurance for full replacement cost of the improvements. Chattel security to have theft coverage.

2. General liability, minimum coverage of $5,000,000.00 per occurrence.

3. builder's risk.

The insurance policy is to be reviewed and approved by me at your cost, not to exceed $250.00 plus G.S.T.

CLOSING CONDITIONS: Closing will be subject to:

3. Mortgage statement from the first mortgagee confirming that the first mortgage is in good standing with an principal balance outstanding of not more than $ 2,150,000.00.

4. You and the Guarantor warrant that neither you, your Guarantor or property manager are experiencing financial difficulties or are parties to any special financial arrangements to solve such difficulties.

5. 2220277 Ontario Inc., is a valid and subsisting provincial corporation and shall supply a Certificate of Status that it is in good standing with full power and authority to enter into this transaction.

6. The subject property and the improvements thereon and the uses thereto shall comply with all municipal zoning by-laws and governmental regulations.

7. It is understood that as a condition for the disbursement of funds under the mortgage there shall be no outstanding work orders registered or deficiencies noted against the subject property.

8. In the event that the borrower and/or the Guarantors becomes insolvent or is the subject of a bankruptcy proceeding then, at my option herein, a default under the security herein shall have occurred and the loan may be deemed due and payable in full.

9. All principal repayments must be received in my office before 1:00 p.m. on any working day, otherwise interest will be charges until the next working day.

10. The Borrower and Guarantors are to obtain Independent legal advice.

11. Satisfactory inspection of the property by the Lender.

12. Satisfactory review of the Agreement of Purchase and sale pursuant to which the Borrower acquired the property.

13. Satisfactory review of Discussion Paper for financing being arranged by the Borrower through RBC to take-out the within mortgage.

14. Any other items required by me or my solicitor.

as may be reasonably required to ensure the Lender's compliance with the Act.

MATERIAL CHANGES

If at any time before the Date of Advance there is or has been any material change, discrepancy or inaccuracy in the information statements, representations or warranties made or furnished to the Lender by or on behalf of the Borrower or upon the occurrence of an Event of Default under this Commitment which cannot be or is not rectified or nullified by the Borrower to the Lender's satisfaction within ten (10) days after written notification thereof by the Lender to the Borrower or the Lender's due diligence investigations regarding the Act produces a materially adverse result, the Lender shall be entitled forthwith to withdraw and cancel its obligations hereunder and to declare any funds which have been advanced, together with interest and other amounts, to be forthwith due and repayable in full.

PRIVACY ACT CONSENT

By signing this Commitment, each of you, being the parties signing (including all mortgagors and all guarantors) agree that the Lender is authorized and entitled to:

a) Use your Personal Information (as hereinafter defined) to assess your ability to obtain your loan and to evaluate your ability to meet your financial obligations. This use includes disclosing and exchanging your Personal Information on an on-going basis with credit bureaus, credit reporting agencies and financial institutions or their agents, or to service providers, in order to determine and verify, on an on-going basis, your continued eligibility for your loan and your continuing ability to meet your financial obligations. This use, disclosure and exchange of your Personal Information will continue as long as your loan is outstanding, and will help protect you from fraud and will also protect the integrity of the credit granting system.

b) If the security for your loan includes an insured mortgage, to disclose your Personal Information to the mortgage insurer and to exchange, on an on-going basis, your Personal Information with such mortgage insurer, for all purposes related to the provisions of mortgage insurance; and;

c) Use, disclose and exchange, on an on-going basis, all the personal information collected by us or delivered by you to us from time to time in connection with your loan and any information obtained by us from time to time pursuant to paragraphs (a) and (b) above (collectively your "Personal Information") to other organizations which may fund all or any part of your loan and/or own all or any part of your loan and the security securing your loan from time to time and permit prospective investors in the loan

documents shall entitle me to cancel its approval of the mortgage and to require immediate payout of all moneys secured by the mortgage.

Please advise me as soon as possible who your lawyer is.

Kindly indicate your acceptance of this commitment by signing where provided and returning two (2) executed copies of this office by not later than 5:00 p.m. on the 18th day of January, 2012, otherwise this commitment shall be null and void.

Dated at Vaughan, this day of January, 2010.

_____
Zaherali Visram

2220277 Ontario Inc. hereby accepts the terms and conditions of the above mentioned commitment and Hush Homes Inc. Musa Suleman, Naheel Suleman and Evan Karras jointly and severally, hereby agree to guarantee the mortgage and to be responsible for all fees and disbursements payable pursuant to the provisions of this Mortgage Loan Commitment

Dated at _____, this _____ day of January, 2012.

HUSH HOMES INC.

Per:_____
Name: Naheel Suleman
Title: A.S.O.
"I have authority to bind the Corporation"

_____
Witness

_____
Musa Suleman

_____
Witness

_____
Naheel Suleman

_____
Witness

_____
Evan Karras

TERRA FIRMA

Q 240-242

July 27, 2011

Mr. Evan Karras

c/o
AMK Mortgage Ontario Inc.
102-2171 Avenue Road
Toronto, ON M5M4B4

Dear Sirs:

RE: ~~First~~ Second Mortgage Financing on 650 Bay Street, Toronto, ON (the "Property")

This letter will serve to express Terra Firma Capital Corporation's (the "Lender") interest in providing financing for the above referenced project (the "Project").

This Letter of Interest is for discussion purposes only and is not to be construed as a Commitment by the Lender to fund, implied or otherwise. Accordingly, these terms and conditions may be broadened in the future documentation process.

1.	**BORROWER:**	~~Evan Karras~~ 2220277 Ontario Inc.
2.	**GUARANTOR(s):**	Joint and several guarantees from Evan Karras and 2220277 Ontario Inc.
3.	**LENDER:**	Terra Firma Capital Corporation or one of its affiliates
4.	**LOAN FACILITY:**	Mezzanine Construction Loan – to be used to pay Project Costs subsequent to those costs paid through capital contributed to the project by the Borrower in the amount of $ 1,785,000.
5.	**LOAN AMOUNT:**	Up to $1,500,000 (CDN)
6.	**TERM:**	12 months from initial draw down
7.	**INTEREST RATE:**	15% per annum paid monthly, on the advanced funds only.
8.	**REPAYMENT FEE:**	None
9.	**REPAYMENT:**	The Loan will be fully open for repayment by the Borrower at any time after the first 6-month period with ~~two months interest~~ one month interest or penalty, provided the Borrower provides 30 days advance notice.

Terra Firma Capital Corporation, 1 Toronto St., Toronto, ON, Canada M5C 2V6
Tel: 416.866.8986 Fax: 416.866.3061

Page 2

less any expenses

In the event the Lender does not issue a Commitment substantially in accordance with this Letter of Interest, the processing fee and the expense deposit shall be refunded to the Borrower.

10. LOAN PROCESSING FEE: The Borrower shall pay to the Lender a ~~non-refundable~~ loan processing fee of 3% of the Loan Amount as follows: YM

a. 0.5% will be payable upon signing of this letter YM

b. ~~2.0%~~ 0.5% will be payable upon commitment

c. The balance ~~0.5%~~ 2.0% shall be payable by way of deduction from the first advance of the Loan. YM

11. EXPENSE DEPOSIT: The Borrower shall advance to the Lender upon the acceptance of this Letter of Intent, an expense deposit of $5,000 (the "Expense Deposit"). Upon disbursement of the whole Loan Amount, any unused balance of the Expense Deposit shall be returned to the Borrower.

12. SUMMARY SOURCE AND USE OF FUNDS

PROJECT COSTS	($)	SOURCE OF FUNDS	($)
Land Costs	3,000,000	VTB	2,100,000
Hard Costs	1,820,000	TFCC Loan	1,500,000
Soft Costs	225,000	Equity	1,785,000
Carrying Costs	340,000		
TOTAL COSTS	5,385,000	TOTAL COSTS	5,385,000

NOTE: The project costs, source and use of funds outlined above are preliminary. ~~Borrower has not yet submitted the full budget to Lender~~. Lender will approve the budget only once it is certified by the cost consultant to the project (the "Cost Consultant"). YM

13. CONDITIONS PRIOR TO FUNDING:

a) Borrower's equity will at all times be no less than $1,785,000;

b) The Loan will be subordinate to a first mortgage up to $2,100,000 @ 5% p.a.

c) All security to be in place in form and content satisfactory to Lender and its legal counsel acting reasonably;

d) ~~Receipt of a satisfactory appraisal report prepared by an AACI appraiser from an Appraiser approved by Lender, such approval not to be unreasonably withheld and confirming extra value to the proposed Project of no less than $2,100,000. The appraisal is to be completed at the Borrower's expense by an appointed appraisal firm;~~ YM

e) Satisfactory financial statements, banking reports and/or credit reports as required to be provided for the Borrower and Guarantors;

f) ~~Receipt of a Phase I Environmental Assessment Report for the Property.~~ YM

g) Satisfactory review of the Borrower's detailed construction budget and cash flow statement.

h) Evidence of proper zoning for the Project as well as receipt of a current survey of the Property.

i) Evidence of executed Lease to bakery on the ground floor of the Property at rates corresponding with the Borrowers Proforma attached as Schedule B ("Borrower

Proforma")

j) Borrower and Lender will enter into an arrangement to assemble and develop the neighboring properties on Elm Street

k) Borrower will convert his "discussion paper" with RBC attached as Schedule C to a Letter of Intent for a take-out loan of no less than the combined balance of the VTB and the Loan.

14. LOAN ADVANCES

a) Lender will advance funds as work against accounts payable certified by an approved consultant and in accordance with the approved budget.

b) Lender will advance funds against payables to third parties for hard and soft costs other than FF&E expenses.

15. GENERAL CONDITIONS

a) All reasonable costs incurred by Lender including legal, survey, cost consultant, insurance consultant, appraisal as well as other costs which may be identified as time progresses shall be the responsibility of the Borrower; and

b) TFCC will have the right to assign its rights under this Loan,

c) TFCC will have the right to post signage on the Property at its own expense.

** CONTINUED ON PAGE 4

16. RIGHT OF FIRST REFUSAL

Borrower acknowledges that it has not granted any other party a right of first refusal or right of first offer to provide financing to the Property. Lender shall have the right of first refusal to provide any other form of financing on the Property.

17. BROKER FEE

The parties acknowledge that AMK Mortgage Ontario Ltd. is the broker on this transaction and is entitled to a fee equal to 2% of the loan amount.

The foregoing is limited to the general terms and conditions on which Lender will proceed with a Loan Application. The Commitment Letter will include additional terms typical to a transaction of this nature. If the terms and conditions of this Letter of Interest are acceptable, please so indicate by signing the attached copy of this Letter and return it to our attention by August 2, 2011.

Yours truly,

TERRA FIRMA CAPITAL CORPORATION

V. Dov Meyer, President and CEO

ACCEPTANCE

Accepted on the terms and conditions herein provided this 8th day of August 2011.

BORROWER:
2220277 Ontario Inc.

I have authority to bind the corporation.

PER: _____

GENERAL CONDITIONS CONTINUED

d) Upon the Borrower's receipt of an acceptable Commitment from the Lender, the Borrower shall order an appraisal from an AACI appraiser approved by both RBC and the Lender and the Borrower shall also order a Phase 1 Environmental Assessment. The Environmental Assessment shall be provided to the Lender prior to the advance of funds.

e) Prior to the Lender advancing more than $700,000, the Borrower must provide to the Lender an appraisal confirming a final value of the proposed Project of no less than $7,000,000. The appraisal will be completed at the Borrower's expense.

~~f) Second Mortgage on the property known as 194 A [illegible] in the amount of $700,000 to be removed once Borrower satisfies conditions provides the appraisal at no less than $7,000,000 and a satisfactory Phase 1 Environmental Report~~

18. COMPLETION DATE

The Lender shall issue a Commitment within 2 business days of receipt of documents required under "13. Conditions Prior to Funding". The mortgage transaction shall be completed within 10 days of the Borrower's acceptance of the Commitment.

Schedule A

The following information will be provided by Borrower prior to commitment/funding:

1. [redacted]
2. [redacted]
3. Net worth and credit reports of the principals and guarantors
4. Confirmation that the Borrower has contributed the minimum equity requirement
5. Review of the detailed project budget and confirmation by the Cost Consultant

Schedule B – Project Pro Forma

To be provided by Borrower and approved by Lender

Schedule C – RBC Discussion Paper

CAMERON STEPHENS | MORTGAGE CAPITAL LIMITED

April 29, 2013

2220277 Ontario Inc.
C/O Evan Karras
650 Bay Street
Toronto, Ontario
M5G 1M8

Attention: Mr. Evan Karras

Re: 650 Bay Street Re-financing

Further to our recent conversations, Cameron Stephens Mortgage Corporation. ("CSMC") is prepared to arrange a Loan Facility on the following terms and conditions. This is a letter of intent should not be construed as a commitment on the part of CSMC.

Lender:	Cameron Stephens Financial Corporation ("CSFC")
Servicer:	Cameron Stephens Mortgage Capital Ltd. ("CSMC")
Loan Facility/Type:	$9,100,000 1st Mortgage
Borrower:	2220277 Ontario Inc.
Guarantor:	2220277 Ontario Inc. and Mr. Naheel Suleman for 100% of loan.
Project Description:	650 Bay Street/56Elm Street is developed with a 3 storey fully renovated building with a full basement. It was historically a hotel but now since renovation is a premium mixed use property with prime commercial retail space on the ground floor and basement with retail leased out as a spa, 23 hypo- allergenic furnished, queen, twin and single hotel suites. There is also a restaurant and bar on the roof top. All the commercial space is leased out and in or near occupancy.
Purpose:	To take out existing first and second mortgage, complete the fixtures and a small equity take out. The balance of the mortgage is to be available once income stabilization occurs.
Interest Rate:	5.3% or prime plus 2.3% (whichever is greater until stabilization with a decreasing interest rate on stabilization)
Commitment Fee:	1.5% ($136,500)
Term:	60 months
Amortization:	15 years

Security:

1. First Mortgage in the amount of $10,000,000.
2. Corporate and Personal Guarantee of 2220277 Ontario Inc. and Mr. Naheel Suleman for 100% of loan.
3. General Security Agreement.
4. Assignment of Insurance.
5. All other standard 1st mortgage security.

Funding Conditions:

1. Satisfactory Reliance Letter from Stry Appraisals International of the total asset value of $13,970,000 based upon March 2012 Stry Appraisals International appraisal conducted for Royal Bank.
2. Satisfactory 3rd party review of the 650 Bay Street Hotel, 5 year business plan to support debt restructuring and forecast of increased Debt Service Coverage

56 Temperance Street, Suite 400, Toronto, Ontario, M5H 3V5
Telephone: 416-591-8787 or Fax: 416-591-9001

3. Satisfactory review of historic financial statements for Borrower/Guarantor.
4. Satisfactory confirmation that all taxes for the subject lands are current and that title to land is clear except for the existing mortgage encumbrances being replaced.
5. Such other information that the Lender may reasonably require.

Repayment: -1st mortgage interest and principal paid monthly in arrears from the Borrowers own sources. The principal repayment is from refinancing proceeds or net sale at end of term or as required by lender.

Availability: One time advance of $ 7,000,000 at closing to take out existing first and second mortgage, and a holdback of costs to complete and funding upon completion of work with balance payable within 12 months based on stabilized NOI as forecasted.

Credit References: The Lender is hereby authorized to obtain a Credit Bureau on the Borrower and or Guarantors in connection with this financing application.

Acceptance:

If the above terms and conditions are acceptable to you, please sign and return a copy of this letter along with a cheque for $5,000 payable to **Cameron Stephens Mortgage Capital Ltd.** on or before May 2nd, 2013. This cheque will be held as a good faith deposit and applied against the commitment. If the Lender delivers a commitment letter on the terms and conditions as outlined, within 15 business days of acceptance of this letter of intent and the Borrower fails to accept said commitment, then the $5,000 will be retained by the Lender. If the Lender fails to deliver said commitment on the terms as outlined, then the $5,000 will be returned to the Borrower.

Yours truly

Cameron Stephens Mortgage Capital Ltd.

Scott Cameron – President

Jeff Usher – Vice President

Acknowledged and accepted this 1st day of May 2013

2220277 Ontario Inc.

Per: _____
I have the authority to bind the corporation

NAHEEL SULEMAN

KEB
Korea Exchange Bank of Canada
Bloor Branch, 627 Bloor Street, Toronto, Ontario, Canada M6G 1K8 Tel: (416) 533-8593 Fax: (416) 531-1047 SWIFT: KOEXCATT

March 11th, 2014

<Confidential>

2220277 Ontario Inc. (o/b; Mr. Evan Karras)
475 George St.,
Cobourg, ON
K9A3M9

Dear Sir or Madame:

RE: 650 Bay Street, Toronto, ON

DISCUSSION PAPER

We would like to thank you for your interest at our financial institution for your mortgage needs. The Korea Exchange Bank of Canada would like to indicate that we have a very high interest to meet your financing needs for the above mentioned property.

Although, there are several approvals to be obtained from appropriate authorities, we would like to mention that the Korea Exchange Bank Bloor Branch is interested on mentioned above and would like to proceed as soon as the required documents are submitted to us.

TERMS AND CONDITIONS

Borrower :	**2220277 Ontario Inc.** (THE "Borrower" or "you")
Covenantor (s) / Guarantor :	**Evan Karras & Naheel Suleman** & Any other shareholders in the corporation or Musa Suleman
Facility :	**1st Mortgage : Up to $7,000,000.00*** **(Facility amount may change with the TWO independent appraisal value of the property at the sole discretion of the Lender but the facility limit will be set at 50% of Appraisal Value or $7,000,000.00, whichever is less)**
Processing Fee:	1st Mortgage : 1.00%* of the Facility amount due at time of disbursement.
Loan Purpose:	**Refinancing**
Term:	1st Mortgage : 5 Years from date of disbursement
Amortization Period:	1st Mortgage : 20 Years
Interest Rate:	1st Mortgage : Can.P.+ 3.00% (5 Years Closed Variable)* (Calculated monthly, not in advance; an Demand Loan) (Subject to change upon verification of below-requested documents and Final approval from Head office)
Advance Date :	The bank will advance the fund starting at the opening of Hotel "Be Sixfifty Hotel" on a condition that Final approval from Head office is made and client satisfies all conditions set below and any conditions which are applied at the time of Full Approval. (All required work order has to be cleared)

KEB
Korea Exchange Bank of Canada
Bloor Branch, 627 Bloor Street, Toronto, Ontario, Canada M6G 1K8 Tel: (416) 533-8593 Fax (416) 531-1047 SWIFT: KOEXCATT

Repayment : To be announced
(Blended payments of principal and interest based on the Amortization period and set at the advance date of the loan.)

Description of Property : Commercial Property

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

i. a first charge of mortgage mortgage and assignment of rents (together, the "Mortgage") in the amount of "described facility amount "on the property located on 650 Bay St., Toronto, ON
1st charge in the amount of $7,000,000.00

ii. a first general assignment of leases for the Property. We reserve the right to require a specific assignments of present and future leases of the Property at any time.

iii. a first PPSA on the assets of the business to be owned by **Be Sixfifty Hotel** located on "650 Bay Street, Toronto, ON"

iv. One year interest payment of $420,000.00 shall be secured until confirmation of sufficient repayment capabilities (*Debt Service Ratio of 1.35 or better) based on reported financial statement.
Once sufficient Debt Service Ratio is verified, $420,000.00 shall be released as additional collateral. The amount of $420,000 shall be withheld from the funds advanced and placed in an interest bearing account in favour of the Borrower. The monthly interest payments shall be drawn from this account.

*Debt Service Ratio: (Net Profit + Income Taxes + Total Interest Expense + Depreciation + Amortization) / (Interest Expense + Current Portion of Long Term Debt) = > 1.35 (135%)

All documentation shall be in the Lender's standard form subject only to such reasonable modifications acceptable to the Lender in its sole discretion to reflect the Loan transaction. The Lenders' solicitor in this transaction is _N/A__, who must act exclusively on the Lender's behalf in connection with this matter.

Conditions: Ours are subject to the following conditions:

- All [further] due diligence being satisfactory to the Bank;
- Final credit committee approval from the Bank;
- Completion and execution of documentation recording the Transaction (including the Facilities) satisfactory to the Bank;
- No material adverse change in the business, assets, condition (financial or otherwise) or prospects of the borrower and to the subject property.
- Borrower Corporate Organization Chart listing all shareholders and shares owned + all associated and related Companies listing all shareholders and shares owned. Also provide a summary of the key corporate individuals and a brief biography for each.
- **Two Different Appraisals from KEBOC designated appraiser, which shall be obtained at the Borrower's sole expense and the substance satisfactory to the Lender, in its sole unfettered and subjective discretion.**
- Last 2 Years of borrower's financial statement of owned companies and Guarantors' T1 statement and N.O.A for the Guarantor(s) that such statements are available.
- Satisfactory Repayment Capability from Borrower(s); Debt Service Coverage Ratio of 1.35 or better.
- Copy of most recent Environmental Survey Phase I or II with a satisfactory result.
- Article of Incorporation and shareholder list shall be provided to the bank for review
  - Any other corporation owned by shareholder(s)
- Satisfactory Credit Rating / Equifax Score for the guarantors
- Realty Tax Receipts from the last payment date with evidence of payment.
- AML Compliance: Satisfactory results, in the Lender's sole discretion, of due diligence investigations conducted pursuant to the Proceeds of Crime Money Laundering and Terrorist Financing Act (Canada)' * Solicitors will have to be able to obtain; two pieces of acceptable identification for Borrower/Covenantor(s) (or up to three signing officers, if borrowing under a corporate entity) prior to closing.

KEB
Korea Exchange Bank of Canada
Bloor Branch, 627 Bloor Street, Toronto, Ontario, Canada M6G 1K8 Tel: (416) 533-8593 Fax: (416) 531-1047 SWIFT: KOEXCATT

*Signed and dated mortgage application with net worth statement filled out and contact information of the Borrower/Convenator(s)

- Personal Declaration of Assets and Liabilities from all shareholders of related companies. (including documents of proof)
- Lease Agreements of the tenants at 650 Bay Street, Toronto, ON
- Most Recent Mortgage statement against subject property (650 Bay St., Toronto, ON)
- Any Lease agreements and/or Mortgage statement on declared owned real estate (475 George St., Cobourg / 194A Carlton St., Toronto, ON / 411 King St., Cobourg, ON / 31 Rose Ave., Toronto, ON / if any)
- Details of Construction to renovate the subject building including invoices and pay-out
- Detailed Business and Market Plan for subject Hotel Operation
- All necessary governmental, regulatory and corporate approvals for the Transaction being obtained;
- Other conditions may be applied at time final approval.

Affiliates: We may employ the services of our affiliates in providing the services contemplated by this letter and may allocate the fees otherwise payable to the Bank in connection with this letter and the Facilities, in whole or in part, to such affiliates as we may decide in our sole discretion. You acknowledge that the Bank may share with any of its affiliates, and such affiliates may share with the Bank, any information relating to you or the Target.

Indemnity and Costs: You will indemnify on demand and hold harmless the Bank and each of its affiliates and its affiliates' directors, officers, partners, controlling persons (if any), employees and advisers ("Indemnified Persons") from and against any and all losses, claims, damages, liabilities and expenses to which any such Indemnified Person may become subject insofar as the same arise directly or indirectly out of or relate to the proposed Transaction or the use of the proceeds of the Facilities. You will not be responsible for any loss to an Indemnified Person caused by the gross negligence or willful default of that Indemnified Person. This indemnity will not exclude or restrict any duty or liability of any Indemnified Person to the extent prohibited by any rules or regulations made thereunder.

Expenses: You will pay all out-of-pocket expenses incurred by us in connection with the performance by us of our obligations under this letter and all of our legal, accounting and other expenses in connection with the Transaction and the Facilities and matters incidental thereto. All such costs shall be submitted to the Borrower in advance for approval.

Confidentiality: This letter is confidential. You may not disclose them to any person other than the Vendor and your accountants, lawyers and other advisers and then only on a confidential basis and in connection with the Transaction.

Law: This letter shall be governed by and construed in accordance with the laws of Canada.

Yours faithfully,

J.W. Park
General Manager
Korea Exchange Bank of Canada

The arrangements set out above and in the attached Terms and Conditions Sheet are hereby acknowledged accepted by:

Borrower Name : 2220277 Ontario Inc.

