

Court File No. 31-2303814
Estate No. 31-2303814

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**SUPPLEMENTARY MOTION RECORD OF THE PROPOSAL TRUSTEE
(motion returnable March 16, 2018)**

Date: March 7, 2018

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

*Lawyers for Crowe Soberman Inc. in its
capacity as the proposal trustee of 1482241
Ontario Limited*

TO: ATTACHED SERVICE LIST

SERVICE LIST
(as of March 15, 2018)

TO: **AIRD & BERLIS LLP**
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

*Lawyers for Crowe Soberman Inc. in its capacity as the proposal trustee of
1482241 Ontario Limited*

AND TO: **BLANEY McMURTRY LLP**
Barristers and Solicitors
1500 - 2 Queen Street East
Toronto, ON M5C 3G5

David Ullmann (LSUC #423571)
Tel: (416) 596-4289
Fax: (416) 594-2437
Email: dullmann@blaney.com

Alexandra Teodorescu (LSUC #63889D)
Tel: (416) 596-4279
Fax: (416) 594-2506
Email: ATeodorescu@blaney.com

Lawyers for 1482241 Ontario Limited

AND TO: **MILLER THOMSON LLP**
60 Columbia Way, Suite 600
Markham, ON L3R 0C9

Ivan Mitchell Merrow
Nahla Khouri
Greg Azeff
Craig Mills
Tel: (905) 532-6607
Fax: (905) 415-6777
Email: imerrow@millerthomson.com
Email: nkhouri@millerthomson.com
Email: gazeff@millerthomson.com
Email: cmills@millerthomson.com

Counsel for Jamshid Hussaini, Neelofar Ahmadi, and Homelife Dreams Realty Inc.

AND TO: **DICKINSON WRIGHT LLP**
199 Bay Street, Suite 2200
Toronto, ON M5L 1G4

Mark Shapiro
Tel: (416) 646-4603
Fax: (844) 670-6009
Email: MShapiro@dickinson-wright.com

Michael Brzezinski
Tel: (416) 777-2394
Fax: (844) 670-6009
Email: MBrzezinski@dickinson-wright.com

Lawyers for North York Family Physicians Holdings Inc.

AND TO: **YONGE-NORTON LAW CHAMBERS**
5255 Yonge Street, Suite 1300
Toronto, Ontario
M4B 3C2

A. Paul Gribilas
Tel: (416) 446-1222
Fax: (416) 446-1201
Email: pgribilas@ynlclaw.com

Lawyers for Mann Engineering Ltd.

AND TO: **CHAITONS LLP**

5000 Yonge St.,
North York, ON
M2N 7E9

George Benchetrit

Tel: (416) 218-1141
Fax: (416) 218-1841
Email: george@chaitons.com

*Counsel for Dan Realty Corporation, E. Manson Investments Limited,
Copperstone Investments Limited*

AND TO: **HARVEY S. MARGEL**

Barrister & Solicitor
2365 Finch Ave. West, #202
North York, ON M9M 2W8

Tel: (416) 745-9933
Fax: (416) 745-9290
Email: harveymargel@rogers.com

Counsel for Janodee Investments Ltd. and Meadowshire Investments Ltd.

AND TO: **TREASURER, CITY OF TORONTO**

c/o George Charopoulos
Collections Department
North York Civic Centre, Lower Level
5100 Yonge Street
North York, ON M2N 5V7

Fax: (416) 395-6703
Email: gcharoc@toronto.ca

AND TO: **DEPARTMENT OF JUSTICE**

The Exchange Tower
130 King Street West
Suite 3400
Toronto, ON M5X 1K6

Diane Winters

Tel: (416) 973-3172
Fax: (416) 373-0810
Email: diane.winters@justice.gc.ca

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE
(Income Tax, PST)**

P.O. Box 620
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9

Kevin J. O'Hara

Tel: (905) 433-6934
Fax: (905) 436-4510
Email: kevin.ohara@ontario.ca

AND TO: **GOWLING WLG**

100 King Street West
Suite 1600
Toronto, ON M5X 1G5

Christopher Stanek

Tel: (416) 862-4369
Fax: (416) 862-7661
Email: christopher.stanek@gowlingwlg.com

Natasha Carew

Tel: (416) 862-4295
Fax: (416) 862-7661
Email: natasha.carew@gowlingwlg.com

AND TO: **DEVRY SMITH FRANK LLP**
95 Barber Greene Road, Suite 100
Toronto, ON M3C 3E9

Larry Keown
Tel: (416) 446-5815
Fax: (416) 449-7071
Email: larry.keown@devrylaw.ca

AND TO: **FASKEN MARTINEAU DUMOULIN LLP**
Bay Adelaide Centre
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

Stuart Brotman
Tel: (416) 865-5419
Fax: (416) 364-7813
Email: sbrotman@fasken.com

Counsel for Torgan Properties Limited

AND TO: **DENTONS CANADA LLP**
77 King Street West, Suite 400
Toronto, ON M5K 01A

Neil Rabinovitch
Tel: (416) 863-4656
Email: neil.rabinovitch@dentons.com

Counsel for Clear Customs Brokers Ltd.