I(We) have authority to bind the corporation

Korea Exchange Bank of Canada
Bloor Branch, 677 Bloor Street, Toronto, Ontario, Canada M6G 1K8 Tel: (416) 533-8593 Fax: (416) 531-1047 SWIFT: KOEXCATT

X_____

President: Evan Karras

Date: March 28 / 14

Nexus INVESTMENT CORPORATION
Suite #140 11331 Coppersmith Way Richmond BC V7A 5J9

Andrew C. Bennett
President
Direct Line: 604 • 664 • 7079
Facsimile: 778 • 297 • 7915
E-mail: acb@nexusinvestment.ca

April 13, 2015

By Email

2220277 Ontario Inc.
c/o Approved Financing Centre
222 Osbourne St North
Winnipeg, MB R3C 1V4

Attention: Paul Morrison

Re: Proposed Conventional 1st Mortgage Financing on a Boutique Hotel/Commercial Property Located at 650 Bay Street in Toronto, Ontario

This letter will confirm that **Nexus Investment Corporation** ("Nexus") as agent for our lender/investor is prepared to process an application for first mortgage financing upon the terms and conditions set forth in the Application Letter attached hereto and forming part hereof.

Please do not hesitate to contact the writer if you have any questions in this regard.

Thank you.

Yours truly,

NEXUS INVESTMENT CORPORATION

Andrew C. Bennett, RI (B.C.), FRI, CRF
President

Enc. (1)

APPLICATION LETTER

1. ACCEPTANCE OF APPLICATION

(a) This letter is not a commitment of funds by Nexus Investment Corporation ("Nexus"), but rather is a letter of application from the Borrower(s) to Nexus.

(b) The proposed Borrower(s) / Covenantor(s) are required to return to Nexus the following:

(i) A fully-executed copy of this Application Letter signifying acceptance of the terms and conditions herein;

(ii) A cheque in the amount of $30,000.00, representing the Good Faith Deposit payable as herein detailed.

(c) In the event Nexus is not in receipt of the foregoing on or before 5:00 pm, April 16, 2014, the proposal outlined in this Application will be null and void.

2. AUTHORIZATION AND SIGNATURE(S)

I/We hereby confirm that we have read and accept all of the terms and conditions of this Application Letter.

DATED at Toronto, this _____ day of April, 2015.

Borrower(s) ***2220277 Ontario Inc.***

_____
Authorized Signatory

_____
Authorized Signatory

Covenantor(s) ***Be SixFifty Hotel Ltd***

_____
Authorized Signatory

_____
Evan Karras

Nexus INVESTMENT CORPORATION

Proposed 1st Mtg Financing
2220277 Ontario Inc
650 Bay St Toronto, ON

Application Letter
April 13, 2015

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3. BORROWER(S) ("the Borrower")	2220277 Ontario Inc.
4. COVENANTOR(S) ("the Covenantor(s)")	(a) The personal, joint and several covenant(s) and the corporate covenant(s) of the following will be provided to secure the loan: (i) Be SixFifty Hotel Ltd. (ii) Evan Karras
5. SUBJECT PROPERTY	(a) **Civic Address** 650 Bay Street Toronto, Ontario (b) **Legal Description** The legal description will be determined and verified by the Lender's solicitor(s).
6. MORTGAGE SECURITY	(a) A Conventional First Mortgage Charge of the legal and beneficial estate of the Subject Property; (b) A Specific Assignment of Lease Income for the Subject Property; (c) Assignment of fire insurance coverage; (d) Separate Covenant(s) and Indemnity Agreement(s) Be SixFifty Ltd and Evan Karras; (e) A First Charge against all chattels and equipment located on the Subject Property; (f) Any and all such additional collateral security that the Lender's counsel may request.
7. MORTGAGE DETAILS	(a) **Loan Amount** Total Loan: $ 6,500,000.00 (b) **Type** Conventional first mortgage. (c) **Term** Two (2) years. (d) **Amortization** Interest Only Payments to be paid monthly. (e) **Interest Rate:** The interest rate will be fixed at 8.50%for the term.

Nexus INVESTMENT CORPORATION

Proposed 1st Mtg Financing
2220277 Ontario Inc
650 Bay St Toronto, ON

Application Letter
April 13, 2015

(f) **Prepayment:**

The Mortgage will be open for repayment without penalty after a minimum payment period has lapsed such period to be determined by our Investor

8. LENDER FEE

Our Investor/Lender will be paid a fee of two percent (2.0%) of the approved loan amount, the borrower acknowledged investor will issue their own term sheet which the borrower agrees to sign and return to Nexus on a timely basis.

9. FUNDING CONDITIONS

(a) Receipt and approval by the Lender/Investor of the following:

(i) Financial Statements or Personal Net Worth Statements for the Borrower(s) and Covenantor(s) and all Shareholders of the Borrowing company with documents to support the values and debts expressed on the net worth statements.

(ii) Satisfactory Credit Reports for the Borrower(s) and Covenantor(s).

(iii) An A.A.C.I. Appraisal of the Subject Property. If a new appraisal or updated appraisal is required, the report will be prepared an appraiser acceptable to the Lender/Investor.

(iv) Operating Statements for the property for three (3) years. *[if available]*

(v) A Phase I Environmental Report on the Subject Property. The report will be prepared by an environmental engineer acceptable to the Lender/Investor;

(vi) A satisfactory inspection of the Subject Property by the Lender/Investor, or by Nexus as its/their agent. The cost of such inspection will be to the account of the Borrower(s), and will be deducted from the Good Faith Deposit.

(vii) The Borrower will supply a Building Condition Report satisfactory to the Lender. In the event the Lender requires a new report, the cost of same will be borne by the Borrower.

(viii) Copies of all leases with all tenants;

(ix) Copies of internal income and expense statement for 2014 to April 01, 2015;

(x) Copy of offers to purchase has received but not accepted for the subject property **(Rec'd)**

10. FUNDING DATE

The loan shall fund immediately upon completion and registration of the security documentation, and in any event, not later than May 30, 2015.

11. INTEREST ADJUSTMENT DATE

The first (1st) day of the month following the month in which the initial advance is made.

12. CREDIT ENQUIRIES

The Borrower authorizes Nexus to conduct, at any time, the standard credit and

Nexus INVESTMENT CORPORATION

Proposed 1st Mtg Financing
2220277 Ontario Inc
650 Bay St Toronto, ON

Application Letter
April 13, 2015

personal enquiries that may be required in connection with the credit hereby applied for and consents to disclosure of any information to any other credit grantors or any consumer reporting agency.

13. STANDARD CLAUSES

The formal commitment issued by Nexus or our Investors in this regard will contain Nexus or our Investor's Standard Clauses relating to insurance, Borrower's representations, notices, successors and assigns, and all other security conditions required by the Lender/Investor.

14. SOLICITORS

A firm of solicitors ("the solicitors") appointed by the Lender/Investor will prepare the security documentation and any other documents relating to this transaction, and will disburse the advance(s). All investigations and registrations will be to the satisfaction of the Lender/Investor and its solicitors prior to any advance(s) of funds.

All solicitors' legal costs relating to this transaction are the responsibility of the Borrower, and may be deducted directly from the loan proceeds and paid on the Borrower's behalf. In the event a formal commitment is issued that does not proceed to an initial funding under the contemplated mortgage, all legal costs will remain the responsibility of the Borrower.

15. INTERPRETATION OF CONTRACT

This agreement shall be interpreted in accordance with the laws of the Province of British Columbia and shall be treated in all respects as a British Columbia contract. It is acknowledged that in the event of any default that any legal proceedings will take place in the appropriate British Columbia court.

16. ORIGINATION FEE

(a) Nexus' Placement and Processing Fee for providing a formal commitment substantially as outlined above is **$65,000.00**, or, **one percent (1.0%)** of the loan amount, payable as follows:

• Amount payable upon execution of this Application Letter ("Good Faith Deposit"):	$	30,000.00
• Amount payable upon issuance of the formal commitment:	$	35,000.00
• **Total payable to Nexus ("total fee"):**	**$**	**65,000.00**

Note:
In the event the mortgage does not fund for any reason other than the Lender unreasonably refusing to fund, the balance of Nexus' fee is still be paid in full and immediately.

(b) This agreement constitutes an authorization to Nexus to provide the financing required **on an exclusive basis.** The Borrower acknowledges that the good faith deposit paid upon acceptance of this agreement will be deposited by Nexus "In Trust" and applied against the total fee payable in the event a financing commitment is arranged.

(c) The Borrower further acknowledges and agrees that the total fee becomes immediately due and payable to Nexus for its services rendered and for liquidated damages in the event:

(i) Nexus obtains a commitment on either the terms noted above, or on such other terms as may have been agreed to by the Borrower; or

(ii) Nexus obtains a commitment as herein provided and the Borrower fails to accept such commitment; or

(iii) The Borrower deals with any other broker or lender during the term of this exclusive agreement.

(d) In the event Nexus fails to provide a commitment substantially on the terms and conditions summarized herein within twenty one (21) business days of receipt of the letter and the information outlined herein, Nexus will return to the Borrower the good faith deposit, without interest, and this application shall then be considered null and void.

Q 247 - 248

544

Subject: 650 Bay Street

From: Evan Karras (ekarras@rogers.com)

To: tristar@sympatico.ca;

Date: Saturday, March 23, 2013 12:32 PM

Hello Zaher,

I hope you are well and enjoyed your vacation.

If you have returned from your trip, please give me a call.

The lender (First Source) wants to make a change to the Commitment, so I have a small window to back out now if we want to discuss the financing.

Best regards,

Evan
416-457-5501

Subject: Agreement

From: Evan Karras (ekarras@rogers.com)

To: tristar@sympatico.ca;

Date: Tuesday, January 13, 2015 6:02 PM

Q 263 - 264
Additional

Hello Zaher,

I spoke with my lawyer today and I want to explain to you the difficulty in making the first change to the agreement that you want.

Are you available tomorrow afternoon to meet? I will be in the Dufferin/Wilson area if that is convenient.

Please let me know.

Regards,

Evan

Mr. Visram requested that a Forbearance Agreement be signed on or about November 2014 and he presented me with a document, which I was not comfortable with.

Subsequently, I received another Forbearance Agreement from Mr. Zaher, which I forwarded to Mr. Dennis Van Sickle of Keyser Mason Ball to review on my behalf.

Given the dispute in the amounts, the Forbearance Agreement was not entered into and the relationship with Mr. Visram continued and payments were being made.

At the time that I had to pay out the original 1st mortgage and Mr. Visram would not consent for me to obtain the mortgage financing from Corwin Capital and insisted that he would take an assignment of the 1st mortgage, he demanded that the Forbearance Agreement be signed.

I then forwarded the last draft of the Forbearance Agreement to Mr. Alfred Aapps of Wideboer Dellelce, who's firm was handling the mortgage assignment.

Mr. Aapps sent me a signature page to sign, which I did, not having realized that the reference to the amounts being disputed and subject to review, had been removed from the Forbearance Agreement, despite my objections all along.

CQ 315

CORWIN MORTGAGE CAPITAL
8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO
L4K 1Z1

9 pages by email to aevaniuk@icloud.com

February 26, 2015

2220277 Ontario Inc. (the "Borrower")
C/O Alex Evaniuk
Matrex Financial Ltd.
160 Burnet Street,
Oakville, Ontario
L6K 1C2

Dear Sir:

Re: Mortgage Financing Commitment (the "Commitment")

Corwin Mortgage Capital Inc. ("Corwin"), licensed under the *Mortgage Brokers, Lenders and Administrators Act* as a mortgage brokerage, hereby provides its Commitment, as an agent for the Lender (defined in Schedule B), to fund a loan (the "Loan") to be secured by a mortgage (the "Mortgage") to be registered on title to the Lands ("Title"). The terms of the Commitment are as follows:

1.	**Municipal Addresses:**	650 Bay Street/55 Elm Street, Toronto, Ontario (the "Lands")
2.	**Loan Amount and Priority:**	$2,200,000.00 (the "Loan Amount"). First mortgage.
3.	**Interest Rate:**	9.25% per annum, interest only.
4.	**Term:**	1 year
5.	**Fees** (collectively the "Fees"):	
	i) Brokerage:	~~$33,000.00~~ $22,000.0 to Corwin Mortgage Capital Inc. and/or its Lenders ~~$33,000.00~~ $22,000.0 to Axiom Matrex Financial Ltd.
	ii) Lender's Legal Fees:	To be paid by the Borrower
6.	**Prepayment Privilege:**	Fully open for repayment in full upon not less than 30 days written notice.
7.	**Repayment Notice:**	In the event the Borrower intends to repay the Loan upon maturity, the Borrower shall provide not less than 1 month's written notice of such intention.
8.	**Security:**	As described hereafter in paragraph 4 of Schedule 'B'.

Acceptance

Initial _____ date Feb. 26/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

9. **Deposit:** $5,000.00 by certified cheque payable to Garfinkle Biderman in Trust (the "Deposit").

10. **Closing Date:** On the fifth business day following Corwin receiving the required information from the Borrower and confirming that the Closing Requirements as described hereafter in paragraph 6 of Schedule 'B' have been satisfied or waived by Corwin, or on a prior date set by Corwin (the "Closing Date").

Please signify your agreement to the Commitment by executing and dating a copy of page 3, Schedule 'A' and initialing and dating the remaining pages attached hereto as Schedule 'B', and returning same with the Deposit. This Commitment is voidable at the option of Corwin if not accepted in accordance with its terms by March 3, 2015. **Before acceptance of the Commitment you are strongly advised to obtain independent legal advice.**

Yours very truly,
CORWIN MORTGAGE CAPITAL (FSCO Licence No. 12380)

Per: Kyle Fenwick

Acceptance

Initial _____ date Feb. 26/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

ACCEPTANCE

The Borrower and Guarantor hereby accept the Commitment and confirms their agreement with all of the terms and conditions hereof, having either obtained legal advice independent of Corwin or having been satisfied that legal advice is not required.

Accepted at Toronto this 26th day of _____, 2015.

2220277 Ontario Inc.

_____
Per: Evan Karras
I have the authority to bind the Corporation

_____
Evan Karras

Initial _____ date Feb. 26/15

Acceptance

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

549

SCHEDULE 'A'

AUTHORIZATION, DIRECTION AND CONSENT

TO: **City of Toronto, Utility Suppliers, and any existing or future encumbrancers of the Lands as defined below**

AND TO: **Corwin Mortgage Capital Inc. and its solicitors**

FROM: **2220277 Ontario Inc. and Evan Karras**

RE: **2220277 Ontario Inc. 1st Mortgage to Corwin; 650 Bay Street/55 Elm Street, Toronto, Ontario, (the "Lands")**

We, 2220277 Ontario Inc and Evan Karras, the proposed mortgagor and guarantor, with respect to the above referenced transaction, hereby authorizes and directs that upon written request and from time to time you are to release to the intended and thereafter existing mortgagee of the Lands, Corwin Mortgage Capital Inc. and/or its solicitors, any and all records and information requested pertaining to the property and, in particular, accounts, building, zoning, fire, building permits, health issues or work orders and in case of a 1st mortgage loan a mortgage or loan statement for discharge or information purposes, an arrears statement and particulars of any default that has occurred or exists and particulars of any renewal, conversions or other changes made to the mortgage. This is your full and sufficient authority and direction to do so. You may rely on this authorization and direction and authorization as the consent of the undersigned for all purposes to release our personal information related in any manner to the Lands.

We also authorize and direct Corwin and/or its solicitors to release any information relating to the above-noted mortgage to any existing or future encumbrancers or creditors who have an interest in or whose claims bind the Lands.

DATED at Toronto, this 26th day of _____, 2015.

2220277 Ontario Inc

Per: Evan Karras
I have the authority to bind the Corporation

Evan Karras

Acceptance

Initial _____ date Feb. _____

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

SCHEDULE 'B'

1. **Lender:** The Lender for the Loan will be a syndicate of investors.

2. **Interest:** Calculated and payable monthly, interest only ("Interest") with no deemed reinvestment of monthly payments. Interest shall become due and payable the first of each month immediately following the Interest Adjustment Date as referred to hereunder and on the first of each month thereafter.

3. **Interest Adjustment Date:** The Interest Adjustment Date ("IAD") shall be the 1st of the month following the Closing Date as described hereunder.

4. **Security:**

i) ~~First mortgage to be registered~~ Assignment of existing First Mortgage registered as AT2228545 on November 13, 2008 on Title to the Lands; directing an assignment of the existing Mortgage and the Lender agrees to modify the terms of the mortgage to reflect

ii) Personal Guarantee from Evan Karras;

iii) General Security Agreement ("GSA") from 2220277 Ontario Inc. providing a first fixed and floating charge over all assets of 2220277 Ontario Inc. as agreed to herein to be registered under the PPSA;

iv) Corporate guarantees from 2220277 Ontario Inc. secured by a GSA providing a fixed and floating charge over the assets of 2220277 Ontario Inc. to be registered under the PPSA;

v) Postponement of Claims by all shareholders of 2220277 Ontario Inc. and any other corporate owners of the Lands;

vi) Assignment of Rents and Leases;

vii) Assignment of insurance policies over the assets of the Borrower at the Lands with loss payable to Corwin;

viii) Assignment of all material contracts and agreements pertaining to the Lands; and

ix) Such other legal documents reasonably considered necessary by Corwin's solicitors, to support Corwin's security;

5. **Borrower Representations and Acknowledgements:**

The Borrower represents and warrants to Corwin that as of the date of acceptance of this Commitment by the Borrower and as of the Closing Date:

- The Borrower have the power, capacity and authority to enter into this Commitment and to perform and

complete the transaction contemplated herein, all of which have been duly authorized where required by all necessary corporate action, and that no consents are necessary for this transaction to be completed;

- The Borrower have not withheld any information of a material nature relating to the Lands or the Borrower;
- All financial information provided by the Borrower to the Lender, including without limitation financial information provided in respect of the values and other matters pertaining to the Lands.
- **The Lands and all activities conducted thereon comply with all environmental laws in the Province of Ontario. The Lands contain no hazardous substances, have not been previously subject to any remediation or clean-up of hazardous substances and there is no prior, existing or threatened investigation, action, proceedings, notice, order, fine, conviction, judgment or lien of any nature or kind against or affecting the Lands or the Borrower or the previous owners arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the Lands within the knowledge of the Borrower has been delivered to Corwin;**
- On closing the Borrower will be the registered owner and the sole beneficial owner of the Lands;
- The Lands and the building(s) thereon are used as a boutique hotel and commercial rental property;
- The current use of the Lands is legal in every respect, complying with all municipal, provincial, federal and regulatory laws, regulations and/or by-laws (governmental or otherwise).

6. **Closing Requirements:**

The Lender's review of any items required shall be solely for the Lender's benefit, and the Borrower shall not be entitled to rely on the Lender's review for any purpose. The Lender makes no representation to the Borrower about the accuracy or completeness of any item or the qualifications of any person providing any item, whether or not ordered or selected by the Lender.

- Satisfactory review of agreements of all rental agreements;
- Satisfactory review of Application and Credit Bureau for the Guarantor;
- Satisfactory inspection of the Lands;
- Satisfactory interview of the Borrower;
- Corwin may in its sole discretion refuse to advance the Loan if it is not satisfied with the Borrower ability to service or repay the Loan.

7. **Termination of Commitment:**

In the event the Loan is not advanced and the Commitment is terminated the Deposit shall not be refundable to the Borrower and may be retained by Corwin as liquidated damages except in the event of Corwin's default. In addition to the foregoing, the Borrower shall be responsible for and pay the deficiency between the Fees and the Deposit to Corwin forthwith on demand which are deemed to be earned and payable by the Borrower upon acceptance by the Borrower hereof. The Borrower acknowledges that the Fees are a reasonable estimate of Corwin's costs incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that said Fees are earned irrespective of whether the Loan is advanced, save for Corwin's default.

No termination of this Commitment shall limit, restrict or otherwise affect in any way: (i) the obligations of the Borrower to pay to Corwin the Fees or any third party fees, costs and expenses of Corwin in connection with the Loan specified in this Commitment; and (ii) the right of Corwin in respect of any deposits paid to it, including its right to retain the Deposit and/or to apply the Deposit for third party fees, costs and expenses as set out herein.

It is understood that Corwin has entered into this Commitment based on representations made by the Borrower and, if at any time, there is or has been any material discrepancy or inaccuracy in any written or oral information, statements, or representations heretofore or hereafter made or furnished to Corwin by or on behalf of the Borrower concerning the security or the Borrower financial condition and responsibility, then Corwin shall be entitled in its sole discretion to withdraw or cancel any obligation hereunder and decline to advance funds, and in addition to forfeiture of the Deposit, the Borrower shall be liable to pay all Fees as hereinbefore recited.

8. **Extension and Assignment of Commitment:**

In the event the Loan is not advanced by the Closing Date the Commitment may be terminated at the option of Corwin unless the Borrower pre-pays interest to Corwin for one month for each one-month extension or part thereof of the Closing Date together with all Fees.

Corwin may sell, transfer, assign or syndicate the Loan, or any interest therein, from time to time without notice to, or consent of, the Borrower. The Borrower acknowledges and agrees that the Loan may be sold, transferred assigned or syndicated without further notice to, or the consent of, the Borrower.

Corwin from time to time may release, disclose, exchange, share, transfer and assign, as it may determine in its sole discretion, all financial and other information and materials provided to or obtained by Corwin or its agents and representatives, without restriction and without notice to or the consent of the Borrower as follows:

i. to any subsequent or proposed purchaser of the Loan, including any subsequent lender and their respective third party advisors such as lawyers, accountants, consultants, appraisers and credit verification sources; and
ii. to any person in connection with the sale or assignment of the Loan.

The Borrower consents to the release, disclosure, exchange and sharing of all such information and materials and to any publicity or advertising that refers to the financing of the Lands.

The rights or obligations of the Borrower under or in respect of this Commitment or the Loan may not be assigned to or performed by any other party.

9. **Realty Taxes:**

The Charge may include a provision for the collection of property taxes by the Lender or anyone instructed by the Lender.

Acceptance

Initial _____ date Feb. 24/15

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

10. **Expenses:**

The Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by Corwin in connection with the preparation, negotiation and documentation of this Commitment and the security provided for herein and the operation or enforcement of this Commitment and the security provided for herein.

11. **Title Insurance:**

At the Borrower expense, Corwin's solicitors will obtain a title insurance policy from title insurer with coverage satisfactory to Corwin's solicitors in their sole and absolute discretion.

12. **Insurance:**

The Borrower shall deliver evidence of fire and liability insurance, including any other coverage required by Corwin, showing the interest of Corwin or its investors as first mortgagee and loss payee. On closing, the insurance premium for 1 year from the date of closing shall be paid in full.

13. **Possession:**

In the event of default under the Mortgage by the Borrower, Corwin obtaining possession of the Lands and determining, in its sole discretion, that the Lands require work and improvements in order to market the Lands, then Corwin shall have the right, at its sole option, to complete such work on such terms as it deems advisable. The cost of completion of the servicing and work by Corwin and its agents and all expenses incidental thereto shall be added to the Loan Amount, together with a management fee of fifteen per cent (15%) of the costs of the work and improvements completed by Corwin. All costs and expenses, as well as said management fee, shall bear interest at the rate as herein provided for and shall form part of the Loan secured hereunder and Corwin shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of Mortgage principal and Interest hereunder or at law.

14. **Deliveries:**

Such financial and other information, statements and documents as Corwin and/or its solicitors may require in connection with the underwriting or closing of the Loan.

15. **Non-Merger:**

The provisions of this Commitment shall not merge with any security provided to the Lender, but shall continue in full force and effect for the benefit of the parties hereto.

Acceptance

Initial _____ date rep.

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

16. **General Provisions and Independent Legal Advice:**

- Mortgage advance is to be payable to the registered owner of the Lands or encumbrancers of the Lands who are to be paid out from the Mortgage advance;
- Attorney pursuant to power of attorney cannot execute Mortgage document;
- Independent Legal Advice shall be required for any party guaranteeing the Mortgage, consenting to or guaranteeing the Mortgage or postponing their interest to Corwin's security unless waived by Corwin;
- Prior to advance of funds, all security and loan documentation is to be delivered to Corwin in form satisfactory to Corwin and its solicitors; and
- No quaternary financing unless otherwise agreed and approved by Corwin in writing.

17. **Lender's Legal Fees:**

The Lender's Legal Fees are for performance of the following legal services:

i. due diligence searches as required by the Lender and review of such searches;
ii. preparation of the mortgage and security documentation;
iii. placement of title insurance;
iv. registration of the mortgage and security documents as required; and
v. correspondence with the Borrower solicitors.

If any other work is required to be completed by the Lender's solicitors which is outside the scope of the foregoing, including but not limited to, (a) work completed as a result of the Borrower non-disclosure of existing encumbrances which relate to the security being provided under the mortgage, (b) negotiating the mortgage and security documentation in response to changes requested by Borrower, (c) revising the mortgage and security documentation to reflect changes requested by the Borrower and agreed to by the Lender, (d) investigating the Land's compliance with applicable laws and regulations, and (e) conducting the closing of the transaction, then in addition to the amount of the Lender's Legal Fees indicated on page 1 of the Commitment, the Lender's solicitors may charge, and the Borrower must pay on closing, the additional legal fees of the Lender's solicitors which will be charged at the Lender's solicitors' hourly rate.

Acceptance

Initial _____ date Feb. 26/15

CORWIN MORTGAGE CAPITAL
8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO
L4K 1Z1

9 pages by email to aevaniuk@icloud.com

April 10, 2015

2220277 Ontario Inc. (the "Borrower")
C/O Alex Evaniuk
Matrex Financial Ltd.
160 Burnet Street,
Oakville, Ontario
L6K 1C2

Dear Sir:

Re: Mortgage Financing Commitment (the "Commitment")

Corwin Mortgage Capital Inc. ("Corwin"), licensed under the *Mortgage Brokers, Lenders and Administrators Act* as a mortgage brokerage, hereby provides its Commitment, as an agent for the Lender (defined in Schedule B), to fund a loan (the "Loan") to be secured by a mortgage (the "Mortgage") to be registered on title to the Lands ("Title"). The terms of the Commitment are as follows:

1.	**Municipal Addresses:**	650 Bay Street/55 Elm Street, Toronto, Ontario (the "Lands")
2.	**Loan Amount and Priority:**	$2,600,000.00 (the "Loan Amount"). First mortgage.
3.	**Interest Rate:**	9.25% per annum, interest only.
4.	**Term:**	1 year
5.	**Fees** (collectively the "Fees"):	
	i) Brokerage:	$39,000.00 to Corwin Mortgage Capital Inc. and/or its Lenders $39,000.00 to Matrex Financial Ltd.
	ii) Lender's Legal Fees:	To be paid by the Borrower
6.	**Prepayment Privilege:**	Fully open for repayment in full upon not less than 30 days written notice.
7.	**Repayment Notice:**	In the event the Borrower intends to repay the Loan upon maturity, the Borrower shall provide not less than 1 month's written notice of such intention.
8.	**Security:**	As described hereafter in paragraph 4 of Schedule 'B'.

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

9. **Deposit:** $5,000.00 by certified cheque payable to Garfinkle Biderman in Trust (the "Deposit").

10. **Closing Date:** April 17, 2015 (the "Closing Date").

Please signify your agreement to the Commitment by executing and dating a copy of page 3, Schedule 'A' and initialing and dating the remaining pages attached hereto as Schedule 'B', and returning same with the Deposit. This Commitment is voidable at the option of Corwin if not accepted in accordance with its terms by April 11, 2015. **Before acceptance of the Commitment you are strongly advised to obtain independent legal advice.**

Yours very truly,
CORWIN MORTGAGE CAPITAL (FSCO Licence No. 12380)

Per: Kyle Fenwick

Acceptance

Initial _____ date _____

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

ACCEPTANCE

The Borrower and Guarantor hereby accept the Commitment and confirms their agreement with all of the terms and conditions hereof, having either obtained legal advice independent of Corwin or having been satisfied that legal advice is not required.

Accepted at _____ this _____ day of _____, 2015.

2220277 Ontario Inc

_____
Per: Evan Karras
I have the authority to bind the Corporation

_____
Evan Karras

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

SCHEDULE 'A'

AUTHORIZATION, DIRECTION AND CONSENT

TO: **City of Toronto, Utility Suppliers, and any existing or future encumbrancers of the Lands as defined below**

AND TO: **Corwin Mortgage Capital Inc. and its solicitors**

FROM: **2220277 Ontario Inc. and Evan Karras**

RE: **2220277 Ontario Inc. 1st Mortgage to Corwin; 650 Bay Street/55 Elm Street, Toronto, Ontario, (the "Lands")**

We, 2220277 Ontario Inc and Evan Karras, the proposed mortgagor and guarantor, with respect to the above referenced transaction, hereby authorizes and directs that upon written request and from time to time you are to release to the intended and thereafter existing mortgagee of the Lands, Corwin Mortgage Capital Inc. and/or its solicitors, any and all records and information requested pertaining to the property and, in particular, accounts, building, zoning, fire, building permits, health issues or work orders and in case of a 1st mortgage loan a mortgage or loan statement for discharge or information purposes, an arrears statement and particulars of any default that has occurred or exists and particulars of any renewal, conversions or other changes made to the mortgage. This is your full and sufficient authority and direction to do so. You may rely on this authorization and direction and authorization as the consent of the undersigned for all purposes to release our personal information related in any manner to the Lands.

We also authorize and direct Corwin and/or its solicitors to release any information relating to the above-noted mortgage to any existing or future encumbrancers or creditors who have an interest in or whose claims bind the Lands.

DATED at _____, this _____ day of _____, 2015.

2220277 Ontario Inc

_____
Per: Evan Karras
I have the authority to bind the Corporation

_____
Evan Karras

Acceptance

Initial _____ date _____

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

SCHEDULE 'B'

1. **Lender:** The Lender for the Loan will be a syndicate of investors.

2. **Interest:** Calculated and payable monthly, interest only ("Interest") with no deemed reinvestment of monthly payments. Interest shall become due and payable the first of each month immediately following the Interest Adjustment Date as referred to hereunder and on the first of each month thereafter.

3. **Interest Adjustment Date:** The Interest Adjustment Date ("IAD") shall be the 1st of the month following the Closing Date as described hereunder.

4. **Security:**

   i) First mortgage to be registered on Title to the Lands;

   ii) Personal Guarantee from Evan Karras;

   iii) General Security Agreement ("GSA") from 2220277 Ontario Inc. providing a first fixed and floating charge over all assets of 2220277 Ontario Inc. as agreed to herein to be registered under the PPSA;

   iv) Corporate guarantees from 2220277 Ontario Inc. secured by a GSA providing a fixed and floating charge over the assets of 2220277 Ontario Inc. to be registered under the PPSA;

   v) Postponement of Claims by all shareholders of 2220277 Ontario Inc. and any other corporate owners of the Lands;

   vi) Assignment of Rents and Leases;

   vii) Assignment of insurance policies over the assets of the Borrower at the Lands with loss payable to Corwin;

   viii) Assignment of all material contracts and agreements pertaining to the Lands; and

   ix) Such other legal documents reasonably considered necessary by Corwin's solicitors, to support Corwin's security;

5. **Borrower Representations and Acknowledgements:**

The Borrower represents and warrants to Corwin that as of the date of acceptance of this Commitment by the Borrower and as of the Closing Date:

- The Borrower has the power, capacity and authority to enter into this Commitment and to perform and

complete the transaction contemplated herein, all of which have been duly authorized where required by all necessary corporate action, and that no consents are necessary for this transaction to be completed;

- The Borrower has not withheld any information of a material nature relating to the Lands or the Borrower;
- All financial information provided by the Borrower to the Lender, including without limitation financial information provided in respect of the values and other matters pertaining to the Lands.
- **The Lands and all activities conducted thereon comply with all environmental laws in the Province of Ontario. The Lands contain no hazardous substances, have not been previously subject to any remediation or clean-up of hazardous substances and there is no prior, existing or threatened investigation, action, proceedings, notice, order, fine, conviction, judgment or lien of any nature or kind against or affecting the Lands or the Borrower or the previous owners arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the Lands within the knowledge of the Borrower has been delivered to Corwin;**
- On closing the Borrower will be the registered owner and the sole beneficial owner of the Lands;
- The Lands and the building(s) thereon are used as a boutique hotel and commercial rental property;
- The current use of the Lands is legal in every respect, complying with all municipal, provincial, federal and regulatory laws, regulations and/or by-laws (governmental or otherwise).
- The subsequent mortgagees will postpone allowing a new first mortgage to be registered;

6. **Closing Requirements:**

The closing requirements have been satisfied and or waived. Corwin will be in a position to fund the loan on April 17, 2015.

7. **Termination of Commitment:**

In the event the Loan is not advanced and the Commitment is terminated the Deposit shall not be refundable to the Borrower and may be retained by Corwin as liquidated damages except in the event of Corwin's default. In addition to the foregoing, the Borrower shall be responsible for and pay the deficiency between the Fees and the Deposit to Corwin forthwith on demand which are deemed to be earned and payable by the Borrower upon acceptance by the Borrower hereof. The Borrower acknowledges that the Fees are a reasonable estimate of Corwin's costs incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that said Fees are earned irrespective of whether the Loan is advanced, save for Corwin's default.

No termination of this Commitment shall limit, restrict or otherwise affect in any way: (i) the obligations of the Borrower to pay to Corwin the Fees or any third party fees, costs and expenses of Corwin in connection with the Loan specified in this Commitment; and (ii) the right of Corwin in respect of any deposits paid to it, including its right to retain the Deposit and/or to apply the Deposit for third party fees, costs and expenses as set out herein.

It is understood that Corwin has entered into this Commitment based on representations made by the Borrower and, if at any time, there is or has been any material discrepancy or inaccuracy in any written or

oral information, statements, or representations heretofore or hereafter made or furnished to Corwin by or on behalf of the Borrower concerning the security or the Borrower financial condition and responsibility, then Corwin shall be entitled in its sole discretion to withdraw or cancel any obligation hereunder and decline to advance funds, and in addition to forfeiture of the Deposit, the Borrower shall be liable to pay all Fees as hereinbefore recited.

8. **Extension and Assignment of Commitment:**

In the event the Loan is not advanced by the Closing Date the Commitment may be terminated at the option of Corwin unless the Borrower pre-pays interest to Corwin for one month for each one-month extension or part thereof of the Closing Date together with all Fees.

Corwin may sell, transfer, assign or syndicate the Loan, or any interest therein, from time to time without notice to, or consent of, the Borrower. The Borrower acknowledges and agrees that the Loan may be sold, transferred assigned or syndicated without further notice to, or the consent of, the Borrower.

Corwin from time to time may release, disclose, exchange, share, transfer and assign, as it may determine in its sole discretion, all financial and other information and materials provided to or obtained by Corwin or its agents and representatives, without restriction and without notice to or the consent of the Borrower as follows:

i. to any subsequent or proposed purchaser of the Loan, including any subsequent lender and their respective third party advisors such as lawyers, accountants, consultants, appraisers and credit verification sources; and
ii. to any person in connection with the sale or assignment of the Loan.

The Borrower consents to the release, disclosure, exchange and sharing of all such information and materials and to any publicity or advertising that refers to the financing of the Lands.

The rights or obligations of the Borrower under or in respect of this Commitment or the Loan may not be assigned to or performed by any other party.

9. **Realty Taxes:**

The Charge may include a provision for the collection of property taxes by the Lender or anyone instructed by the Lender.

10. **Expenses:**

The Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by Corwin in connection with the preparation, negotiation and documentation of this Commitment and the security provided for herein and the operation or enforcement of this Commitment and the security provided for herein.

CORWIN MORTGAGE CAPITAL 8271 KEELE STREET, SUITE 26
CONCORD, ONTARIO, L4K 1Z1

11. **Title Insurance:**

At the Borrower expense, Corwin's solicitors will obtain a title insurance policy from title insurer with coverage satisfactory to Corwin's solicitors in their sole and absolute discretion.

12. **Insurance:**

The Borrower shall deliver evidence of fire and liability insurance, including any other coverage required by Corwin, showing the interest of Corwin or its investors as first mortgagee and loss payee. On closing, the insurance premium for 1 year from the date of closing shall be paid in full.

13. **Possession:**

In the event of default under the Mortgage by the Borrower, Corwin obtaining possession of the Lands and determining, in its sole discretion, that the Lands require work and improvements in order to market the Lands, then Corwin shall have the right, at its sole option, to complete such work on such terms as it deems advisable. The cost of completion of the servicing and work by Corwin and its agents and all expenses incidental thereto shall be added to the Loan Amount, together with a management fee of fifteen per cent (15%) of the costs of the work and improvements completed by Corwin. All costs and expenses, as well as said management fee, shall bear interest at the rate as herein provided for and shall form part of the Loan secured hereunder and Corwin shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of Mortgage principal and Interest hereunder or at law.

14. **Deliveries:**

Such financial and other information, statements and documents as Corwin and/or its solicitors may require in connection with the underwriting or closing of the Loan.

15. **Non-Merger:**

The provisions of this Commitment shall not merge with any security provided to the Lender, but shall continue in full force and effect for the benefit of the parties hereto.

16. **General Provisions and Independent Legal Advice:**

- Mortgage advance is to be payable to the registered owner of the Lands or encumbrancers of the Lands who are to be paid out from the Mortgage advance;
- Attorney pursuant to power of attorney cannot execute Mortgage document;
- Independent Legal Advice shall be required for any party guaranteeing the Mortgage, consenting to or guaranteeing the Mortgage or postponing their interest to Corwin's security unless waived by Corwin;
- Prior to advance of funds, all security and loan documentation is to be delivered to Corwin in form satisfactory to Corwin and its solicitors; and

- No quaternary financing unless otherwise agreed and approved by Corwin in writing.

17. **Lender's Legal Fees:**

The Lender's Legal Fees are for performance of the following legal services:

i. due diligence searches as required by the Lender and review of such searches;
ii. preparation of the mortgage and security documentation;
iii. placement of title insurance;
iv. registration of the mortgage and security documents as required; and
v. correspondence with the Borrower solicitors.

If any other work is required to be completed by the Lender's solicitors which is outside the scope of the foregoing, including but not limited to, (a) work completed as a result of the Borrower non-disclosure of existing encumbrances which relate to the security being provided under the mortgage, (b) negotiating the mortgage and security documentation in response to changes requested by Borrower, (c) revising the mortgage and security documentation to reflect changes requested by the Borrower and agreed to by the Lender, (d) investigating the Land's compliance with applicable laws and regulations, and (e) conducting the closing of the transaction, then in addition to the amount of the Lender's Legal Fees indicated on page 1 of the Commitment, the Lender's solicitors may charge, and the Borrower must pay on closing, the additional legal fees of the Lender's solicitors which will be charged at the Lender's solicitors' hourly rate.

Canada Revenue Agency | Agence du revenu du Canada

NOTICE OF ASSESSMENT

0002965
564

1

Date	Account Number	Employer name
May 31, 2017	84427 8853 RP0001	2220277 ONTARIO INC.

Since you were late in remitting your payment of $12,000.00, we have assessed a penalty for late remitting.

Please pay the amount shown as balance.

Q 371-376

IMPORTANT - SEE REVERSE

SUMMARY	
Previous balance	89,619.51 Dr
Amount assessed	0.00
Federal tax	0.00
Provincial tax	0.00
Canada Pension Plan	0.00
E.I.	0.00
Penalty	1,150.00 Dr
Interest	98.27 Dr
Payment	0.00
BALANCE	90,867.78 Dr

A balance of less than $2.00 is neither due nor refunded.

You must pay the amount owing immediately. Failure to do so may result in legal action being taken without further notice.

PD7D E (15)X

Bob Hamilton
Commissioner of Revenue

Retain this part for your records.

Canada Revenue Agency | Agence du revenu du Canada

2

If payment is made at your financial institution, detach and present parts 2 and 3. See reverse.

Account Number
84427 8853 RP0001

PD7D E(15)X

Detach here and return part 3 with your payment.

Canada Revenue Agency | Agence du revenu du Canada

3

SURREY BC V3T 5E1

SOURCE DEDUCTIONS ARREARS REMITTANCE VOUCHER
Pay online or at your financial institution

PD7D E(15)X
Protected B when completed

Account Number
04 84427 8853 RP0001

2220277 ONTARIO INC.
650 BAY ST
TORONTO ON M5G 1M8

Amount Paid

06220800040000008442788 53RP0001000000000009086778062208 1

⑆12204⑈117⑆ 96

Q 433-434

Additional

From: **Tristar** tristar@sympatico.ca
Subject: FW:
Date: December 11, 2014 at 9:56 PM
To: ekarras@rogers.com

SECOND EMAIL. PLEASE RESPOND UPON RECEIPT

From: Tristar [mailto:tristar@sympatico.ca]
Sent: December-10-14 4:11 PM
To: 'ekarras@rogers.com'
Subject: FW:

From: Vince Perricone [mailto:vperricone@graylaw.ca]
Sent: December-10-14 12:19 PM
To: tristar@sympatico.ca
Subject:

Ali attached is the revised Forbearance Agreement with Schedule A completed as instructed and the addition of paragraph 5(ix). I will prepare an acknowledgment that I need signed as well. if there are any other changes please let me know.

Vince Perricone
Gray & Associates
Barristers & Solicitors
111 Zenway Blvd., Unit 37
Woodbridge, Ontario
L4H 3H9
Tel: (905) 850-3110 Ext 222 or
(905) 264-1040 Ext. 222
Fax: (905) 264-7020

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Forebearance Agreement .pdf

FORBEARANCE AGREEMENT

THIS AGREEMENT made as of the day of December, 2014.

A M O N G S T :

2220277 ONTARIO INC.
a corporation incorporated under
the laws of the Province of Ontario

(the "Mortgagor")

- and -

ZAHERALI VISRAM,
an individual in the residing in
the City of Toronto, Province
of Ontario

(the "Mortgagee")

- and -

HUSH HOMES INC.
a corporation incorporated under
the laws of the Province of Ontario

(the "Hush")

- and -

MUSA SULEMAN
an individual residing in the City
of Mississauga, in the Province of Ontario

("Musa")

- and -

NAHEEL SULEMAN
an individual residing in the City
of Mississauga, in the Province of Ontario

(the "Naheel")

- and -

EVAK KARRAS
an individual residing in the City of
Toronto, in the Province of Ontario

(the "Evan")

WHEREAS Musa, Naheel and Hush are collectively referred to as the "Guarantors" and individually referred as a "Guarantor".

AND WHEREAS the Mortgagor, the Mortgagee and the Guarantors entered into a mortgage loan transaction pursuant to which the Mortgagee loaned the Mortgagor the principal sum of $1,200,000.00, and which loan was secured by a mortgage over the property municipally known as 55 Elm St., Toronto (the "Property"), registered as Instrument No. AT2960459 (the "Original Charge");

AND WHEREAS the Original Charge was amended pursuant to an Agreement Extending Charge/Mortgage of Land dated July 26, 2012 registered against the Property as Instrument No. AT3095262 on August 7, 2012 (the "First Amendment"). Pursuant to the First Amendment, the principal amount of the loan was increased to $1,900,000.00;

AND WHEREAS the Original Charge and the First Amendment were further amendment pursuant to an Agreement Extending Charge/Mortgage of Land dated September 28, 2012 registered against the Property as Instrument No. AT3141028 on October 1, 2012 (the "Second Amendment"). Pursuant to the Second Amendment, the principal amount of the loan was increased to $3,000,000.00;

AND WHEREAS the Original Charge, the First Amendment and the Second Amendment are collectively hereafter referred to as the "Charge".

AND WHEREAS the payment and performance of all of the debts, liabilities and obligations both present and future of the Mortgagor to the Mortgagee which may be outstanding from time to time under the Charge are also sometimes herein collectively called the "Obligations".

AND WHEREAS the Mortgagor is in default of the terms and conditions of the Agreement;

AND WHEREAS the Mortgagee has commenced enforcement proceedings under the Charge by this issuance of a Notice of Sale, a Notice of Intention to Enforce Security and a Statement of Claim being court file number CV-14-512551 (collectively the "Enforcement Proceedings").

AND WHEREAS the Mortgagor has asked the Mortgagee to forebear in taking any further steps pursuant to the Enforcement Proceedings on the terms and conditions contained herein;

AND WHEREAS, as at November 15, 2014, the Mortgagor is indebted to the Mortgagee in the amount of $4,116,620.00, on account of principal, interest and fees as particularized in Schedule "A" hereof;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by all parties hereto, the undersigned hereby covenant and agree with each other as follows:

1. **Mortgagor 's Acknowledgment**

The Mortgagor and the Guarantors hereby confirm, acknowledge and agree that all of the Charge is fully valid and enforceable by the Mortgagee and against each party thereto in accordance with its terms, that the Mortgagor is in default under the Charge and that the Mortgagee is entitled to exercise all of their rights and remedies thereunder. The Mortgagor and the Guarantors hereby further acknowledge and agree that, the Mortgagee has provided reasonable notice to the Mortgagor and the Guarantors in respect of the exercise of all such rights and remedies, that the demands are valid and effective and that no further notice(s) shall be required prior to such exercise at any time in the future. To the extent permitted by law, the Mortgagor and Guarantors hereby waives any and all defenses and claims against the Mortgagee in connection with the exercise of the said rights and remedies by or on behalf of the Mortgagee.

2. **Mortgagor 's Representations**

The Mortgagor hereby represents and warrants to the Mortgagee, specifically acknowledging that the Mortgagee is relying upon all of such representations and warranties in entering into this Agreement, as follows:

i. the recitals to this Agreement are true and accurate in all respects and fully and completely disclose all material information with respect to their subject matter;

ii. the Mortgagor is not aware of any fact, event, circumstance or condition relating to the Mortgagor that may cause the Mortgagee, as a reasonable and prudent lender, not to enter into or accept any of the covenants, agreements, undertakings or conditions provided for in this Agreement;

iii. all corporate action necessary for the authorization, execution, delivery and performance of this Agreement by the Borrower and the Guarantors, as applicable, has been duly authorized and taken; and

iv. this Agreement, when duly executed and delivered by the parties hereto

will constitute a legal, valid and binding obligation, enforceable against the Mortgagor in accordance with its terms.

3.3. Forbearance

Except as otherwise specifically provided herein, the Mortgagee hereby covenants and agrees to refrain, during the Forbearance Period from further enforcing its rights and remedies whether under the Charge or otherwise. In this Forbearance Agreement, "Forbearance Period" shall mean the period commencing upon the execution and deliver of this Agreement and any collateral documents requested by the Mortgagee and ending, subject to the provisions of this Section 3, upon the earlier of the close of business on March 15, 2015, and the termination of the Forbearance Period by the Mortgagee in accordance with this Agreement. Upon and after the expiration or termination of the Forbearance Period, the Mortgagee shall have no obligations whatsoever pursuant to this Agreement but in all other respects this Agreement and all of the obligations of the debtors hereunder shall survive and continue in full force and effect.

4. No Waiver

None of the covenants and agreements of the Mortgagor in this Agreement, nor the performance thereof at any time, shall constitute, or be deemed or implied to be, a waiver by the Mortgagee of any default, either hereunder or under the Charge, that has occurred to the date hereof or any other subsequent or similar default.

5. Mortgagor 's Specific Covenants

The Mortgagor covenants and agrees with the Mortgagee, and acknowledges that the Mortgagee is relying upon all of such covenants and agreements in entering into this Agreement, which covenants shall be separate and cumulative and in addition to all other covenants in this Agreement, that:

(i) the Mortgagor executing this Forbearance Agreement;
(ii) the Mortgagor's realty taxes on the Property are up to date as of the date hereof, and shall all time be paid to date and in good standing;
(iii) the Mortgagor must make a payment to the Mortgagee in the amount of $20,000.00 on January 15, 2015, which payment shall be applied to accrued and outstanding interest. The Mortgagor shall deliver a post-dated cheque for same at the time of execution of the within Agreement;
(iv) the Mortgagor must make a payment to the Mortgagee in the amount of $20,000.00 on February 15, 2015, which payment shall be applied to accrued and outstanding interest. The Mortgagor shall deliver a post-dated cheque for same at the time of execution of the within Agreement;
(v) interest shall continue to accrue under the charge at the rate of Fifteen (15%) percent per annum, calculated monthly;
(vii) the balance of the Obligations shall be paid in full on March 15, 2015; and
(viii) The Mortgagor shall pay to the Mortgagee a forbearance fee in the amount

of $123,450.00, plus disbursements and HST.

(ix) in the event that the Mortgagor does not fully discharge the Charge on March 15, 2015, the Mortgagor shall pay to the Mortgagee a further bonus of $100,000.00.

6. Mortgagor 's General Covenants

Subject to the terms of this Agreement, the Mortgagor hereby further covenants and agrees with the Mortgagor , and acknowledges that the Mortgagor are relying upon all of such covenants and agreements in entering into this Agreement, which covenants shall be separate and cumulative and in addition to all other covenants in this Agreement, that at all times from and after the date hereof and until the payment and performance of all of the Obligations in full, the Mortgagor and the Guarantor shall ensure and guarantee that the Mortgagor shall:

(1) not permit any loan, facility, guarantee, letter of credit, advance or other financing or amount provided by the Mortgagor to or on behalf of the Mortgagor or any of them, whether prior to, on or after the date hereof, from being paid or issued to or on behalf of or used by any person or entity other than the Mortgagor;

(2) not provide any financial assistance or make any payment or transfer any asset to any person not at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the Mortgagor;

(3) pay or cause to be paid to the Mortgagee when due any and all amounts required by this Agreement or by the Charge to be paid to the Mortgagee;

(4) pay or cause to be paid, and shall indemnify and save the Mortgagee harmless against, all reasonable fees, costs and expenses (including legal fees on a solicitor and client basis) incurred with respect to: the monitoring of the Mortgagor by the Mortgagee and its agents, including, without limitation, from the date hereof; advice to the Mortgagee in respect of the Charge and the Obligations and in the preparation and execution of, and any amendment to, the Charge and all other documentation required hereunder or under the Charge, and any financing statements, financing change statements and notices of security interest filed with respect thereto; the exercising of any or all of the rights, remedies and powers of the Mortgagee under this Agreement, the Charge or any security; the taking, recovering or possessing of any or all of the assets of the Mortgagor or Guarantors, and of any other proceedings taken for the purpose of enforcing the remedies provided herein or therein or by reason of non-payment of the Obligations, including without limitation the appointment of an agent, a receiver, a manager and/or a receiver and manager (whether by court order or private appointment); and all other reasonable fees, costs, expenses and interest obligations constituting the Obligations, as they accrue; and all of the foregoing amounts shall bear interest at an annual rate equal to the highest rate borne by any of the Obligations shall be payable on demand;

(5) maintain and preserve all of its property, assets and undertaking in good condition and repair, and maintain in good standing all of its insurance policies as required by the Mortgagor under the Charge or any security and otherwise from time to time;

(6) refrain from making any out of the ordinary course of business purchases or payments, or declaring any dividends, granting any bonuses or salary increases, or making any capital expenditures, or selling, transferring, releasing, settling, assigning, transferring or moving any of its property or assets except with the Mortgagee's prior written consent.

(7) perform all of its obligations under any and all leases, licences and other agreements to which it is a party in order to preserve and protect its assets and the income therefrom and will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice so as to preserve and protect the earnings, income, rents, issues and profits thereof;

(8) not, without first obtaining the written consent of the Mortgagee, consolidate, amalgamate or merge with any other corporation or acquire the shares of any corporation, firm or partnership or acquire the assets of any corporation, firm or partnership, nor shall it invest in, lend money to, guarantee or assume the indebtedness of any person, firm or corporation; it shall not enter into any transaction whereby all or a substantial part of its undertaking, property and assets become the property of any other person, firm or corporation; it shall not, without the prior written consent of the Mortgagee, increase, reduce, change, classify or reclassify its authorized or issued capital or issue any additional shares thereof; and it shall not without the prior written consent of the Mortgagee, purchase, redeem, acquire or retire any of its shares;

(10) keep current at all times, all remittances required to be made by it for taxes owed to federal, provincial and municipal governments, including, without limitation, monies owed in respect of source deductions for contributions pursuant to the Canada Pension Plan, *Unemployment Insurance Act* (Canada) and *Income Tax Act* (Canada), and in respect of goods and services tax and retail sales tax, and the Mortgagor shall upon request provide evidence of such payments satisfactory to the Mortgagee; and

(11) in all other respects comply with each of the provisions of the Charge and any other security.

7. **Default**

The Mortgagor shall be deemed to be in default hereunder ("Default") if:

(a) any representation or warranty of the Mortgagor or any of the parties in this Agreement is at the date hereof, or shall at any time after the date hereof, become untrue, in accurate or incomplete in any respect;

(b) the Mortgagor breaches or defaults in performing, complying with or fulfilling any covenant, agreement, undertaking, condition or obligation in Section 5;

(c) the Mortgagor breaches or defaults in performing, complying with or fulfilling any covenant, agreement, undertaking, condition or obligation in, under or pursuant to this Agreement other than the covenants stated in Section 5;

(d) there occurs at any time default under any one or more of the terms, conditions or provisions of the Charge or any other security document;

(e) any condition, step, act or thing required to be completed, performed, fulfilled, executed or delivered by the Mortgagor under this Agreement shall not be so completed, performed, fulfilled, executed or delivered as, when and in the form required by the Mortgagee or stipulated hereunder; or

(f) there occurs at any time default in the payment or performance of any of the Mortgagor's obligations as and when they fall due.

(g) if the Mortgagor, other than as provided hereunder, or without the consent of the Mortgagee, applies for, consents to, or acquiesces in, the appointment of a trustee, receive or other custodian.

8. The Mortgagee shall notify the Mortgagor, in writing, in the event the Mortgagor commits a Default (the "Default Notice") pursuant to Section 7(c) and 7(d) of this Agreement (these particular Defaults are referred to herein as the "Curable Default(s)" while all non Curable Defaults are described herein as the "Final Default(s)". The Mortgagee shall have five business days from the date upon which it receives the Default Notice to cure the noted Curable Default, satisfactory to the Mortgagee acting reasonably. In the event that the Mortgagor does not cure the noted Curable Default within five business days, or in the event the Mortgagor commits a Final Default, the Mortgagor acknowledges that the Mortgagee is authorized to utilize any remedy available to the Mortgagee, including consenting to judgement pursuant to the Enforcement Proceedings and the moving for the appointment of a receiver. The Mortgagee

reserves the right to immediately utilize any remedy available to the Mortgagee in the event the Mortgagor commits a Default pursuant to Section 8(b) without notice to the Borrower.

9. Termination of Forbearance Period

Subject to subsection 8, in the sole absolute discretion of the Mortgagee, upon the occurrence of any Default at any time during the Forbearance Period, or upon the expiration of the Forbearance Period:

(a) all of the Obligations, including without limitation all other amounts payable hereunder including any amounts incurred or arising in respect of the Charge, shall become immediately due and payable without further notice, presentment, demand or request;

(b) any or all of the rights and remedies available to Mortgagee under this Agreement and the Charge may be immediately exercised; and;

(c) the Mortgagor shall forthwith perform and make payment in full of all of its obligations under this Agreement together with its obligations under the Charge, which remain outstanding at that time, including without limitation all of the Obligations, together with accrued and accruing interest thereon and costs and expenses related thereto, without any further notice, presentment, demand or request for payment. Failing which the Mortgagor hereby consents to the immediate enforcement by the Mortgagee of all the security granted under the Charge any other security document, the appointment of a trustee in bankruptcy, the appointment of an agent, a receiver, a manager and/or a receiver and manager, as the Mortgagee may see fit in its sole absolute discretion.

Provided that no forbearance on the part of the Mortgagee with respect to any occurrence of any Default herein specified will constitute or be deemed or implied to be a waiver by the Mortgagee of such default or any other, subsequent or similar default.

10. Release

The Mortgagor and the Guarantor hereby release and discharge the Mortgagee and its directors, officers, employees and agents, from and against all claims and demands that they may have against the Mortgagee arising to the date hereof out of any action or omission of the Mortgagee or for any other reason whatsoever.

11. General

(a) Schedules

The following schedules are hereby incorporated into and form part of this Agreement:

Schedule "A" – Indebtedness

(b) Other Agreements

In the event of an inconsistency between the provisions of this Agreement and the provisions of the Charge, the provisions of this Agreement shall govern and prevail.

(c) Waiver

Any breach by any of the Mortgagor of any of the provisions contained in this Agreement, the Charge or any default by such Mortgagor in the observance or performance of any covenant or condition required to be observed or performed by such Mortgagor hereunder or thereunder, may only be waived by the Mortgagee in writing, provided that no such waiver by the Mortgagee will extend to or be taken in any manner to affect any subsequent, other or similar breach or default or the rights resulting therefrom.

(d) Rights Cumulative

All rights and remedies of the Mortgagee set out in this Agreement, the Commitment or the Charge still be cumulative and no such right or remedy contained herein or therein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or therein. The taking of a judgment or judgments with respect to any of the Obligations will not operate as a merger of any of the covenants or representations contained in this Agreement the Commitment or any Security.

(e) Power of Attorney

The Mortgagor hereby irrevocably appoints the Mortgagee and any person designated by the Mortgagee to sign, execute or do any acts, deeds, documents, mortgages, transfers, demands, assignments, consents or assurances that such Mortgagor is obliged to sign, execute or do hereunder or under the Charge and to commence, continue or defend any proceedings authorized to be taken hereunder or thereunder and generally to use the name of such Mortgagor in the exercise of all or any of the powers hereby or thereby conferred on the Mortgagee.

(f) Further Assurances

The Mortgagor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, documents,

instruments, mortgages, transfers, demands, assignments, consents and assurances as the Mortgagee may reasonably require for the purpose of accomplishing and effecting the intention of this Agreement, the Commitment, the Charge and the perfecting of all security interests granted by the Charge.

(g) Powers of Attorney

The Mortgagor hereby irrevocably appoints the Mortgagee and any person designated by the Mortgagee to sign, execute or do any acts, deeds, documents, mortgages, transfers, demands, assignments, consents or assurances that such Mortgagor is obliged to sign, execute or do hereunder or under the Charge and to commence, continue or defend any proceedings authorized to be taken hereunder or thereunder and generally to use the name of such Mortgagor in the exercise of all or any of the powers hereby or thereby conferred on the Mortgagee ..

(h) Notice

Any demand, notice or other communication from the Mortgagee to any of the Mortgagor in connection with this Agreement will be deemed to be made, given and received:

(i) if mailed by prepaid registered mail addressed to such Mortgagor at the address for notice set forth on the signature page hereof, on the day following the day on which it was mailed, during a period of uninterrupted mail service, whether or not the same be returned undelivered; or

(ii) if delivered to such Mortgagor at, or sent by prepaid courier service to the address for notice set forth on the signature page hereof, or personally served upon any director, officer, servant, employee or partner of such Mortgagor , if applicable, at the time of such delivery or service, or

(iii) if sent prepaid by telecopier, telefax or other similar means of electronic communication, to the number set forth on the signature page hereof or where such Mortgagor has the facilities to receive such communication, provided that a copy thereof is sent on the same day by prepaid mail, at the time of such sending.

(i) Binding Effect and Assignments

This Agreement shall be binding on the Mortgagor and its successors upon the execution hereof by such Mortgagor, notwithstanding that any other party or parties hereto have not executed this Agreement, and shall enure to the benefit of

the Mortgagor and its successors and assigns. The Mortgagor shall not assign any rights or obligations hereunder without the Mortgagee's prior written consent. The Mortgagee may in their absolute discretion assign any and all of its rights and/or obligations under this Agreement and may transfer the Charge to any corporation or other entity.

(j) Severability

If any provision hereof is held to be illegal, invalid or unenforceable in any jurisdiction, such provision shall be deemed to be severed from the remainder of this Agreement with respect only to such jurisdiction and the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

(k) Interpretation

All grammatical changes in gender, tense and number required to give meaning to any provision herein shall be deemed to be made. References to "this Agreement", "hereof", "herein", "hereto" and like references are to this Agreement and not to any particular article, section or other subdivision of this Agreement. The insertion of headings in this Agreement is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise specified herein, all statements of or reference to dollar amounts in this Agreement will mean lawful money of Canada.

(l) Governing Law

This Agreement and all documents delivered pursuant hereto shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Mortgagor hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of Ontario.

(m) Time

Time will in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder will operate as a waiver or implied waiver of this provision.

(n) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall constitute an original and binding agreement as and when so executed.

(o) Receipt of Copy

The Mortgagor hereby acknowledges having received a signed copy of this Agreement..

IN WITNESS WHEREOF the parties have executed this Agreement on the date \ first above written.

2220277 ONTARIO INC.
per:

_____
Name: Evan Karras
Title: Authorized Signing Officer
" I have authority to bind the Corporation."

_____
Witness:

_____
Evan Karras - Guarantor

HUSH HOMES INC.
Per:

_____
Name: Naheel Suleman
Title: President
" I have authority to bind the Corporation."

_____
Witness:

_____
Naheel Suleman - Guarantor

_____
Witness:

_____
Musa Suleman - Guarantor

SCHEDULE "A"

Principal Charge Amount Outstanding	$3,000,000.00
Accrued and outstanding interest	$1,057,370.00
Outstanding fees to mortgagee	$59,250.00
Forbearance Fee	$123,450.00
Legal Fees	$6,078.00
TOTAL	**$4,246,148.00**

Q508-5519

HUSH

July 5, 2017

Alliance Venture Partners
650 Bay Street
Toronto, ON M5G 1M8

Attention: Evan Karras

Dear Mr. Karras:

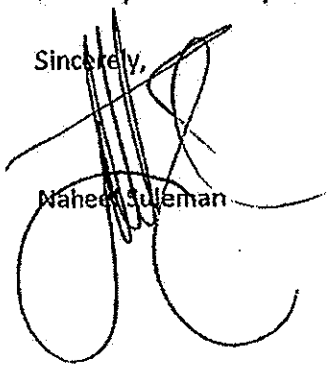
Subject: CVC Ardellini Collateral Charge on 650 Bay Street

This letter is to confirm that a temporary collateral charge was offered to CVC Ardellini for their mortgage loan to 2142301 Ontario Inc. against the property at 650 Bay Street/55 Elm Street. The collateral charge was to be in place for the interim period until consent was received from the Region of Peel and the City of Mississauga allowing the CVC Ardellini charge to be registered on the property. This was expected to take approximately 10 days.

The consents were received from the Region of Peel on September 27, 2013 and from the City of Mississauga on October 3, 2013. As per the agreement, the collateral charge at 650 Bay Street/55 Elm Street should have been removed after the second mortgage charge was registered against the Silverthorn lands.

Should you have any further questions, please do not hesitate to contact me at 416-993-3037.

Sincerely,



Naheed Suleman

CONSENT TO REGISTRATION OF CHARGE

I, Mary Christine Rae, Senior Legal Counsel for The Regional Municipality of Peel hereby consent to the registration of:

1. A Charge from 2142301 ONTARIO INC. in favour of CVC ARDELLINI INVESTMENTS INC. in the amount of $2,500,000.00;

with respect to:

PIN 13213-4268 (LT) to PIN 13213-4275 being Lots 4 to 10, Plan 43M-1843, all inclusive; and
PIN 13213-4279 (LT) being Block 14, Plan 43M-1843, City of Mississauga

Subject to the continuation of the Restriction on Transfer or Charge registered as Instrument Number PR1879563.

This consent is conditional upon Law Statement 3755 being appropriately completed and signed as part of the Charge to which this consent relates, such that the Restriction registered on title as Instrument Number PR1879563 will continue to bind the title following the registration of the said Charge. Failure to include Law Statement 3755 in the Charge will render this consent null and void. Any amendments, modifications or alterations to this document shall invalidate this consent.

This consent is not valid for any further or subsequent registrations.

Dated at Brampton, this 27th day of September, 2013.

M. Mary C. Rae

Mary Christine Rae
Senior Legal Counsel

I have authority to bind the Regional Corporation
Pursuant to By-law 39-2001, as amended

Document Execution No. Le3- 20728
I/We have Authority to Bind the Regional Corporation

File: 21601

Ontario

Document General

Form 4 — Land Registration Reform Act

D

FOR OFFICE USE ONLY

(1) Registry ☐ Land Titles: ☐ (2) Page 1 of pages

(3) Property Identifier(s) Block Property 13213-4269 LT & 13213-4275 LT & 13213-4279 LT Additional: See Schedule ☐

(4) Nature of Document: Consent to Enlarge (s. 118 of the Act)

(5) Consideration Nil Dollars $

(6) Description Lots 4 to 10, and Block 14, Plan 43M-1843

New Property Identifiers Additional: See Schedule ☐

City of Mississauga
Regional Municipality of Peel
Land Title Division of Peel (No. 43)

Executions Additional: See Schedule ☐

(7) This Document Contains: (a) Redescription New Easement Plan/Sketch ☐ (b) Schedule for: Description ☐ Additional Parties ☐ Other ☐

(8) This Document provides as follows:

I, Edward Sajecki , the Commissioner of the Planning and Building Department for The Corporation of the City of Mississauga; having an interest in the lands referenced in Box (6) hereof by virtue of Restrictions registered under Instrument No. PR2027980 on June 29, 2011, hereby consent to the registration of the Charge of the lands referenced in Box (6) hereof from 2142301 Ontario Inc. in favour of CVC Ardellini Investments Inc. and this shall be your good and sufficient authority, pursuant to the *Land Registration Reform Act*, R.S.O. 1990, c.L.4 as amended, and the requirement for electronic registration of this Consent, to electronically complete Statement 3726 of the required Charge by the Corporation of the City of Mississauga indicating that Chargee has consented to the registration of the Charge subject to the continuance of registration of Instrument No: PR2027980 registered on June 29, 2011and to electronically complete Statement 3755 by indicating a Solicitor's Statement by the Chargor's Solicitors confirming that the required Consent of the City was obtained to such Charge.

This consent is conditional upon the required Law Statements being appropriately completed and signed as part of the Charge to which this consent relates, such that the Restriction registered on title as Instrument No. PR2027980 will continue to bind the title following the registration of the said Charge. **FAILURE TO INCLUDE REQUIRED LAW STATEMENTS IN THE CHARGE WILL RENDER THIS CONSENT NULL AND VOID.** Any amendments, modifications or alterations to this document invalidates this certificate Continued on Schedule ☐

(9) This Document relates to Instrument number(s) ~~PR2027980~~

(10) Party(ies) (Set out Status or Interest)

Name(s)	Signature(s)	Date of Signature Y	M	D
Edward Sajecki, Commissioner Planning and Building Department, for The Corporation of the City of Mississauga I have the authority to bind the Corporation.		2013	05	27

(11) Address for Service 300 City Centre Drive, Mississauga, Ontario L5B 3C1

(12) Party(ies) (Set out Status or Interest)

Name(s)	Signature(s)	Date of Signature Y	M	D

(13) Address for Service

(14) Municipal Address of Property

(15) Document Prepared by:

Carmen Gucciardi
Development Services
City of Mississauga
300 City Centre Drive
Mississauga, ON L5B 3C1

FOR OFFICE USE ONLY

Fees and Tax	
Registration Fee	
Total	

Planning and Building Department

City of Mississauga
300 City Centre Drive
MISSISSAUGA ON L5B 3C1

www.mississauga.ca

MISSISSAUGA

Leading today for tomorrow

October 3, 2013

Charles Stobie
Keyser Mason Ball LLP
Barristers and Solicitors
Suite 1600, Four Robert Speck Parkway
Mississauga, ON L4Z 1S1

RE: Lots 4 to 19 and Block 14, Plan 43M-1843
2142301 Ontario Inc.
Consent to Charge

Please note that the enclosed Consent is being provided in escrow pending receipt of confirmation that the restrictions registered on title pursuant to section 118 of the *Land Title Act* shall continue to bind the title and any party with an interest in title following the registration of said Charge.

THE FAILURE TO INCLUDE LAW STATEMENT 3726 IN THE SAID CHARGE SHALL AUTOMATICALLY RENDER THE ENCLOSED CONSENT NULL AND VOID.

Please fax a copy of the registered Charge immediately following its registration (905-615-4243).

Should you have any questions or require clarification, please do not hesitate to contact me at 905-615-3200 ext. 5523.

Yours truly,

Melissa Bruno
Development Services Analyst
Development Services

Encl.

Comments:
DRL
JULY 14/16

583

Am-Stat Corporation

121 King Street West, Suite 2150
Toronto, Ontario M5H 3T9
(Licenced by Brokerage License No. 10066 and Administrator Licence No. 11254
under the Mortgage Brokerages, Lenders and Administrators Act, 2006)

Q 548 - 549

July 13, 2016

650 Bay Limited Partnership

Attention: Gerald Lee and Evan Karras

Dear Sirs:

Re: Am-Stat Corporation (the "Lender") $5,500,000.00 loan to 650 Bay Limited Partnership – 1st Mortgage on 57, 59 and 61 Elm Street, Toronto, Ontario and Collateral Mortgage on 650 Bay Street, Toronto, Ontario (being all of PIN's 21199-0067 (LT), 21199-0068 (LT), 21199-0069 (LT) and 21199-0070 (LT)) (the "Property")

We are informed that the structure presently being put in place for the properties and ownership is the following:

A. Title to the properties (collectively the "Property") will be transferred by the current registered owners as follows:

~~a. 650 Bay Street – transferee is 650 Bay Street Holding Co. Inc.;~~
b. 57 Elm Street – transferee is 57 Elm ~~Street Holding Co.~~ Inc.;
c. 59 Elm Street – transferee is 59 Elm ~~Street Holding Co.~~ Inc.;
d. 61 Elm Street – transferee is 61 Elm ~~Street Holding Co.~~ Inc.

HOLDCO

Each transferee will hold title as nominee or trustee for 650 Bay Limited Partnership.

B. The partners of the Limited Partners are as follows:
   a. The General Partner is 650 Bay GP Inc.;

   b. The Limited Partners are:
      i. 650 Bay Lalu LP Holdings Inc., as to a 65% Limited Partnership interest; and
      ii. 2220277 Ontario Inc., as to the remaining 35% Limited Partnership interest. or such other nominee of 2220277 Ontario Inc.

The "principal" of 650 Bay Lalu LP Holdings Inc. is Lalu Canada Inc. and/or ~~Gerald Lee~~.

TONGFAN JIANG AND HZC CAPITAL INC.

The Limited Partnership Interests represented as above are as at the time immediately following the acquisition [illegible] Street by the Partnership

issuable as of such date

The "principal" of 2220227 Ontario Inc. is Evan Karras.

C. Prior to funding of the loan transaction, all aspects of the foregoing title transfers and execution of the Limited Partnership Agreement, including issuance of the unit certificates to the Limited Partners, will have been completed.

Based upon the foregoing information, Am-Stat Corporation will provide mortgage loan financing as hereafter set forth.

1. **Borrower**

650 Bay Limited Partnership (hereinbefore and hereinafter referred to as the "Borrower").

2. **Additional Covenantor/Security**

Limited Guarantee of Evan Karras in the sum of $500,000.00.

3. **Purpose of Loan**

To provide the Borrower with financing to enable it to buy out the current ownership interest of Corry Rubinoff and/or his corporate owner participants (8517878 Canada Inc., 2414914 Ontario Limited and Rubinoff Health Facility Inc.) in the Property.

4. **Loan Particulars**

a) Loan Amount: $5,500,000.00

b) Interest Rate: Ten (10%) per annum, calculated and compounded monthly

c) Term: Twelve (12) months from the Interest Adjustment Date

d) Interest Adjustment Date: 1 August 2016

e) Funding Date: on or before July 26, 2016. FUNDING DATE MUST BE NOT LATER THAN JULY 21/16 OR SUCH LATER DATE AS REQUESTED BY BORROWER

f) Payments: Interest only monthly commencing on the Interest Adjustment Date, ~~and~~ on the Funding Date

g) Disbursement: Funds to be advanced on ~~or before July 26, 2016~~. Interest for the first six (6) months of the term to be prepaid to the Lender and deducted from the advance. The Lender's Loan Fees are to be paid and deducted from the advance. NOT LATER THAN ____, 2016

All reasonable legal, appraisal, inspection, consultant fees and costs incurred with respect to the loan will be the sole responsibility of the Borrower and will be paid from and deducted from the advance, provided that any expenses or fees to be charged to the Borrower in excess of $2,500 must be pre-approved by the Borrower in writing. Lawyer's or related expenses or fees,

h) Prepayment Privilege: The Loan shall be closed for the first six (6) months of the term and for the balance of the term will be open for prepayment at any time or times upon payment of a bonus equal to one (1) month's interest.

i) Fees and Costs: The Borrower shall be responsible for all reasonable costs of the Lender in connection with this Loan including any legal, title insurance, appraisal, underwriting and other consultant costs attributable or incidental to the Loan, which costs may be deducted by the Lender for advance. SAME AS UNDER 4(g) PAGE

j) Retainer: In addition to the non-refundable $5,000.00 application fee heretofore paid to Meretsky Law Firm, the Borrower shall provide a $20,000.00 non-refundable retainer to the Lender's Solicitor, Meretsky Law Firm, which is deemed earned upon acceptance of this commitment by the Borrower.

k) Broker Fee: The Borrower shall pay a broker/loan fee or commission equal to Three and One-Half (3.5%) percent of the Loan Amount upon advance of the Loan or any portion thereof which shall be deducted from the monies advanced hereunder and is in all respects due on such advance. From the Broker Fee, Am-Stat Corporation will pay to Alex Evaniuk, or as directed by him, his share of such fee (being one and one-half (1.5%) percent of the Loan Amount), upon advance of the Loan.

When the Retainer Fee is deducted from the Advance, the Retainer Fee of $20,000.00 paid upon acceptance by the Borrower of the Commitment, shall be credited to the Borrower as a payment made on account, regarding the Broker Fee

l) Administration Fees – The Borrower shall pay to the Lender a Fee of $250.00 plus taxes for each of the following events:

i. Late Payment;
ii. Cheque dishonoured for any reason;
iii. Failure to provide proof of payment of realty taxes;
iv. Failure to provide proof of insurance coverage on an annual basis;
v. Failure to provide post-dated cheques;
vi. Failure to notify Chargee of registration of a construction lien;
vii. Request for mortgage statement;
viii. Request for discharge statement;
ix. Default under prior encumbrances.

Such Administration Fee, if not paid within five (5) days of demand for payment, shall constitute an Event of Default under the Charge and will be added to the principal amount outstanding on the Loan.

m) Document Fees: The Borrower shall pay the sum of $350.00 plus taxes per document requiring the consent of the Lender plus reasonable solicitor fees, disbursements and taxes for review of documents requiring Lender's consent.

Guarantor(s) Initials: _____ Borrower(s) Initials: _____

n) Discharge Fee: The Borrower shall pay to the Lender's Solicitor the sum of $500.00 plus disbursements and HST for preparation and execution by the Lender of discharge document required by the Borrower upon full repayment of the Loan.

5. **Security**

As security for the Loan, the following documents (the "Security" or "Security Documents") shall be delivered to the Lender prior to any advance of funds which shall be in a form and substance satisfactory to the Lender and the Lender's Solicitors:

a) A Charge (to be in the Lender's standard form) of the Property securing the Loan Amount and incorporating the terms and provisions of the Lender's Standard Charge Terms which Charge shall constitute a first Charge on title to the 57, 59 and 61 Elm Street properties and a separate collateral Charge on the 650 Bay Street property where prior encumbrances must be in good standing and not in the aggregate exceed the principal amount of Eight Million ($8,000,000.00) Dollars; LEVAN MUST CONFIRM

b) Guarantee and Postponement of Claim limited to the sum of Five Hundred Thousand ($500,000.00) Dollars from Evan Karras; THIS IN AMMENDMENT

c) Postponement of all loans by all limited partners of the Limited Partnership;

d) General Security Agreement granting a charge over all assets owned by the Borrower registered in first position under the *Personal Property Security Act* ("PPSA");

e) General Assignment of all leases, rents, income, license or occupancy fees arising from or in connection with the Property, being first ranking as regards 57, 59 and 61 Elm Street ~~and second ranking with respect to 650 Bay Street~~; CANNOT CONFIRM THIS WILL BE SECOND RANKING

f) Environmental Indemnity;

g) Title insurance policy, if required, acceptable to the Lender's Solicitors;

h) Solicitor's corporate opinion for each of the corporations holding title to the Property, for the General Partner of the Limited Partnership ~~and Corporate Guarantors~~ in the form required by the Lender's Solicitors, acting reasonably; NONE

i) The certificate/acknowledgment of the Limited Partnership confirming that each title holder has the right and authority to execute the loan documentation, complete the transaction and bind the Limited Partnership thereto;

j) An unconditional Bank of Montreal or Bank of China (Canada) Letter of Credit in favour of the Lender in the amount of One Million Two Hundred Fifty Thousand ($1,250,000.00) Dollars to collaterally secure the first charge on the three Elm Street Properties; having terms approved by the Lender;

k) Such other and further security and documentation as may be required by the Lender or Lender's Solicitors, acting reasonably.

6. **Funding Conditions**

The Lender shall not be obliged to make any advance under the Loan unless and until the terms and conditions of this Letter of Commitment including, without limitation, the following Funding Conditions, have been fully complied with by the Borrower:

i) All Security to be in place in form and content satisfactory to the Lender and Lender's Solicitors, acting reasonably;

ii) The state of registered title shall be satisfactory to the Lender and Lender's Solicitors;

iii) Receipt of a certified true copy of an executed agreement of purchase and sale and all amendments thereto and the closing Statement of Adjustments for ~~the buy out of Corry Rubinoff and/or his companies' interest in the Property;~~ the purchase of 57, 59 and 61 Elm between the Holdco's and KarrasCo.

EVAN MUST DISCLOSE THIS DEAL

iv) Receipt of a certified copy of the Limited Partnership Agreement, Articles of Incorporation of the General Partner, corporate resolution of General Partner regarding signing authority, copies of Limited Partner Certificates issued to Limited Partners;

v) Delivery of a current-dated survey of the Property, to the extent currently existing.

vi) Delivery of copies of Phase 1 Site Assessment Reports for each of the four (4) properties satisfactory to the Lender with a reliance letter to confirm the Reports may be relied on by the Lender. The Lender reserves the right, in its sole discretion, to require a "Phase II" environmental assessment of 650 Bay Street and 57, 59 and 61 Elm Street prepared in accordance with CSA Standard Z-769-00 (or more current CSA Standards required by the Lender from time to time), or such other environmental investigation reports of the Property, in each case at the Borrower's expense but with a maximum cost to the Borrower of $5,000~~,000~~.00 and any additional cost with respect thereto to be paid by the Lender;

DISCUSS THIS MAY HOLD UP CLOSING

vii) Evidence that the Property is in compliance with all laws, regulations, by-laws and other regulatory requirements and that realty taxes are paid current and up-to-date;

viii) Evidence of insurance for the Property satisfactory to the Lender with the Lender's interest duly endorsed;

ix) Delivery of the following satisfactory to the Lender:

(a) Complete copies of all existing non-residential leases, together with all related renewals, amendments, assignments or other agreements;

EVAN TO PROVIDE

(b) Detailed income and expense statements for the 650 Bay Street property, including the hotel operation thereat, for 2015 and 2016 projected income and expense statement for the 650 Bay Street property;

(c) Copy of the property management and/or hotel operating agreement for 650 Bay Street property;

(d) Copy of the 2016 municipal realty tax bills for the four parcels that comprise the Property;

LEVAN TO PROVIDE

(e) the executed Limited Partnership Agreement for 650 Bay Limited Partnership.

x) Evidence to confirm that the four (4) corporations to respectively receive the Transfers of title on Closing (as nominee or trustee holder of title for 650 Bay Limited Partnership) are valid corporate entities with full power and authority to enter into the transaction contemplated by this Letter of Commitment and to execute and deliver the Security Documents respectively required from each.

xi) There shall be no litigation, executions, attornments, garnishments or other legal process affecting the Borrower or its assets;

xii) Evidence to confirm that the four (4) corporations to respectively receive a transfer of title on closing as nominee or trustee holders of title for 650 Bay are each valid corporate entities with full power and authority to enter into the transaction contemplated by this Letter of Commitment and to execute and deliver the Security Documents respectively required from each.

The Lender may waive, but is not obligated to waive, any or all of the above conditions prior to the funding date. Notwithstanding such waiver, the Borrower shall deliver all documents, assurances or agreements affecting title or required hereunder when required by the Lender or Lender's Solicitors.

It is understood and agreed that neither the preparation, execution nor registration, where appropriate, of the Security Documents shall bind the Lender to advance the funds intended to be secured by the Charge. In the event the Lender advances any amount of monies prior to the satisfaction of any or all the conditions contemplated herein, it is agreed that such an advance of monies will not constitute waiver by the Lender of any such outstanding condition or the condoning of any default and the Lender shall be under no obligation to continue to advance any further sums until all defaults have been cured and all conditions have been satisfied.

7. **First Right to Finance Acquisition of Adjoining Lands:**

The Lender shall have the first right to provide first mortgage financing for 63 and 65 Elm Street and/or other lands adjoining the Property, if Borrower proceeds with the acquisition thereof.

during the term of Mortgage, a commitment letter in respect of any

8. **Environmental Indemnity**

[COUNTY REVIEW]

The Borrower represents and warrants that:

i) To the best of its knowledge, no Hazardous Substances (hereinafter defined) are being or will in the future be used, stores, processed, manufactured, handled or discharged in, on, under or from the Property, except in accordance with requirements of all environmental laws and any such Hazardous Substances shall be disclosed to the Lender in writing;

ii) To the best of its knowledge, neither the Property nor any adjacent lands have ever been used as or for a waste disposal site;

iii) To the best of its knowledge, all permits, licences, certificates, approvals, authorizations, registrations or the like required by any environmental law for the operation on the Property of the business of the Borrower or of any tenant, sub-tenant, assignee or other occupant of the Property, will be obtained and maintained in full force and effect and in good standing;

iv) To the best of its knowledge, no environmental damage has ever occurred on the Property or to the Property as a result of migration from adjoining lands; and

v) To the best of its knowledge, there are no convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives or other similar remedial actions against the Property or the Borrower in relation to the requirements of any environmental law.

The Borrower covenants and agrees and/or acknowledges, as the case may be, that it is responsible for remediation of any environmental damage to the Property and the removal of any Hazardous Substance from the Property and that it will indemnity the Lender for all costs, expenses, damages or liabilities (including, without limitation, legal fees) directly or indirectly arising out of or attributable to non-compliance by the Borrower with any environmental laws or to the presence on, under or about the Property of any Hazardous Substance. The Borrower's liability and indemnity in this regard shall survive foreclosure upon the mortgage, and/or any other extinguishment of the obligations of the Borrower under the mortgage including repayment of the loan or an assignment thereof approved by the Lender and any other exercise by the Lender of any remedies available to it against the Borrower.

The term "Hazardous Substances" as used herein shall mean substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact including, without limitation, contaminants, pollutants, toxic, dangerous or hazardous substance or materials, wastes, urea formaldehyde foam type of insulation, asbestos-containing materials, polychlorinated biphenyls ("PCB's") or PCB contaminated fluids or equipment, explosives, radio-active substances, petroleum and associated products, underground storage tanks or surface impoundments.

Guarantor(s) Initials: _____ Borrower(s) Initials: _____

9. **Beneficial Owner**

The Borrower represents and warrants to the Lender that it shall be the beneficial owner of the Property at the time of funding of the Loan and has consented to and authorized this transaction, has agreed to be bound thereby and that the four (4) corporations receiving the Transfers of Title on closing as nominee or trustee for the Limited Partnership has been authorized to execute all requisite loan documentation.

10. **Further Encumbrances**

The Borrower shall not further encumber the Property without the prior written consent of the Lender which consent may be arbitrarily withheld. Borrower shall not be permitted to create waste on the Property. In the event of any material or physical change to the Property or the Borrower at the option of the Lender, the Charge shall immediately become due and be payable.

11. **Expiry and Cancellations**

The Lender shall have the right, at its option, to terminate this Letter of Commitment or to demand repayment of the loan or to add or to modify the conditions set out herein if the conditions of this Letter of Commitment are not met or if there is, in the opinion of the Lender or the Lender's Solicitors, a material adverse change in the risk, the value of the security or of the covenants required herein, or if any of the representations of the Borrower are not correct or if the Security has been impaired. The Lender shall also have the right, at its option, to terminate this Letter of Commitment or to demand repayment of the Loan if:

(a) The Security Documents are not registered by the Funding Date provided that the Security Documents have been provided to the Borrower one (1) business day prior to the Funding Date; and

(b) The advance is not made by the Funding Date, for reasons caused by the Borrower.

12. **Standard Charge Terms**

The Borrower acknowledges and agrees that the Mortgage may incorporate by reference Standard Charge Terms required by the Lender for use in the jurisdiction in which the Property is situate, provided that the terms and provisions of the Mortgage shall not be limited to any such Standard charge Terms and may incorporate such additional provisions as are contemplated by this Commitment Letter and/or as may be considered advisable by the Lender or the Lender's solicitor in their sole but reasonable opinion.

13. **Other Terms and Conditions**

Whether or not the transaction contemplated herein shall be completed, the Borrower agrees to pay the reasonable legal fees, disbursements and HST of the Lender's counsel,

Meretsky Law Firm, for the preparation of this Commitment, the Security and all other documents contemplated herein. Such amount shall be deducted from retainer provided as required herein, any excess paid at closing.

In addition, the Borrower shall pay forthwith on demand all other reasonable fees and disbursements incurred or to be incurred in connection with the Security and all other documents, including but not limited to registration costs and discharge costs.

14. **Materials Representations**

If at any time before or after acceptance of this Letter of Commitment or advance of funds under the loan, there is or has been any material change, discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Lender by or on behalf of the Borrower concerning the Property or the financial condition and responsibility of the Borrower or in the event of default by the Borrower under this Letter of Commitment, then, in the event of such default, the Lender shall be entitled to forthwith withdraw and cancel its obligations hereunder and decline to advance further funds, as the case may be, and to declare any funds which have been advanced, together with accrued interest thereon, to be forthwith due and repayable in full.

15. **Cost of Loan**

The Borrower specifically acknowledges and agrees that this Letter of Commitment discloses all fees, interest and benefits to be delivered to the Lender. The Borrower acknowledges and confirms that the Lender is not receiving any benefit, collateral advantage or revenue directly or indirectly from third parties resulting from or incidental to this Commitment or the Loan transaction resulting herefrom.

16. **No Merger**

It is understood and agreed that the execution and delivery of the Security Documents shall in no way merge or extinguish this Letter of Commitment or the terms and conditions hereof, which shall be continued in full force and effect. In the event of any discrepancy between the terms of this Letter of Commitment and any of the Security Documents or any discrepancy as between any of the Security Documents, the Lender, in its sole discretion, shall decide the provisions of which document shall prevail. Alternatively, this Letter of Commitment shall be paramount and supersede all of the Security Documents which shall be read and construed to give effect to this Letter of Commitment.

17. **Assignment of Commitment**

This Letter of Commitment and the rights and benefits arising herefrom may not be assigned by the Borrower to any other party without the prior written consent of the Lender, which consent may be arbitrarily and unreasonably withheld.

Guarantor(s) Initials: _____ Borrower(s) Initials: _____

18. **Time of the Essence**

Time shall be of the essence in this Letter of Commitment. The times herein specified for the taking of certain action by the Borrower are in each case firm and shall not be extended without the written approval of the Lender.

19. **Interpretation**

This Letter of Commitment shall be interpreted in accordance with the laws of the Province of Ontario.

20. **Indemnification**

The Borrower shall indemnify and save harmless the Lender from and against all losses, damages and expenses directly or indirectly suffered by the Lender resulting from any inaccuracy or misrepresentation in any representation or warranty set forth in this Letter of Commitment, to the extent that the Borrower has actual knowledge of such inaccuracy or misrepresentation at the time of signing this Letter of Commitment.

21. **Prior Dealings**

This Letter of Commitment shall supersede any and all prior dealings, whether written or oral, as between the parties hereto and related to this loan.

22. **Amendments**

No term or requirement of this Letter of Commitment or any Security Documents may be waived or varied orally or by any course of conduct of any officer, employee or agent of the Lender. Any amendment to this Letter of Commitment or any Security Document must be in writing and signed by a duly authorized officer of the Lender or its solicitors and by the Borrower or its solicitors.

23. **Enurement**

This Letter of Commitment shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

24. **Acceptance**

This Letter of Commitment shall remain open for acceptance by the Borrower, in the manner herein specified, until 5 p.m. on the 14th day of July, 2016, after which time, if not accepted, the Lender's offer to finance set forth herein shall be null and void and the Lender shall be under no further obligation to extend or consider financing for the Borrower and

the Lender shall not be responsible for any direct or indirect costs or damages incurred by the Borrower in consequence thereof.

Yours very truly,
AM-STAT CORPORATION

PHILIP H. MERETSKY, Q.C.

ACCEPTANCE

THE UNDERSIGNED hereby accepts the terms and conditions of this Letter of Commitment as of this _____ day of July, 2016.

Borrower(s):
650 BAY LIMITED PARTNERSHIP,
by its General Partner, 650 BAY GP INC.

Per: _____
Tongsang Jiang
Sole Officer and Director thereof
I have authority to bind the Limited Partnership

Corporate Covenantor(s):
LALU CANADA INC.

Per: _____
Gerald Lee, A.S.O.
I have authority to bind the Corporation

Individual Covenantor(s):

_____ _____
Witness: GERALD LEE

_____ _____
Witness: EVAN KARRAS

Q610

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Agreement of Purchase and Sale
Commercial

OREA Ontario Real Estate Association

Form 500 for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 12 day of November 20 15

BUYER, FANGLIANG SUI, IN TRUST FOR A COMPANY TO BE INCOPORATED (Full legal names of all Buyers), agrees to purchase from

SELLER, 2220277 Ontario Inc. (Full legal names of all Sellers), the following

REAL PROPERTY:

Address 650 Bay & 55 Elm Street

fronting on the ..... side of .....

in the City of Toronto

and having a frontage of 24.41 Feet more or less by a depth of 83.21 Feet more or less

and legally described as Plan60, Part Lot 2, as in Inst. No CA-720524.

..... (Legal description of land including easements not described elsewhere) (the "property").

PURCHASE PRICE:

Dollars (CDN$) ~~13,500,000.00~~ 15,500,000.-

Fifteen ~~Thirteen~~ Million Five Hundred Thousand Dollars

DEPOSIT: Buyer submits According to Schedule A (Herewith/Upon Acceptance/as otherwise described in this Agreement)

..... Dollars (CDN$)

by negotiable cheque payable to ..... "Deposit Holder" to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A & EXHIBIT I,EXHIBIT II **attached hereto form(s) part of this Agreement.**

1. **IRREVOCABILITY:** This offer shall be irrevocable by ~~Buyer~~ SELLER (Seller/Buyer) until 11:59 p.m. on the 26 27th day of November 20 15, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

2. **COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the see Schedule A day of ....., 20..... Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S): FS **INITIALS OF SELLER(S):**

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3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original. FS

FAX No.: ..... (For delivery of Documents to Seller)

FAX No.: 905-480-2111 See Schedule A (For delivery of Documents to Buyer)

Email Address: ..... (For delivery of Documents to Seller)

Email Address: See Schedule A FS (For delivery of Documents to Buyer)

4. **CHATTELS INCLUDED:**

According to Schedule A

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:**

According to Schedule A

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:

According to A

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. **HST: If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price.** The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.

8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the See Schedule A FS 10 days prior day of Closing Date FS, 20..... (Requisition Date) to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there are no outstanding work orders or deficiency notices affecting the property, that its present use (Commercial) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.

INITIALS OF BUYER(S): F.S **INITIALS OF SELLER(S):**

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9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.

11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.

15. **PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.

INITIALS OF BUYER(S): IS **INITIALS OF SELLER(S):**

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16. **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.

17. **RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada;

    (b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.

18. **ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.

19. **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.

20. **PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.

21. **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.

22. **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless Seller's spouse has executed the consent hereinafter provided.

23. **UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.

24. **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.

25. **CONSUMER REPORTS: The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.**

26. **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

27. **TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S): FS **INITIALS OF SELLER(S):**

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28. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) (Buyer/Authorized Signing Officer) (Seal) DATE Nov 17. 2015

(Witness) (Buyer/Authorized Signing Officer) (Seal) DATE

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

2220277 Ontario

(Witness) (Seller/Authorized Signing Officer) (Seal) DATE Nov 26/15

(Witness) (Seller/Authorized Signing Officer) (Seal) DATE

SPOUSAL CONSENT: The Undersigned Spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees with the Buyer that he/she will execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness) (Spouse) (Seal) DATE

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at .....a.m./p.m. this .....day of ....., 20..... .....(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage REAL ONE REALTY INC. Tel.No. 905-480-1011

7225 WOODBINE AVE, UNIT 1 MARKHAM LEE LI (Salesperson / Broker Name)

Co-op/Buyer Brokerage REAL ONE REALTY INC. Tel.No. (905) 480-1011

7225 WOODBINE AVE, UNIT 1 MARKHAM DIAN XIU WANG (Salesperson / Broker Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

(Seller) DATE

(Seller) DATE

Address for Service

Tel.No.

Seller's Lawyer

Address

Email

Tel.No. FAX No.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

(Buyer) DATE

(Buyer) DATE

Address for Service

Tel.No.

Buyer's Lawyer

Address

Email

Tel.No. FAX No.

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:
In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be received and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale. Acknowledged by:

(Authorized to bind the Listing Brokerage) (Authorized to bind the Co-operating Brokerage)

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SCHEDULE "A" TO AGREEMENT OF PURCHASE AND SALE

This Schedule is attached to and forms part of the Agreement of Purchase and Sale dated as of November 12, 2015 between **FANGLIANG SUI, IN TRUST FOR A COMPANY TO BE INCORPORATED** (the "**Buyer**"), as buyer, and **2220277 ONTARIO INC.** (the "**Seller**"), as seller, in respect of the Property (as hereinafter defined).

The Seller acknowledges having received $10.00 and other good and valuable consideration from the Buyer in connection with the entering into of this Agreement. Notwithstanding anything in the Agreement to the contrary, Buyer and Seller agree that the following terms form part of the Agreement:

1. **Property.** The property to be purchased pursuant to this Agreement is comprised of all of the following: the lands and premises legally described in Exhibit I attached hereto and municipally known as 650 Bay Street and 55 Elm Street, in the City of Toronto, together with all ~~furniture, furnishings~~, fixtures, machinery, apparatus, equipment, ~~operating stock~~, appliances, finishes, ~~trade fixtures, telephones and other communications equipment, television, video and antennae equipment, computers, computer software, bedding, carpet, window treatments,~~ safety equipment, intercom equipment and systems, all keys, ~~access cards, advertising booklets and materials, brochures, marketing materials, tools, signs, inventory~~ (as defined in Section 13), and other tangible items of personalty of the Seller located upon and used in connection with the operation of the Seller's business (all of which are collectively referred to as the "**Property**") and all rights, entitlements and appurtenances related thereto (inclusive of all rights of way, easements, surface and subsurface rights) and such other property as hereinafter described. For certainty, the Property to be purchased includes all commercial buildings located on the lands comprising the Property (hereinafter, collectively the "**Lands**" and the "**Building(s)**") and all other buildings, fixtures, improvements and installations constructed or installed on or forming part of the Property or on any easement or right of way lands benefitting the Lands (other than trade fixtures or personal property of any tenant or occupant under the Leases (as hereinafter defined) (each, a "**Tenant**" and collectively, the "**Tenants**"); any rights pertaining to causes of action, judgements and claims with respect to the Property; all Contracts (as hereinafter defined) which the Buyer elects to assume on or before the Financing Condition Waiver Date (as hereinafter defined), each of which shall be delivered on the completion date by the Seller free and clear of all liens and encumbrances, other than Permitted Encumbrances (as hereinafter defined).

2. **Closing Date.** The transaction contemplated herein shall be completed, and the property conveyed to the Buyer, on the first business day after the date which is thirty (30) days after delivery by the Buyer to the Seller of the Financing Condition Waiver Notice (as hereinafter defined) or such other date mutually agreed upon by the Buyer and the Seller in writing (sometimes referred to in this Agreement as "**completion**", "**completion date**", "**date of completion**", "**closing**" or "**closing date**" (whether or not such terms are capitalized)). Upon completion, vacant possession of the Property shall be given to the Buyer subject only to the Leases (as hereinafter defined).

3. **Purchase Price and Deposits.**

   (a) The Purchase Price is ~~Thirteen~~ Million Five Hundred Thousand Dollars (~~$13,500,000.00~~).

   (b) The Buyer agrees to pay, within two (2) business days of final acceptance of this Agreement, the sum of ~~One Hundred Thousand Dollars ($100,000.00)~~, by certified cheque or by wire transfer of immediately available funds to Real One Realty Inc. (the "**Broker**") in trust, as a deposit (the "**Initial Deposit**") to be held by the Broker, in trust, pending completion or other termination of this Agreement and to be credited towards the Purchase Price on completion.

   (c) The Buyer agrees to pay the further sum of Five Hundred Thousand Dollars ($500,000.00), by certified cheque or by wire transfer of immediately available funds to the Broker, in trust, within three (3) business days following delivery by the Buyer of the Financing Condition Waiver Notice, as an additional deposit (the "**Additional Deposit**",

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and collectively with the Initial Deposit, the "**Deposits**") to be held by the Broker, in trust, pending completion or other termination of this Agreement and to be credited towards the Purchase price on completion.

(d) In all cases where the Buyer may be entitled to the return of the Deposits, the said Deposits, inclusive of interest thereon, shall be returned to the Buyer without deduction or set-off. Where the transaction is not completed solely as a result of the default of the Buyer, the Deposits will be forfeited to the Seller as liquidated damages and not as a penalty and as the Seller's only right and remedy against the Buyer. If the transaction is not completed for any other reason except the default of the Buyer as aforesaid the Deposits (together with all interest thereon) shall be returned to the Buyer within three (3) business days following written request by the Buyer.

4. **Adjustments (General).** The Seller shall be responsible for all expenses and entitled to all revenue accruing from the Property for that period ending on 11:59 p.m. on the day preceding the completion date, and thereafter the Buyer shall be responsible for all expenses (except as otherwise provided in this Agreement) and shall be entitled to all revenue accruing from the Property. There shall be adjusted on Closing all items of income and expense relating to the Property and usual in transactions of this nature including, without limitation, the following items (collectively, the "**Adjustments**"): (i) amounts payable under the Contracts which the Buyer has elected to assume in accordance with the terms of this Agreement; (ii) realty taxes and local improvement rates and charges; (iii) current rents received or payable pursuant to the Leases in respect of the month in which the Closing Date occurs; (iv) prepaid monthly parking charges, if any, prepaid rents and interest thereon (if any), security deposits and interest thereon (if any), last months' rentals and interest thereon (if any), utility deposits, insurance premiums (to the extent that the Buyer does not place its own insurance); (v) rent and security deposit payable under the Lease Agreement; and (vi) all other items reasonably capable of and, subject to the provisions of this Agreement, properly the subject of, adjustment in connection with the ownership and operation of the Property of whatsoever nature. For greater certainty: there shall be no adjustment in favour of the Seller for any letters of credit or other security posted with any governmental authority, utility company or any other person. Adjustments in respect of rents payable under the Leases in respect of the month in which the Closing Date occurs shall be made on the basis that all rents payable under all such Leases shall be deemed to have been received in full by the Seller for such month. The provisions of this Section 4 shall not merge on but shall survive Closing.

5. **Adjustments (Specific).** The Seller and the Buyer hereby acknowledge and agree that:

(a) The Seller shall arrange for a billing under all those Contracts for which fees are based on usage and with utility companies for a billing for utilities, to include all utilities or service used up to the Closing Date, and the Seller shall pay the resultant bills. In the event any of the Contracts extend over periods beyond the Closing Date, the same shall be adjusted on a per diem basis.

(b) All real estate taxes, together with instalments of special assessments payable therewith attributable to the Property which are due and payable in the calendar year in which the Closing occurs, shall be adjusted as of the Closing Date. Any real estate taxes together with instalments of special assessments payable therewith due and payable in or relating to any calendar year which is (i) prior to the calendar year in which Closing occurs shall be the obligation of the Seller, and (ii) subsequent to the calendar year in which the Closing occurs shall be the obligation of the Buyer. In the event that as of the Closing Date the actual tax bills for the tax year or years in question are not available and the amount of tax to be adjusted as aforesaid cannot be ascertained, then rates, millages and assessed valuations of the previous year, with known changes, shall be used, and after the Closing occurs, and when the actual amount of taxes of the year or years in question shall be determinable, such taxes will be adjusted between the parties to reflect the actual amount of such taxes.

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(c) Rents under the Leases shall be apportioned as of the Closing Date, provided that the Seller may be entitled to continue collecting rents pursuant to the provisions of the Leaseback Agreement (as defined in Section 12(d)).

The parties acknowledge that under the terms of certain of the Leases, portions of certain payments, such as realty taxes and operating costs, although paid by the landlord, may be charged to and payable by the Tenants under such Leases (the **"Rechargeable Sums"**) and are collected from such Tenants in monthly instalments on the basis of the landlord's estimates (the **"Rechargeable Sum Estimates"**). The Rechargeable Sum Estimates are subject to adjustment with the Tenants when the total amounts of the Rechargeable Sums are finally determined. It is agreed that, with respect to the Rechargeable Sums and the Rechargeable Sum Estimates, adjustments shall be made as between the Seller and the Buyer as follows:

(i) the Seller, acting reasonably, shall provide to the Buyer, together with the statement of adjustments, a statement which sets out the amounts of the Rechargeable Sum Estimates collected from each Tenant, as well as the amounts expended on account of the Rechargeable Sums by the Seller in respect of ~~2013, 2014~~ and 2015;

(ii) if such statement indicates that the Seller has collected, pursuant to the Rechargeable Sum Estimates, more than it has expended on account of the Rechargeable Sums for such period, the amount of such difference shall be credited to the Buyer. The required adjustments with the Tenants in respect of such over-collection shall be made by or on behalf of the Buyer in accordance with the terms of the applicable Leases;

(iii) if such statement indicates that the Seller has collected pursuant to the Rechargeable Sum Estimates less than it has expended on account of the Rechargeable Sums for such period, the Seller shall be entitled to the amount collected in respect of such under-collection in accordance with paragraph 5(c) above.

After the Closing Date, the Buyer shall be responsible to conclude all final reconciliations and to make all payments and satisfy all obligations with all Tenants relating to the Rechargeable Sums and Rechargeable Sum Estimates (subject in each to satisfaction by the Seller of its obligations herein). The Seller and the Buyer shall readjust any amount which either the Seller or the Buyer determines, acting reasonably, prior to the Final Adjustment Date, as a result of such final reconciliations with Tenants, was not adjusted or was incorrectly adjusted between the Seller and the Buyer pursuant to the terms hereof.

(d) The Seller shall be responsible and liable to pay and there shall be an adjustment in favour of the Buyer on Closing for each of the following:

(i) any unpaid tenant inducements or tenant allowances, whether payable before or after Closing, under those Leases entered into prior to the Closing Date;

(ii) the unpaid costs and expenses of any Tenant-related work or improvements to rentable rental space in the Building, whether payable before or after Closing, which is the obligation of the landlord pursuant to those Leases, as the case may be, entered into prior to the Closing Date;

(iii) all local improvements, lot levies, dedications, sewer impost fees, special assessments, capital levies, taxes, and all other similar costs and fees pertaining to the Property, if any, and incurred in respect of or for the period prior to the completion date; and

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(iv) the costs and expenses (including, inter alia, utilities) pertaining to the operation and maintenance of the Property incurred in respect of or for the period prior to the completion date.

The provisions of this Section 5 shall not merge on but shall survive Closing.

6. **Balance of Purchase Price.** On completion, the Purchase Price (as adjusted) will be satisfied by the Buyer as follows:

(a) by crediting against the Purchase Price the Deposits;

(b) by crediting against the Purchase Price the principal amount of the VTB Mortgage (as hereinafter defined); and

(c) by the Buyer paying the balance of the Purchase Price to the Seller by wire transfer, certified cheque, or negotiable bank draft.

For the purposes of this Agreement, all amounts provided for herein to be paid by either party to the other, including, without limitation, the Deposits and the balance of the Purchase Price shall be denominated in Canadian dollars and payable in lawful money of Canada.

The Buyer agrees to give, and the Seller agrees to take back, on Closing, in satisfaction of part of the Purchase Price, as set out above, a second charge or mortgage of the Property (the "**VTB Mortgage**") ~~in the principal amount of Two Million Seven Hundred Thousand Dollars ($2,700,000.00)~~, which VTB Mortgage shall be for a term of two (2) years from the Closing Date and shall bear interest at the rate of ~~five~~ four percent ~~(5%)~~ (4%) per annum, calculated semi-annually, not in advance, and to be repayable in monthly installments of interest only due on the monthly anniversary of the Closing Date in each month throughout the term, with the balance of the principal amount and accrued interest falling due on maturity. The VTB Mortgage shall be fully open for repayment in whole or in part by the Buyer at any time without penalty but will not be assignable by the Buyer, with the intent that the VTB Mortgage and all monies accrued thereby will become immediately due and owing in full at the Seller's option upon the sale or transfer of the Property by the Buyer after Closing. The VTB Mortgage shall otherwise be upon such terms and in such form as is prepared by the Buyer's solicitors and acceptable to the Seller's solicitors, each acting reasonably.

equal to 20% of the Purchase Price.

(b)

(b)

7. **Seller to Discharge Encumbrances.** The Seller agrees to discharge, or cause to be discharged, all mortgages, security interests, liens, claims and other encumbrances whatsoever affecting the Property or any part thereof, save and except for the Leases (as hereinafter defined) and the permitted encumbrances listed in subparagraphs (a) to (c) in Section 10 of the Agreement to which this Schedule "A" is attached (collectively, the "**Permitted Encumbrances**").

8. **Due Diligence Review.** Within five (5) days of final acceptance of this Agreement by both parties hereto, the Seller shall deliver to the Buyer for its review, in respect of the Property, all of the following documents (collectively, the "**Due Diligence Documents**"):

(a) all surveys and surveyor's real property reports;

(b) an itemized list of all chattels to be conveyed to the Buyer and a list of any fixtures to be removed from the Property by the Seller;

(c) copies of, or to the extent they are unwritten, a written summary of the terms of, all management, service or maintenance contracts which are in force at or come into force after the date hereof and copies of all existing warranties and guarantees for the construction, maintenance, repair and existing operation of the building(s) located on the Property (collectively, the "**Contracts**");

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(d) copies of all environmental, soil, mechanical, geotechnical, electrical and structural studies and reports relating to the Property, and copies of any other studies or reports concerning the state or condition of repair of the Property (collectively, the "**Consultants' Reports**");

(e) copies of all leases, agreements to lease, licenses, rights of occupation, tenancy arrangements or other rights to use, possess, occupy or acquire any part of the Property (in each case as amended, renewed or otherwise varied, provided same are existing as of the date hereof, collectively, the "**Leases**"; and "**Lease**" means any one of the Leases);

(f) copies of the following in respect of the Leases:

(i) documentation regarding current asking rents and all prior rent increases for each rental unit in the Property;

(ii) list of Tenant security deposits including details of last date interest was paid;

(iii) copies of all Tenants' files, including, without limitation, copies of all Leases and all correspondence and other materials (whether from the Tenants or any governmental authority) regarding adjustments to rent for realty tax deductions;

(g) authorizations to all governmental and administrative authorities, issuers of the Consultants' Reports and MPAC to release any requested information about the Property to the Buyer and its solicitors, provided that no such authorization shall extend to any inspection by any such governmental or administrative authority;

(h) all architectural plans and drawings, and all other plans and specifications for the Property, including, without limitation, and up-to-date survey and a site plan showing the number of parking spaces at the Property;

(i) copies of property tax bills and assessment notices in respect of the Property for last two (2) calendar years, and details of any realty tax appeals;

(j) copies of any applications to governmental authorities in respect of the Property with respect to zoning or any other matters;

(k) copies of any letters of credit outstanding by or on behalf of the Seller in favour of any governmental authority;

(l) details of all capital expenditures incurred by the Seller in respect of the Property in the current calendar year and the three (3) immediately preceding calendar years;

(m) a copy of the annual budget for the Property for ~~2012, 2013, 2014~~, 2015, and 2016; (A)

(n) a copy of the financial statements of the motel business operated by the Seller on the Lands ~~for the previous three (3) years (including the year to date),~~ as well as the occupancy rates for the motel ~~for each of the previous three (3) years;~~ in the Seller's possession, (B)

(o) true and accurate operating statements (separately showing commercial rents and income, parking, storage and other revenue items) for the previous three (3) years (including the year to date);

(p) ~~statements of current expenses for the Property and motel business operated by the Seller;~~ this is the same as above! (A)

(q) a current annual rent roll and monthly rent rolls for the Property;

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(r) copies of monthly utility bills relating to the Property for ~~the period which is the lesser of~~ the previous ~~two (2)~~ years (including the year to date) ~~or the period during which the Seller has owned the Property;~~

(s) copies of the existing insurance policies arranged by the Seller and in force in respect of the Property;

(t) details of any outstanding litigation against the Seller and/or in respect of the Property;

(u) copies of any outstanding work orders issued in connection with the Property by any governmental authority;

(v) copies of all other agreements affecting the Property.

The Seller shall, on completion of delivery of all of the Due Diligence Documents, provide to the Buyer a certificate from an officer of the Seller certifying that all of the Due Diligence Documents have been delivered to the Buyer in accordance with the terms of this Agreement (the "**Due Diligence Certificate**").

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The Buyer and its representatives shall have a period (the "**Due Diligence Period**") commencing on the date of delivery by the Seller to the Buyer of the Due Diligence Certificate and ending on the first business day which is ~~forty-five (45)~~ business days thereafter (the "**Due Diligence Date**") to review the Due Diligence Documents and to satisfy itself, in its sole, absolute, unfettered and unreviewable discretion, as to all aspects of the Property including, without limitation, that acquiring the Property meets its investment, use and development criteria and purposes and that financing for the acquisition of the Property can be secured on terms and conditions acceptable to the Buyer in its sole, absolute, unfettered and unreviewable discretion. The Seller hereby grants the Buyer, its employees and agents access to the Property for purposes of conducting inspections thereof and to carry out such tests and inspections of the Property (including, without limitation, environmental tests and examinations of the Property) as the Buyer in its absolute discretion deems necessary or advisable. ~~Notwithstanding anything to the contrary contained in this Agreement, the Buyer may, at its sole and absolute discretion, extend the Due Diligence Period for a period up to sixty (60) business days, provided that it delivers to the Seller written notice of its extension of the Due Diligence Period prior to the Due Diligence Date, in which case the Due Diligence Date shall be extended by an equal number of days as the Due Diligence Period.~~

the Buyer must provide a minimum of ~~[redacted]~~ 2 business days notice prior to any inspection. The Buyer further agrees to cover the cost of any repairs resulting from the Buyer's inspections.

If the Buyer is not satisfied, in its sole, absolute, unfettered and unreviewable discretion, with any aspect of the Due Diligence Documents and/or Property, including, without limitation, the results of any test, review, or inspection carried out in respect of the Property, the Buyer may elect to terminate this Agreement at any time during the Due Diligence Period by delivery of written notice (the "**Termination Notice**") from the Buyer to the Seller to this effect and without any liability to the Buyer for such termination. Upon delivery of a Termination Notice within the Due Diligence Period, this Agreement will be terminated and the Initial Deposit paid, together with all interest earned or accrued thereon, will be returned to the Buyer without deduction or set-off.

If the Buyer is satisfied, in its sole, absolute, unfettered and unreviewable discretion, with the results of its due diligence reviews, considerations and investigations of the Property, as aforesaid, it will deliver written notice to the Seller (the "**Due Diligence Waiver Notice**") to this effect on or before 6:00 p.m. (Toronto time) on the Due Diligence Date. If no such Due Diligence Waiver Notice is delivered to the Seller on or before 6:00 p.m. (Toronto time) on the Due Diligence Date, the Buyer will be deemed to have elected to terminate this Agreement and the Initial Deposit, together with any interest earned or accrued thereon, will be returned to the Buyer without deduction or set-off and the Buyer's termination will be without liability to the Buyer

9. **Reliance Letters.** The Seller shall use reasonable efforts obtain reliance letters in form and substance satisfactory to the Buyer, at the Seller's expense, from any third party consultants who have provided any of the Consultants' Reports, which reliance letters shall be addressed to the

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Buyer and its lenders and financial advisors, entitling such addressees to rely on such reports on the same terms and conditions as are applicable to the Seller, as if the Consultant Reports were originally addressed to the Buyer and such lenders and financial advisors.

10. **Seller's Representations and Warranties.** The Seller covenants, represents and warrants to and with the Buyer as of the date hereof and as of the date of closing (which covenants, representations and warranties the Seller acknowledges have been relied upon by the Buyer, and without which covenants, representations and warranties the Buyer would not have executed this Agreement) as follows:

(a) the Seller is duly existing under the laws of Ontario, is validly subsisting and in good standing under such laws and has the necessary authority, power and capacity to enter into this Agreement on the terms and conditions herein contained and to carry out this Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained (each of which have been validly authorized, executed and delivered by the Seller and constitute a valid and legally binding obligation of the Seller, enforceable against it in accordance with its terms);

(b) the part of the Property which is used for commercial or any other activities are subject to goods and services tax or harmonized sales tax ("**HST**"). The Seller will collect from Buyer on closing HST except if Buyer delivers a HST certificate on Closing in accordance with the provisions of Section 18.

(c) except for this Agreement, there are no agreements, options, or other rights, including any right of first refusal, option or other right to purchase the Property or any portion of the Property, pursuant to which the Seller is, or may become, obligated to sell the Property or any portion of the Property; and there are no leases, agreements to lease, licenses, rights of occupation, tenancy arrangements or other rights to use, possess, occupy or acquire any part of the Property (apart from the Leases) and no person or other entity is using or has any right to use or is in or has any right to possession or occupancy of the Property or any part thereof (other than as set out in the Leases),

(d) the Seller is the sole registered and beneficial owner of the Property;

(e) other than the Contracts, each of which is in good standing, there are no maintenance or service contracts or agreements of any kind affecting the Property which are or may be binding upon the Buyer and there are no construction or repair contracts or agreements outstanding of any kind;

(f) the Seller has not received notice of, nor is the Seller aware of any existing, pending or threatened expropriation or litigation affecting the Property and, further, there is not now and will not be as of the completion date, any work or other orders or directives outstanding against the Property or any part thereof, including without limitation, open or outstanding building permits;

(g) the Property has been constructed, and its use, operation and maintenance by the Seller, is in compliance with all applicable laws and with all encumbrances and restrictions affecting the Property. The Seller has not received notice of any breach of any applicable laws relating to any Property (inclusive of open permits or work orders) or the requirements of all insurers of each Property (including any discharge, deposit, escape or release of any hazardous substance into the natural environment, and there are no circumstances of which the Seller is aware that might give rise to any such claims),

(h) the chattels and all systems forming part of the building(s) located on the Property are in good working order and proper repair, free and clear from all liens and encumbrances;

(i) the Leases and Permitted Encumbrances are in good standing as of the date hereof and there are no existing defaults under any of the Leases or Permitted Encumbrances and

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the Seller is not aware of any circumstance which the giving of notice or the passing of time would constitute a default under any of said Leases;

(j) no notice of material default or purported termination or surrender has been received or given by the Seller in respect of any of the Leases or any of the Permitted Encumbrances;

(k) as of the completion date, there will be no existing employment contract(s) with any persons employed in the operation of the Property;

(l) the Seller will not on the date of completion have any indebtedness, including for labour or materials, to any person which might, by operation of law or otherwise, constitute a lien, charge or encumbrance on the Property or which could affect the right of the Buyer to purchase, own, occupy and obtain the revenue from the Property;

(m) the building(s) located on the Property has not been, as at Closing, insulated with asbestos or an urea formaldehyde foam type of insulation and does not contain any asbestos containing materials;

(n) the net operating income of the Property on Closing shall be a minimum of Nine Hundred Thousand Dollars ($900,000.00) per annum, and the Seller shall have written Leases fully executed and unconditional, prior to the end of the Due Diligence Period to generate the aforementioned net operating income; and

(o) the Due Diligence Documents, together with the representations and warranties contained in this Agreement, are each accurate and complete and there is no material information relating to the Property or any aspect of this transaction that has been knowingly omitted or withheld from the Buyer.

The representations and warranties contained in this Agreement shall not merge on the completion date but shall continue in full force and effect for the benefit of the Buyer for a period of two (2) years following the completion date. The Seller shall promptly notify the Buyer of any circumstance, act or thing which renders or which may reasonably be expected to render any of the representations and warranties of the Seller herein untrue or inaccurate in any respect.

11. **Financing Condition.** Notwithstanding the Buyer's delivery of the Due Diligence Waiver Notice, the parties acknowledge and agree that this Agreement shall be conditional ~~for a period of thirty (30) business days following the delivery of~~ the Due Diligence ~~Waiver Notice to the Seller~~ (the "**Financing Condition Period**") on the Buyer arranging a first mortgage to finance completion of the transaction contemplated by this Agreement, on such terms as the Buyer considers appropriate, in its sole, absolute, and unreviewable discretion. The preceding condition is for the benefit of the Buyer. If the Buyer determines that financing on satisfactory terms is not available, in its sole, absolute, unfettered and unreviewable discretion, the Buyer may elect to terminate this Agreement at any time during the Financing Condition Period by delivery of written notice from the Buyer to the Seller to this effect and without any liability to the Buyer for such termination, and the Deposits paid, together with all interest earned or accrued thereon, will be returned to the Buyer without deduction or set-off and the Buyer's termination will be without liability to the Buyer. If the Buyer determines that it has arranged for financing on satisfactory terms, in its sole, absolute, unfettered and unreviewable discretion, it will deliver written notice to the Seller (the "**Financing Condition Waiver Notice**") to this effect on or before 6:00 p.m. (Toronto time) on the final day of the Financing Condition Period. If no such Financing Condition Waiver Notice is delivered to the Seller on or before 6:00 p.m. (Toronto time) on the final day of the Financing Condition Period, the Buyer will be deemed to have elected to terminate this Agreement and the Deposits, together with any interest earned or accrued thereon, will be returned to the Buyer without deduction or set-off and the Buyer's termination will be without liability to the Buyer. For clarity, the termination right in this section is independent from, and in addition to, all other termination rights set forth in this Agreement. ~~Notwithstanding anything to the contrary contained in this Agreement, the Buyer may, at its sole and absolute discretion, extend the Financing~~ The Financing Condition Period shall run concurrently with the Due Diligence FS Period.

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~~Condition Period for a period up to thirty (30) business days, provided that it delivers to the Seller written notice of its extension prior to the end of the initial Financing Condition Period.~~

12. **Closing Conditions.** The obligation of the Buyer to complete the purchase of the Property on the completion date is subject to the following conditions in favour of the Buyer:

(a) on completion, all representations and warranties of the Seller set out in this Agreement shall be true and accurate in all respects as if made on and as of the completion date, and the Seller shall have delivered to the Buyer a certificate executed by the Seller dated as of the completion date to this effect;

(b) on completion, the Seller shall not be insolvent, shall not have sought the protection of any legislation permitting debtors to defer to reorganize debt, nor had any order granted by any court which adversely affects the Property, nor had a receiver appointed in respect of itself or the Property;

(c) on completion, there shall have been no Material Change in the Property after the Due Diligence Date and prior to closing. For the foregoing purposes, **"Material Change"** means an event, occurrence or condition which, in the opinion of the Buyer, acting reasonably, may have: a material impact on the use, value, condition (including the physical or environmental condition of the Lands), availability of financing on acceptable terms to the Buyer and/or development potential of the Property or any part thereof;

(d) on completion, all closing documents reasonably required for a purchase and sale transaction of this nature to complete the transactions contemplated by this Agreement, including, without limitation, the Estoppel Certificates from the Tenants, shall have been delivered; and

(e) on completion, the Seller, as tenant, shall enter into a lease agreement with the Buyer, as landlord, for the Property (the **"Leaseback Agreement"**), for a term of ten (10) years commencing on Closing, with annual base rent of Nine Hundred Thousand Dollars ($900,000), plus HST, ~~and the Seller, as tenant, being responsible for all operating costs during the term of the lease, including, without limitation, costs relating to: (i) maintenance, repair, and replacement of the Property (including, without limitation, capital repairs); (ii) realty taxes; (iii) utilities; and (iv) insurance,~~ it being the intention of the parties that the Leaseback Agreement shall be a bondable/true triple-net lease, with base rent and additional rent being payable ~~annually~~ monthly in advance, with the first payment being on the commencement date of the term ~~and thereafter on the annual anniversary of the commencement date during the term~~, and the Seller, as tenant, shall provide on Closing a security deposit equal to six (6) months base rent, it being acknowledged by the parties that the first year rent and security deposit amount will be adjusted in the Statement of Adjustments as a credit toward the Purchase Price. The Leaseback Agreement shall be prepared by the Buyer's solicitor and shall be in the Buyer's standard form of bondable lease.

(f) on completion, the Seller shall have performed or satisfied all of its obligations, covenants and conditions set out in this Agreement.

In the event that any of the above conditions, or any other closing condition stipulated elsewhere in this Agreement, is not fulfilled on or prior to the completion date, the Buyer may, in its sole, absolute and unfettered discretion either (i) waive the condition; (ii) extend the completion date from time to time up to the date which is the earlier of (x) five (5) business days following satisfaction of the subject conditions to the satisfaction of the Buyer; and (y) ninety (90) days following the original completion date; or (iii) without prejudice to any other right or remedy the Buyer may have in respect thereof under this Agreement, at law or in equity, terminate this Agreement and receive a complete refund of the Deposits, ~~as well as complete reimbursement of all costs incurred relating to this transaction, including, without limitation, legal fees and disbursements, mortgage commitment fees, and all out of pocket consultant costs~~

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13. **Closing Documents.** On completion, the Seller and the Buyer shall deliver to one another all usual closing documents delivered by a seller of a property similar to the Property in the Greater Toronto Area, Ontario, each of which shall be in form and content satisfactory to the parties, acting reasonably. The closing documents shall include, without limitation, a Statement of Adjustments (to be provided by the Seller to the Buyer at least ten (10) days prior to Closing), the Transfer/Deed, VTB Mortgage, Leaseback Agreement, and those documents referred to elsewhere herein, together with: an assignment and assumption agreement (and all associated consents) in favour of the Buyer by the Seller of the Contracts which the Buyer has elected to assume and of the Leases; Estoppel Certificates (as hereinafter defined) from each of the Tenants; a statutory declaration of an officer of the Seller confirming the tenancies, the tenant security deposits and the last date interest was paid thereon and the legality of the rents being charged; a bring-down certificate of all of the Seller's representations and warranties herein to the date of Closing; a direction to Tenants; a construction lien and Bulk Sales Act indemnity, and such further documentation relating to the completion of this transaction contemplated hereunder as may be requested by the Buyer or the Seller or their respective counsel, each acting reasonably.

Two (2) business days prior Closing, the Buyer and Seller shall attend the Property and prepare a list of all ~~inventory~~ located on the Property and being conveyed to the Buyer. ~~Inventory shall mean all inventories of supplies used in connection with the operation of the Seller's business in the Building, including without limitation, paper goods, brochures, office supplies, chinaware, glassware, flatware, silver, table linens, soaps and other toiletries, gasoline, fuel oil, liquor/alcohol, uniforms and other operational and guest supplies located at the Building on the Closing Date.~~

14. **Estoppel Certificates.** The Seller covenants to forward a certificate substantially in the form of the certificate attached as Exhibit II hereto (an "**Estoppel Certificate**") to the Tenants as soon as reasonably possible following the delivery by the Buyer of an Acceptance Notice and to obtain an executed Estoppel Certificate from each of the Tenants on or before that date which is ten (10) business days prior to the Closing Date, with only such changes to such form as are acceptable to Buyer and any lender to Buyer in their respective sole, absolute, unfettered and subjective discretion.

15. **Interim Period.** The Seller covenants and agrees with the Buyer that during the term of this Agreement until completion, it shall: (a) immediately inform the Buyer of any information that becomes known to the Seller that negatively affects the representations and warranties in this Agreement and the Buyer's reliance on same; (b) operate the Property in accordance with all applicable laws (free from work orders and violation notices) and so as to maintain/preserve it in the same condition as of the date hereof; ~~(c) not undertake any remediation of, improvements to or construction on the Property without the prior written approval of the Buyer; (d) not enter into, amend, renew, extend or terminate any Contracts, Leases, offers to lease,~~ encumbrances, rights of way, restrictive covenants, easements, agreements or other instruments affecting the Property without the prior written approval of the Buyer; (e) permit the Buyer, its employees and agents to access the Property during business hours, or at other mutually agreed upon times, and upon prior notice for purposes of conducting inspections thereof and to carry out tests and inspections of the Property (including, without limitation, environmental tests and examinations of the Property); (f) cancel or waive any material claims or rights in connection with or related to the Property or compromise or settle any litigation, proceeding or other governmental action relating to the Property; and (g) undertake or approve or consent to any material alteration, addition to or other material improvements in respect of the Property.

16. **Assumption of Contracts.**

(a) Subject to Subsection 16(b), the Seller agrees to assign to the Buyer, and the Buyer agrees to assume, the Contracts on Closing, but only to the extent such Contracts are, on their respective terms, assignable by the Seller.

(b) By no later than the Financing Condition Waiver Date, the Buyer shall give notice to the Seller listing any Contracts which the Buyer wishes to assume on completion. The Seller shall then terminate any and all Contracts excluded from such list (together with any Contracts not so excluded but which on their respective terms are not assignable and to the assignment of which the Seller has not obtained the contracting party's consent) at its sole expense, by the completion date.

17. **Employees.** The Seller covenants that, effective as of the Closing Date, the Seller will have terminated all persons employed in the operation of the Building, and will have paid to such persons all amounts required by law to be paid to them in respect of their employment and the termination thereof and represents and warrants that the Seller is not a party to any collective bargaining agreement or subject trade union obligations involving the Property or any part thereof. The Seller further covenants that the Seller will provide evidence of compliance with this obligation as may be requested by the Buyer. The Buyer will have no obligation to assume and will not by reason of completion of the transaction contemplated by this Agreement, assume or become liable for any obligations in respect of any employees. The Seller shall indemnify and save harmless the Buyer from and against any claims by or on behalf of any of such persons employed in the operating of the Building. The provisions of this Section 17 shall survive, and not merge upon Closing.

18. **Harmonized Sales Tax**

(a) The Seller shall be responsible for the costs of the Seller's solicitors in respect of this transaction. The Buyer shall be responsible for the costs of the Buyer's solicitors in respect of this transaction. The Buyer shall be responsible for and pay any land transfer taxes or deed transfer taxes payable on the transfer of the Property, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of encumbrances which are required to be made by the Seller, which shall be the responsibility of the Seller) and all federal and provincial sales and other taxes payable by a Buyer upon or in connection with the conveyance or transfer of the Property, including HST pursuant to the *Excise Tax Act* (Canada) in respect of the Property.

(b) The Buyer shall indemnify and save harmless the Seller and its shareholders, directors, officers, employees, advisors and agents from all claims, actions, causes of action, proceedings, losses, damages, costs, liabilities and expenses incurred, suffered or sustained as a result of a failure by the Buyer:

(i) to pay any federal, provincial or other taxes payable by the Buyer in connection with the conveyance or transfer of the Property whether arising from a reassessment or otherwise, including provincial retail sales tax and HST, if applicable; and/or

(ii) to file any returns, certificates, filings, elections, notices or other documents required to be filed by the Buyer with any federal, provincial or other taxing authorities in connection with the conveyance or transfer of the Property.

(c) Without limiting the generality of the foregoing, the Buyer acknowledges that in the event any HST is exigible in connection with the transaction contemplated herein, such HST shall be in addition to the Purchase Price. The Buyer and Seller acknowledge and agree that the Buyer shall not be required to pay, or the Seller to collect and remit, any HST exigible in connection with this transaction provided that the Buyer on Closing provides to the Seller a certificate of an officer of the Buyer confirming that the Buyer is a registrant for HST and the Buyer's registration number as at Closing, as well as an undertaking by the Buyer to remit when due any exigible HST and the indemnity provided for herein.

This Section 18 shall survive and not merge on Closing.

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19. **Non-Solicitation.** The Seller agrees that until termination of this Agreement, it will not solicit any offers in respect of the possible sale or disposition of the Property (or any portion thereof) or otherwise co-operate with any other prospective Buyer of the Property (or any portion thereof) and shall exclusively deal with the Buyer.

20. **Assignment.** The Buyer shall have the right at any time on or before the Closing Date to assign this Agreement and/or to direct title to the Property to any person, firm, partnership, corporation or trust upon giving to the Seller notice of such assignment and, upon such assignment, the assignee shall stand in the place and stead of the Buyer as if the assignee were originally the Buyer under this Agreement, and the original Buyer shall ~~have no further liability hereunder.~~ remain liable hereunder until Completion.

21. **Notice.** Where this Agreement requires notice to be delivered by one party to the other, such notice shall be in writing and may be delivered either personally or by means of electronic communication:

To Seller:

650 Bay Street
Toronto, On M5G 1M8
dcs@alliancevp.com

To Buyer:

80 Harrison Garden Blvd. Apt. 3021
Toronto, Ontario M2N 7E3
Attn: Sidney Sui
Telephone No: 647.979.1217
E-mail: sidneysui@gmail.com

With a copy to:

Miller Thomson LLP Barristers and Solicitors
40 King Street West, Suite 5800
Toronto, Ontario M5H 3S1
Attention: Andy Chan
Tel: 416.595.7937 Facsimile: 416.595.8695
E-mail: achan@millerthomson.com

Any such notice, request or other communication shall be considered given or delivered or sent, as the case may be, on the date of overnight courier delivery or electronic transmission on the date of successful transmission, save and except that any such notice, request or other communication given by electronic transmission on a day that is not a business day or after 5 p.m. Toronto local time on a business day shall be deemed to have been given on the next immediately following business day. Rejection or other refusal to accept or inability to deliver because of changed address or facsimile number of which no notice was given shall be deemed to be receipt of the notice, request or other communication.

22. **Interpretation**

(a) For the purposes of clarification, any reference in this Agreement to a "business day" shall specifically exclude Saturdays, Sundays and statutory and civic holidays;

(b) If no specific reference is made to "business days" when computing a particular time period pursuant to the provisions of this Agreement, then whenever the last of such period would accordingly fall on a Saturday, Sunday, or a statutory or civic holiday, the period of time in question shall then be deemed to end on the next succeeding business day.

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23. **Brokers.** The Seller represents that it has not engaged or utilized the services of any agent or broker in connection with the transactions contemplated by this Agreement, other than the Broker. The Seller shall be responsible to pay all real estate commissions relating to the sale of the Property pursuant to this Agreement, including the commission payable to the Buyer's broker and shall indemnify the Buyer for any and all liabilities, damages, costs, claims, suits or actions or any nature or kind which the Buyer shall or may become liable for or suffer arising out of or by reason of any claim for commission or other remuneration by any agent or broker in connection with this Agreement. This Section 23 shall survive completion.

24. **Conflict.** For certainty, the Buyer and the Seller acknowledge and agree that to the extent there is any conflict or inconsistency between the terms of this Schedule "A" and the terms of the pre-printed form of agreement of purchase and sale to which this Schedule "A" is attached, this Schedule "A" will govern, but only to the extent of such conflict or inconsistency. For certainty, the parties acknowledge and agree that Sections 3 and 13 of the pre-printed form of agreement of purchase and sale to which this Schedule "A" is attached are deleted.

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EXHIBIT I

LEGAL DESCRIPTION

The lands and premises known municipally as 55 Elm Street and 650 Bay Street, Toronto, Ontario:

FIRSTLY:

Part of Lot 2, Plan 60, Toronto, as in CA720524; City of Toronto

BEING ALL OF PIN 21199-0067 (LT)

EXHIBIT II

FORM OF ESTOPPEL CERTIFICATE

TO: ● (the "Buyer")

AND TO: Any lender to the Buyer (the "Lender")

RE: Lease dated the ● day of ●, ● between ● , as landlord, and ●, as tenant, as amended or renewed (the "Lease")

PREMISES: Suite ●, [insert address]

The undersigned, being the tenant under the above-noted Lease, hereby certifies that:

1. The Lease has been validly executed and delivered by the tenant and is unmodified and is in full force and effect.

2. The tenant has not encumbered or otherwise disposed of any or all of its interest in the Lease or the leased premises. The tenant has not assigned the Lease except as set out above or sublet any portion of the leased premises, except as follows:

   ●

3. The basic annual rent under the Lease is:

Period	Annual Rent	Monthly Payment
●	●	●

   payable monthly, in advance, on the first day of each and every month during the term which commenced on ● and expires on ●, subject to the following renewal rights:

   ●

4. The current monthly payment on account of realty taxes and operating costs being paid to the landlord is ●.

5. No portion of the rent has been prepaid except ● on account of the last month's rental and no rent has been forgiven or deferred. No security deposit is held by the landlord except $●. There are no charges, liens, claims, offsets or credits against the rent.

6. The Lease represents the entire agreement between the landlord and the tenant in respect of the leased premises and the tenant has no charge, lien or right of set-off in respect of, or credit or right to a credit in respect of, the rents payable thereunder.

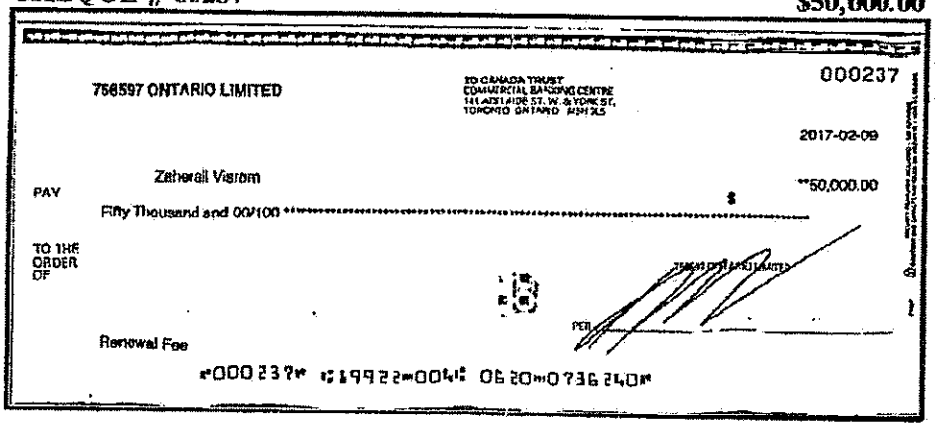
7. No event or condition exists to the knowledge of the tenant permitting the tenant to terminate the Lease or withhold payment of rent.

8. Save as set forth in the Lease, the tenant has no option to purchase or right of first refusal with respect to the sale of the leased premises or the lands or building.

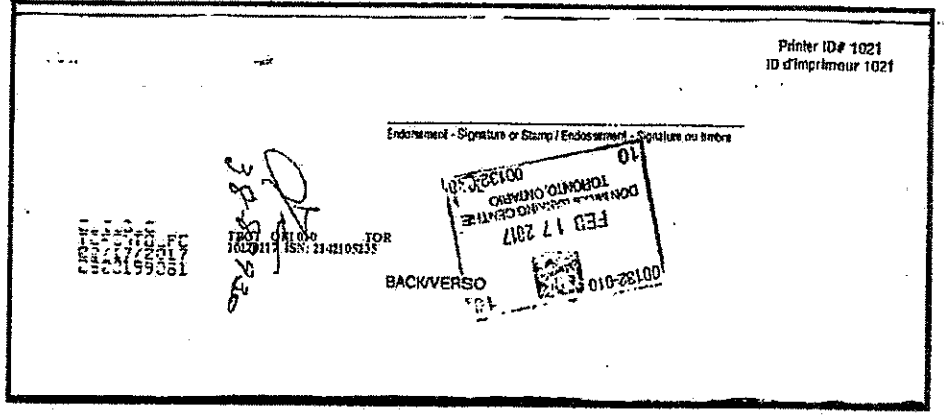
9. The tenant has taken possession of the leased premises and they are satisfactory, and the tenant is carrying on business in accordance with the terms of the Lease.

1992-0736240

CHEQUE # 00237 **$50,000.00**



CHEQUE # 00237



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Subject: Re: Forbearance Agreement

From: Evan Karras (ekarras@rogers.com)

To: tristar@sympatico.ca;

Cc: aapps@wildlaw.ca;

Date: Monday, May 18, 2015 4:30 PM

Hello Zaher:

1. Regarding the sale, I am doing a leaseback of the building and therefore no lease information is required. I am attaching a copy of the internal rent roll;

2. Regarding the financing, I provided you with a copy of the offer for the $6.5 million, which indeed is enough to pay out the 1st and 2nd mortgages. However, I am still working on completing that financing. In an effort to deal with the Handelman mortgage immediately, I arranged the interim financing which essentially is to pay out the existing 1st mortgage and bring the taxes, etc. up to date, which is what we discussed. I am attaching a copy of that firm commitment which was to have closed last month, but the lender is still on standby to complete. As I also mentioned, this same lender may increase the first once this transaction is completed in order to pay out the 2nd mortgage as well;

3. Regarding my ability to service the payments, I will send you a copy of the income statement from my hotel business, which clearly shows ability to make the payments.

Best regards,

Evan

From: Tristar <tristar@sympatico.ca>
To: 'Evan Karras' <ekarras@rogers.com>
Cc: 'Alfred Apps' <aapps@wildlaw.ca>
Sent: Monday, May 18, 2015 2:37 PM
Subject: Forbearance Agreement

Hi Evan,

Thanks for the email giving me some of the information I had requested and confirmation of the amount of the amount paid to me on account.

I am herewith sending you the Forbearance Agreement for your review.

I have not yet received the following;

1. The Package containing Financial information including the Commercial Tenants and other Information as you may have given for the sale of the property.

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2. Regarding the Financing, you have given the LOI from Nexus for $6.5 Million; - if you are getting $6.5 million, this would pay the First mortgage as well as my Second Mortgage in full. Why do you need my Post Powerment.

3. You have not given one proof of your ability to service the First mortgage as well as pay my $100,000 by June 30,2015.

I will wait for your early reply.

Thanks

Zaherali Visram

Attachments

- 650 Bay Rent Roll_Jan_15.pdf (32.92KB)
- Corwin Commitment_Bay_Signed Apr10_15.pdf (350.17KB)

From: **Alfred Apps** aapps@wildlaw.ca
Subject: RE: FW: discharge of 1st mortgage, 650 Bay St., Toronto
Date: May 22, 2015 at 3:03 PM
To: Evan Karras ekarras@rogers.com

OK.

From: Evan Karras [mailto:ekarras@rogers.com]
Sent: May-22-15 3:00 PM
To: Alfred Apps
Subject: Re: FW: discharge of 1st mortgage, 650 Bay St., Toronto

Leave it to me please. I haven't said anything yet.....

Sent from Yahoo Mail on Android

From:"Alfred Apps" <aapps@wildlaw.ca>
Date:Fri, May 22, 2015 at 2:36 PM
Subject:FW: discharge of 1st mortgage, 650 Bay St., Toronto

See below. Can I advise Corwin or are you doing so?

From: Jeremy Mandell [mailto:jmandell@GARFINKLE.com]
Sent: May-22-15 2:36 PM
To: Alfred Apps
Cc: Jacqueline Daubney; Daniel Shapira
Subject: RE: discharge of 1st mortgage, 650 Bay St., Toronto

Any update?

Thanks.

Garfinkle | Biderman
BARRISTERS & SOLICITORS

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

From: Alfred Apps [mailto:aapps@wildlaw.ca]
Sent: May-15-15 3:35 PM
To: Jeremy Mandell
Cc: Jacqueline Daubney; Daniel Shapira
Subject: Re: discharge of 1st mortgage, 650 Bay St., Toronto

We are aware. The second mortgagee has finally given us instructions respecting terms of granting the postponement - we hope to get documentation settled over the weekend.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Jeremy Mandell
Sent: Friday, May 15, 2015 3:32 PM
To: Alfred Apps
Cc: Jacqueline Daubney; Daniel Shapira
Subject: RE: discharge of 1st mortgage, 650 Bay St., Toronto

Good afternoon,

I am told through the grapevine that the final hour is approaching in that the 1st is heading to court next week to have a receiver appointed. The same sources inform me that Evan's father passed away and for the I am sorry and pass along my condolences but I understand it is for that reason alone the first agreed to not proceed with the court hearing scheduled for today.

I assume your side is at least to some extent aware of what I know but possibly this can help expedite a deal with the second to allow the loan to proceed.

Let me know.

Thank you.

Jeremy Mandell
Partner
Direct Line: 416.869.7608
Email: jmandell@garfinkle.com

From: Alfred Apps [mailto:aapps@wildlaw.ca]
Sent: May-12-15 10:22 AM
To: Jeremy Mandell
Cc: Jacqueline Daubney; Daniel Shapira
Subject: FW: discharge of 1st mortgage, 650 Bay St., Toronto

Please see the exchange below in response to your email. I think (but cannot guarantee) that we are close.

From: Alfred Apps
Sent: May-12-15 10:22 AM
To: 'Harvey Spring'
Cc: 'stephen handelman'
Subject: RE: discharge of 1st mortgage, 650 Bay St., Toronto

Harvey – can we speak this afternoon or tomorrow morning? We are getting close.

From: Harvey Spring [mailto:HARVEYSPRING@BELLNET.CA]

From: Harvey Spring [redacted]
Sent: May-12-15 10:08 AM
To: Alfred Apps
Cc: 'stephen handelman'
Subject: RE: discharge of 1st mortgage, 650 Bay St., Toronto

Hi Alfred:

This sounds encouraging.

When do you expect the Handelman mortgage will be paid off?

Harvey Spring

From: Alfred Apps [mailto:aapps@wildlaw.ca]
Sent: May 11, 2015 2:56 PM
To: Harvey Spring
Cc: 'stephen handelman'; Daniel Shapira; Jacqueline Daubney; 'Evan Karras'; 'Tristar'
Subject: RE: discharge of 1st mortgage, 650 Bay St., Toronto

All:

At a meeting that occurred late Friday afternoon at our offices, Mr. Visram (copied) and Mr Karras (copied) reached an agreement in principal pursuant to which a postponement will be provided. Subject to a further meeting to occur very shortly to go over final numbers etc, this agreement will be documented and finalized.

Regards,

W. Alfred Apps
Counsel
WILDEBOER DELLELCE LLP
Suite 800 | Wildeboer Dellelce Place
365 Bay Street, Toronto, ON M5H 2V1
T 416 361 6211| F 416 361 1790 | C 416 457 9250
aapps@wildlaw.ca | follow us on Twitter and LinkedIn

Q 153-157 620

HUSH Inc
www.hush.ca
Communities and Fine Homes

75 International Blvd, Suite 400, Toronto, Ontario, M9W 6L9
Tel: (416) 987 6500 ext 404, Fax: (416) 987 6515

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From: Vince Perricone [mailto:Vince.Perricone@cosmanlaw.com]
Sent: Wednesday, January 18, 2012 1:18 PM
To: Naheel HUSH
Cc: tristar@sympatico.ca
Subject:

Naheel, attached is the revised mortgage commitment as discussed.

Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd., Unit 37
Woodbridge, Ontario
L4H 3H9
Tel: (905) 850-3110 Ext. 222
Fax: (905) 850-3123

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From: **Naheel HUSH** naheel@hush.ca
Subject: RE: Re:
Date: January 18, 2012 at 1:37 PM
To: ekarras@rogers.com

please - he is sitting in front of me and wants to leave!

Naheel Suleman, CA
President
Cell: (416) 993 3037
email: naheel@hush.ca

HUSH

HUSH Inc
www.hush.ca
Communities and Fine Homes

75 International Blvd, Suite 400, Toronto, Ontario, M9W 6L9
Tel: (416) 987 6500 ext 404, Fax: (416) 987 6515

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---

From: Evan Karras [mailto:ekarras@rogers.com]
Sent: Wednesday, January 18, 2012 1:23 PM
To: Naheel HUSH
Subject: Re:

I'll print, sign and scan now.

From: Naheel HUSH <naheel@hush.ca>
Date: Wed, 18 Jan 2012 10:21:59 -0800
To: Evan Karras (ekarras@rogers.com)<ekarras@rogers.com>
Subject: FW:

see attached and sign back asap!

Naheel Suleman, CA
President
Cell: (416) 993 3037
email: naheel@hush.ca

Q 173 - 174

622

From: **Vince Perricone** vperricone@cosmanlaw.com
Subject: RE: 2220277 Ontario Inc. Mortgage to Visram
Date: February 20, 2013 at 5:28 PM
To: Evan Karras ekarras@rogers.com

Evan what property does this relate to?

Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd., Unit 37
Woodbridge, Ontario
L4H 3H9
Tel: (905) 850-3110 Ext. 222
Fax: (905) 850-3123

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From: Evan Karras [mailto:ekarras@rogers.com]
Sent: Wednesday, February 20, 2013 5:03 PM
To: Anna Barone
Cc: Vince Perricone
Subject: 2220277 Ontario Inc. Mortgage to Visram

Hello again Anna,

Please confirm receipt of my below email.

Thank you,

Evan

----- Forwarded Message -----
From: Evan Karras <ekarras@rogers.com>
To: Anna Barone <abarone@cosmanlaw.com>
Sent: Tuesday, February 19, 2013 1:02:27 PM
Subject: 2220277 Ontario Inc. Mortgage to Visram

Hello Anna,

I hope you are well.

I do not have copies of the statement of adjustments for the 3 loan advances totalling $3,000,000 from Zaherali Visram. Can you please send me the details of each loan advanced reflecting how the funds were disbursed?

Thank you in advance for your prompt attention.

Regards,

Evan Karras
2220277 Ontario Inc.

Q 190-191

624

From: **Anna Barone** ABarone@cosmanlaw.com
Subject: 55 Elm Street / 650 Bay Street
Date: October 1, 2012 at 12:09 PM
To: ekarras@rogers.com, Naheel HUSH naheel@hush.ca, Musa Suleman musasuleman@rogers.com

Evan, please find attached Redirection for the net proceeds to be payable to Hush Homes Inc. Please have same executed and emailed back at your earliest opportunity for today's closing.

Thanks

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

REDIRECTION
Re: Net Mortgage Proceeds

TO: Zakaria Virani

AND TO: Cosman & Associates, its solicitors herein

RE: Second amendment to second mortgage loan from Zakaria Virani to 2220277 Ontario Inc. (the "Borrower")
in the original amount of $1,500,000.00 secured by a second mortgage over the property municipally known as 55 Elm Street & 650 Bay Street (the "Property") registered on March 6, 2012 as Instrument No. AT2604459, and Guaranteed by Evan Karras, Musa Suleman, Naheel Suleman, and Hush Homes Inc (collectively referred to as the "Guarantors") being amended to increase the principal amount of the loan to $1,900,000.00, secured by a Notice registered on August 7, 2012 as Instrument No. AT2665282, and being further amended to increase the principal amount of the loan to $3,000,000.00
RE: Agreement Amending and Extending Charge/Mortgage of Land
RE Extension and Amendment to Charge/Renewal Advance $1,100,000.00

This is to direct you and to make the net mortgage proceeds with respect to the captioned transaction made payable to

HUSH HOMES INC.

and this shall be your good and sufficient authority for so doing.

E.&.O.E.

DATED at Toronto, Ontario this 1st day of October, 2012.

2220277 ONTARIO INC.
Per:

Name: Evan Karras
Title: President
"I have authority to bind the Corporation."

Witness: Evan Karras - Guarantor

From: **Anna Barone** ABarone@cosmanlaw.com
Subject: RE: 55 Elm Street / 650 Bay Street
Date: September 28, 2012 at 3:39 PM
To: Evan Karras ekarras@rogers.com, Charles Stobie cstobie@kmblaw.com
Cc: Naheel Suleman naheel@hush.ca, musasuleman@rogers.com, tristar@sympatico.ca

May we please have originals of the executed documents as well delivered to our office

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: Evan Karras [mailto:ekarras@rogers.com]
Sent: Friday, September 28, 2012 2:47 PM
To: Anna Barone; Charles Stobie
Cc: Naheel Suleman; musasuleman@rogers.com; tristar@sympatico.ca
Subject: Re: 55 Elm Street / 650 Bay Street

Attached please find the initialled, signed and witnessed documents by 2220277 Ontario Inc. and myself.

From: Anna Barone <ABarone@cosmanlaw.com>
To: Charles Stobie <cstobie@kmblaw.com>
Cc: Naheel Suleman <naheel@hush.ca>; ekarras@rogers.com; musasuleman@rogers.com; tristar@sympatico.ca
Sent: Friday, September 28, 2012 1:57:28 PM
Subject: 55 Elm Street / 650 Bay Street

Mr. Stobie, please find attached once again, Amendment to Commitment. We further attach Amended Redirection for Funds. We shall require both documents to be re-executed by the borrower and guarantors, with 2 originals to be delivered to our office as soon as possible by Monday morning. We also attach Amended Mortgage Advance Statement.

We look forward to receipt of same at your earliest opportunity.

Regards and Thanks

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9

L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: **Anna Barone** ABarone@cosmanlaw.com
Subject: 55 Elm Street / 650 Bay Street - 2220277 Ontario Inc., second mortgage with Visram
Date: September 25, 2012 at 3:37 PM
To: Charles Stobie cstobie@kmblaw.com, igualtieri@kmblaw.com
Cc: Naheel HUSH naheel@hush.ca, Evan Karras ekarras@rogers.com

Greetings, Mr. Stobie,

Re: Visram second mortgage to 2220277 Ontario Inc., (second amendment to loan) – increase in loan amount from $1,900,000.00 to $3,000,000.00 - 55 Elm Street / 650 Bay Street - Toronto Ontario

We have been advised and instructed by the borrower and the guarantors to forward the attached documentation to your attached with respect to the borrower's request to the lender and the lender's agreement thereof, to a second amendment and increase to our client's mortgage over the captioned property.

We ask that you have same executed by the borrow and the guarantors and to kindly return **2 originals** to our office.

Please find the following:

1. Borrower/guarantor documents:
   Authorization
   Statutory Declaration
   Direction/ Redirection for Funds
   Resolution – enabling and certified for 2220277 Ontario Inc.
   Certificate of Incumbency for 2220277 Ontario Inc.
   Resolution – enabling and certified for Hush Homes Inc.

   Officer's Certificate for 220277 Ontario Inc.

2. A&D – Notice – Agreement Amending Charge

3. A&D – Postponement of Interest

4. Amendment to Mortgage Loan Commitment

5. Agreement Amending Charge/Mortgage of Land

6. Amendment to Priority Agreement

I will also forward under separate email, solicitor's opinion letter in word format, to be completed on your letterhead and delivered in duplicate on closing.

Would you also kindly ensure that your client provides and same is delivered , an up to date insurance certificate showing coverage in favour of our client to the amount of the loan increased to $3,000,000.00 (we have an insurance binder from March 7, 2012, from the original mortgage closing, but it does not reflect any expiry date).

We shall also be forwarding the A&D Re Postponement of Interest and the Amendment to the Priority Agreement to Mr. Ronald Sansom at Smith Valeriote, the solicitor for 932005 Ontario Inc.

Should you have any questions or concerns, or if there are any issues that we can assist you with please do not hesitate to contact our office.

We look forward to hearing from you and receipt of the executed documents at your earliest opportunity.

Sincere Regards

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

borrower and guarantors docs.pdf

Officer Certificate.pdf

A&D Re Notice amending charge.pdf

A&D Re postponement of interest.pdf

Amendment to Commitment.pdf

Agreement Amending Charge.pdf

Amendment to Priority Agreement.pdf

From: **Anna Barone** ABarone@cosmanlaw.com
Subject: RE: 650 Bay Street - Zaherali Visram
Date: September 25, 2012 at 2:15 PM
To: Naheel HUSH naheel@hush.ca, Evan Karras ekarras@rogers.com

Will be doing so shortly

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: Naheel HUSH [mailto:naheel@hush.ca]
Sent: Tuesday, September 25, 2012 2:12 PM
To: Anna Barone; Evan Karras
Subject: RE: 650 Bay Street - Zaherali Visram

please send the documents to Chuck Stobie at Keyser Mason Ball.

Naheel Suleman, CA
President
Cell: (416) 993 3037
email: naheel@hush.ca

HUSH
HUSH Inc
www.hush.ca
Communities and Fine Homes

75 International Blvd, Suite 400, Toronto, Ontario, M9W 6L9
Tel: (416) 987 6500 ext 404, Fax: (416) 987 6515

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From: Anna Barone [mailto:ABarone@cosmanlaw.com]
Sent: Tuesday, September 25, 2012 2:07 PM
To: Evan Karras; Naheel HUSH
Subject: RE: 650 Bay Street - Zaherali Visram

Gentlemen, kindly advise as to whom I am to send the documents for signing for the borrower and the guarantors.

I would mention that documents for 932005 Ontario Inc., for amending the Priority Agreement will be sent to its solicitors, Smith Valeriote, in Guelph (Ronald Samsom).

Regards

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: Evan Karras [mailto:ekarras@rogers.com]
Sent: Tuesday, September 25, 2012 11:05 AM
To: Anna Barone; Naheel HUSH
Subject: Re: 650 Bay Street - Zaherali Visram

Hello Anna,

Thank you for your email.

As Naheel mentioned, we were anticipating finalizing this last week. We had a construction schedule prepared based on availability of funds and we are now off by almost 2 weeks on it.

When do you expect to have the paperwork completed so that we may plan accordingly?

Regards,

Evan

From: Anna Barone <ABarone@cosmanlaw.com>
To: Naheel HUSH <naheel@hush.ca>; ekarras@rogers.com
Sent: Tuesday, September 25, 2012 9:09:09 AM
Subject: RE: 650 Bay Street - Zaherali Visram

Morning Naheel / Evan , hope all is well.

Unfortunately Vince has not been well with a bad cold. He has been out of the office. I am / we are working on getting the documents completed to be sent out as quickly as best we can.

Regards

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: Naheel HUSH [mailto:naheel@hush.ca]
Sent: Tuesday, September 25, 2012 7:51 AM
To: Anna Barone; ekarras@rogers.com
Subject: Re: 650 Bay Street - Zaherali Visram

Anna - can you please provide an update as to when we can expect to close this transaction?

I assume you now have everything that you need?

(Sent from my Blackberry: Please forgive brevity, abbreviations, spelling and typographical errors.)

Thanks,

Naheel Suleman, CA
President
HUSH Inc

416 993 3037
naheel@hush.ca

75 International Blvd, 4th Floor
Toronto, Ontario, Canada
M9W 6L9
T: 416 987 6500
F: 416 987 6515

From: Anna Barone [mailto:ABarone@cosmanlaw.com]
Sent: Thursday, September 20, 2012 08:56 AM
To: Evan Karras <ekarras@rogers.com>
Cc: Naheel HUSH
Subject: RE: 650 Bay Street - Zaherali Visram

Greetings to you as well Evan, thank you kindly for providing us the information. As discussed with MPAC there is only one assessment roll number for the property that is municipally described as 55 Elm Street, and they could not conclude or verify that there is one for 650 Bay Street. Be that the property

is located and situated as a corner lot / building there is that only one assessment roll number for the property.

Thank you for the information. We will ensure that all the arrears of property taxes, those with the bailiff and those with the City will be paid from the closing advance.

Regards and thanks

Anna Barone
Assistant to Vince Perricone
Cosman & Associates
Barristers & Solicitors
111 Zenway Blvd. Unit # 37
Woodbridge, Ontario
L4H 3H9
Telephone: (905) 850-3110 extension 223
Fascimilie: (905) 850-3123

From: Evan Karras [mailto:ekarras@rogers.com]
Sent: Thursday, September 20, 2012 11:41 AM
To: Anna Barone
Subject: 650 Bay Street - Zaherali Visram

Hello Anna:

Naheel forwarded your email to me.

I obtained a tax statement from the City last Friday, September 14th, 2012, which I am attaching a copy of. I am also attaching a statement from Sterling Bailliffs Inc. for the 2010 taxes owing.

On the statement from the City, please deduct the 2010 portion of $45,417.42. It is included on the statement from Sterling Bailliffs and must be paid to them.

I am also attaching a mortgage statement which I obtained today.

If you have any questions, please feel free to contact me.

Thank you,

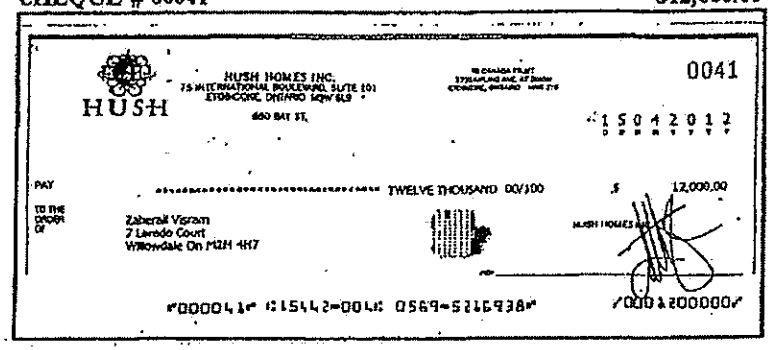
Evan Karras

633

198-204
225-226

1544-5216938

CHEQUE # 00041 **$12,000.00**


HUSH

HUSH HOMES INC.
75 INTERNATIONAL BOULEVARD, SUITE 101
ETOBICOKE, ONTARIO M9W 6L9
660 BAY ST.

0041

15042012

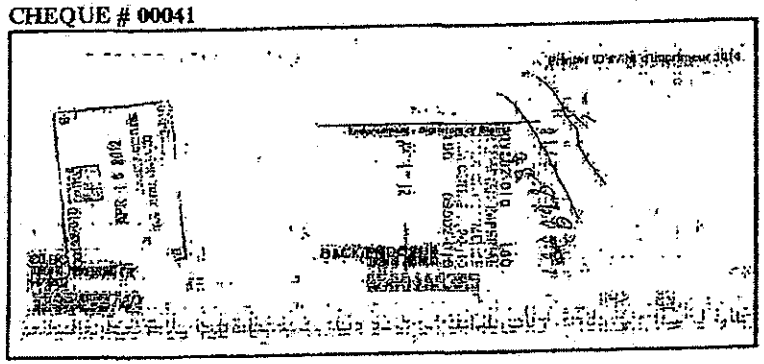
PAY TWELVE THOUSAND 00/100 $ 12,000.00

TO THE ORDER OF
Zaherali Visram
7 Laredo Court
Willowdale On M2H 1H7

HUSH HOMES INC.

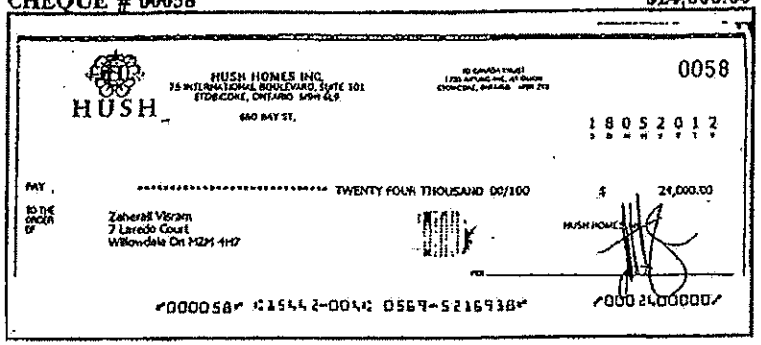
⑈000041⑈ ⑆15442-004⑆ 0569-5216938⑈ ⑈000012000000⑈

CHEQUE # 00041



1544-5216938

CHEQUE # 00058 **$24,000.00**


HUSH

HUSH HOMES INC.
75 INTERNATIONAL BOULEVARD, SUITE 101
ETOBICOKE, ONTARIO M9W 6L9
660 BAY ST.

0058

18052012

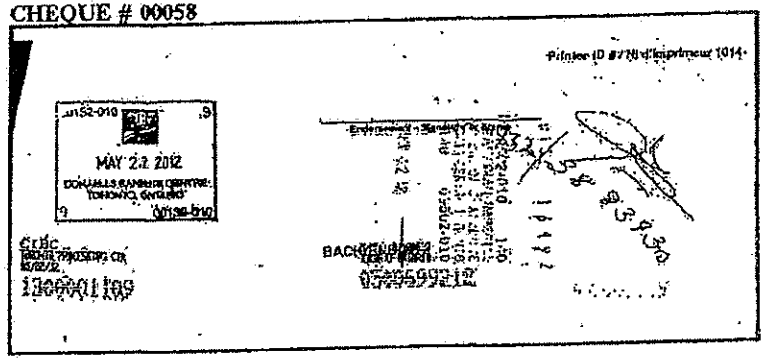
PAY TWENTY FOUR THOUSAND 00/100 $ 24,000.00

TO THE ORDER OF
Zaherali Visram
7 Laredo Court
Willowdale On M2H 1H7

HUSH HOMES INC.

⑈000058⑈ ⑆15442-004⑆ 0569-5216938⑈ ⑈000024000000⑈

CHEQUE # 00058


MAY 22 2012

Q 501 - 503

634

From: Aubrey Lowenstein <Aubrey@goldcardleasing.com>**To:** Evan Karras <ekarras@rogers.com> **Sent:** Monday, May 15, 2017 2:05 PM**Subject:** RE: New Lease

Yes it is.
We have handled all the discharges.
Let me know if you need anything else.
Aubrey

GOLD CARD LEASING
o/b Goldcard Inc.

Aubrey Lowenstein
aubrey@goldcardleasing.com
President

From: Evan Karras [mailto:ekarras@rogers.com] **Sent:** Monday, May 15, 2017 1:58 PM**To:** Aubrey Lowenstein**Subject:** Re: New Lease

No problem, thank you. I told them that I would check with you before they go to their own contact.

Also, I believe that our furniture and equipment lease is now fully paid out? Is that correct?

Best,

Evan

Subject: Visram Forbearance Agreement

From: Evan Karras (ekarras@rogers.com)

To: dvansickle@kmblaw.com;

Date: Monday, January 12, 2015 1:49 PM

Hello Dennis,

Happy New Year!

Zaher Visram sent me the following email with changes that his lawyer requested to the agreement.

I do not want to agree to the amount of the mortgage as is stated because it is subject to review. As far as notice of the default, that I don't necessarily need.

1) The amount outstanding should be inserted – Principal amount plus all the interest and fees outstanding

As per the amount as inserted in my agreement – i.e. $4,116,620.00 as of November 15th, 2014.

2) He does not feel comfortable with Para 10 in your agreement – that should be deleted.

3) Giving you notice of default of 5 days is also not acceptable – because if your cheque bounces –

It would buy you additional 10 to 15 days – by the time I am informed by the bank & I have to inform you.

Q433-434

636

Subject: Agreement

From: Evan Karras (ekarras@rogers.com)

To: tristar@sympatico.ca;

Date: Tuesday, January 13, 2015 6:02 PM

Hello Zaher,

I spoke with my lawyer today and I want to explain to you the difficulty in making the first change to the agreement that you want.

Are you available tomorrow afternoon to meet? I will be in the Dufferin/Wilson area if that is convenient.

Please let me know.

Regards,

Evan

Q 433-434

637

From: **Dennis Van Sickle** dvansickle@kmblaw.com
Subject: Draft Forbearance Agreement
Date: January 15, 2015 at 9:40 AM
To: Evan Karras ekarras@rogers.com
Cc: Martina Kacin mkacin@kmblaw.com

Hi Evan,

Here is the revised draft we discussed yesterday. You will note that the agreement contemplates holding back any proceeds from refinancing or sale of the property up to about $4million. I got this number by adding up the total they claimed under the statement of claim. It does not include any further accrued interest from September 15, 2014 onward. Visram may object and demand that it include additional interest from that date.

Once you have reviewed give me a call and we can discuss.

dvs

-----Original Message-----
From: ikon@kmb.local [mailto:ikon@kmb.local]
Sent: Thursday, January 15, 2015 9:33 AM
To: Dennis Van Sickle
Subject:

This E-mail was sent from "RNPF1FAD2" (Aficio MP 5000).

Scan Date: 01.15.2015 09:32:33 (-0500)
Queries to: ikon@kmb.local

20150115093233716.pdf

CQ 433-434 2017-07-10, 6:52 PM

Subject: Forbearance Agreement

From: Evan Karras (ekarras@rogers.com)

638

To: aapps@wildlaw.ca;

Date: Friday, May 15, 2015 2:20 PM

Hi Alfred:

Attached is a draft of the forbearance agreement. Visram has asked that it be modified to a simple 1 page document, leaving the amount due to him blank, but incorporating the terms that we discussed.

Best regards,

Evan

Attachments

- Forbearance Agreement_Visram_Jan15_15_with Comments.pdf (181.99KB)

Court File No. CV-14-512551 639

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

ZAHERALI VISRAM

Plaintiff

And

2220277 ONTARIO INC., HUSH HOMES INC., NAHEEL SULEMAN, MUSA SULEMAN AND EVAN KARRAS

Defendants

FORBEARANCE AGREEMENT

WHEREAS Zaherali Visram (the "Plaintiff") has commenced Action Court File No. CV-14-512551 as against 2220277 Ontario Inc., Hush Homes Inc., Naheel Suleman, Musa Suleman, and Evan Karras (the "Defendants"), with respect to the enforcement of the alleged mortgage covenants and guarantees (the "Charge" and "Guarantees") thereto (the "Action").

AND WHEREAS in the Action the Plaintiff has alleged that the Defendants owe him $3,000,000 in principle and $908,590.83 in interest thereon, as of September 15, 2014, with interest accruing therefrom at 15% per annum, calculated monthly, extension fees in the amount of $59,250.00, and $112,500.00, representing three months interest per s.17 of the *Mortgage Act*, under the subject Charge and Guarantee;

AND WHEREAS the Defendants take the position that the amount being claimed by the Plaintiff is excessive.

AND WHEREAS the Plaintiff now proposes to forbear any enforcement of the said Charge and/or Guarantees upon the terms set out below.

NOW THEREFORE THIS FORBEARANCE AGREEMENT WITNESSES that the parties hereto hereby agree as follows:

1. The Plaintiff hereby covenants and agrees to refrain, during the Forbearance Period, from further enforcing its rights and remedies relating to the subject Charge and Guarantees, and any amendments thereto, which includes, but is not limited, to taking any further steps in the Action, or pursuant to his rights of power of sale. The Charge, and the Amendments thereto are attached to this Forbearance Agreement as Schedule "A".

2. In this Agreement, "Forbearance Period" shall mean the period commencing upon the execution and delivery of the this Agreement, and ending, subject to the provisions of this Agreement, the earlier of the close of business on March 15, 2015, or upon the event a "Breach", as descried below.

3. Upon execution of this Agreement, the Defendants shall deliver to the Plaintiff two post-dated cheques each in the amount of $20,000.00 made payable to the Plaintiff dated January 31, 2015 and February 15, 2015, respectively. These payments will be applied to any lawfully accrued and outstanding interest under the Charge.

4. On March 15, 2015, the Defendants shall, jointly and severally, pay the Plaintiff $123,450.00 in addition to the other payments set-out above, as a one time forbearance fee.

5. If the Defendants fail to make any payment set-out above (a "Breach") the Plaintiff will be free from any forbearance obligation, set-out above.

6. During the Forbearance Period, interest will accrue upon any outstanding principle under the Charge at a rate of 15% per annum, calculated monthly. For clarity, as of the date of the execution of this agreement the Plaintiff and the Defendants have not agreed as to the amount that is outstanding (either, principle, interest, or any other amount) under the subject Charge.

7. During the Forbearance Period the Plaintiff and the Defendants will undertake to come to an agreement as to the amount lawfully owed (inclusive of principle, interest, and other fees, including administrative fees) to the Plaintiff by the Defendants pursuant to the subject Charge.

8. The Plaintiff and the Defendants understand and agree that any net proceeds (up to $4,080,240.83) obtained by the Defendants derived from the refinancing or sale of the subject property, being:

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO
Property Identification Number – 21199-0067(LT);
Municipally known as 55 Elm Street, Toronto, Ontario

shall be held in trust by Keyser Mason Ball, LLP, pending consensual instructions of the Plaintiff and 2220277 Ontario Inc. or Order of the Court.

9. The parties hereto acknowledge and agree that they have consulted with and been advised by independent legal counsel with respect to this Forbearance Agreement and that they have read and fully understand the terms of this Forbearance Agreement. The parties hereto further acknowledge and agree that they are entering into this Forbearance Agreement voluntarily for the purpose of making full and final settlement of all claims as aforesaid.

10. The parties acknowledge that the settlement made and payment required by this Forbearance Agreement is made as a compromise and not as an admission of liability on the part of either party, such liability being denied.

11. The provisions set out herein constitute the entire agreement between the parties hereto with respect to the subject-matter hereof.

12. This Forbearance Agreement may be executed in several counterparts by facsimile, PDF, or scanned copy, each of which, when so executed, shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

EXECUTED on the day of January, 2015.

Witness

Zaherali Visram

2220277 ONTARIO INC.

Per: _____
I have authority to bind the Corporation

HUSH HOMES INC..

Per: _____
I have authority to bind the Corporation

Witness

Naheel Suleman

Witness

Musa Suleman

Witness

Evan Karras

ZAHERALI VISRAM
Applicant

-and-

2220277 ONTARIO INC.
Respondent
Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

SECOND SUPPLEMENTARY APPLICATION RECORD

VOLUME 2 OF 2
(returnable July 14, 2017)

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