AND TO: **CLYDE & CO. CANADA LLP**
401 Bay Street, Suite 2500
Toronto, ON M5H 2Y4

Jamie Spotswood
Tel: (416) 366-6110
Fax: (416) 366-6110
Email: Jamie.Spotswood@clydeco.ca

Counsel for Allevio Clinic #1 Toronto Inc. o/a Allevio Inc.

AND TO: **FASKENS MARTINEAU DUMOULIN LLP**
Bay Adelaide Centre
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6

Natasha De Cicco
Tel: (416) 868-7856
Fax: (416) 364-7813
Email: ndecicco@fasken.com

Dylan A. Chochla
Tel: (416) 868-3425
Fax: (416) 364-7813
Email: dchochla@fasken.com

Counsel for Purchaser

AND TO: **DIAMOND PANTEL LLP**
The Victory Building
80 Richmond Street West
Suite 1101
Toronto, ON M5H 2A4

Adam Pantel
Tel: (416) 583-5758
Fax: (416) 583-1857
Email: pantel@diamondpantel.com

Counsel for LawPro

Additional Parties with Litigation Claims Against the Debtor

AND TO: **AMY, APPLEBY & BRENNAN**
Barristers, Solicitors & Notaries
372 Erb Street West
Waterloo, ON N2L 1W6

William R. Appleby
Tel: (519) 884-7330
Fax: (519) 884-7390
Email: billappleby@aab-lawoffice.com

Counsel for 7063580 Canada Inc.

AND TO: **CASSELS BROCK & BLACKWELL LLP**
Suite 2100, Scotia Plaza
40 King St. W.,
Toronto, ON M5H 3C2

Robert B. Cohen
Tel: (416) 869-5425
Fax: (416) 350-6929
Email: rcohen@casselsbrock.com

Counsel for 2144688 Ontario Ltd.

AND TO: **CLONFERO LAW FIRM**
55 Adelaide Street East
Suite 300
Toronto, ON M5C 1K6

Rene Clonfero
Tel: (416) 703-2077
Fax: (416) 703-3351
Email: rclonfero@clonferolaw.com

Counsel for Chang-Soon Yoo

AND TO: **JEFFREY D. GRAY**
Barrister & Solicitor
5160 Yonge Street
Suite 1006
North York, ON M2N 6L9

Tel: (416) 512-1694
Email: jg@jeffgraylaw.ca

Counsel for Daniel Steinberg

AND TO: **MYER BOTNICK LEGAL SERVICES**
3199 Bathurst Street
Suite 215
Toronto, ON M6A 2B2

Tel: (416) 256-9823
Fax: (416) 784-0951
Email: mb@mblegal.ca

Counsel for YYZ Plumbing Inc.

AND TO: **YYZ PLUMBING INC.**
3199 Bathurst Street, Unit 212
Toronto, ON M6A 2B2

AND TO: **COMPUTERSHARE TRUST COMPANY OF CANADA**
100 University Avenue
12th Floor, South Tower
Toronto, ON M5J 2Y1

SERVICE BY EMAIL:

sgraff@airdberlis.com; mspence@airdberlis.com; dullmann@blaney.com;
A.Teodorescu@blaney.com; imerrow@millerthomson.com; nkhouri@millerthomson.com
gazeff@millerthomson.com; cmills@millerthomson.com;
MShapiro@dickinson-wright.com; MBrzezinski@dickinson-wright.com;
pgribilas@ynlclaw.com; george@chaitons.com; harveymargel@rogers.com
gcharoc@toronto.ca; diane.winters@justice.gc.ca; kevin.ohara@ontario.ca;
christopher.stanek@gowlingwlg.com; natasha.carew@gowlingwlg.com
larry.keown@devrylaw.ca; sbrotman@fasken.com; neil.rabinovitch@dentons.com
Jamie.Spotswood@clydeco.ca; ndecicco@fasken.com; dchochla@fasken.com
billappleby@aab-lawoffice.com; rcohen@casselsbrock.com; rclonfero@clonferolaw.com
jg@jeffgraylaw.ca; mb@mblegal.ca; pantel@diamondpantel.com

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TAB	DOCUMENT
1.	Supplemental Report to the Fourth Report of the Proposal Trustee dated March 15, 2018
A	Copy of Computershare Charge
B	Copy of Computershare Transfer of Charge
C	Copy of Commitment letter in respect of the First Mortgagee
D	Copy of Discharge Statement prepared by First Mortgagee re: First Mortgage
E	Copy of Discharge Statement prepared by First Mortgagee re: Property Tax Dip Loan
F	Copy of Second Mortgage
G	Copy of Discharge Statement prepared by First Mortgagee re: Second Mortgage
H	Copy of Parcel Register for the Duncan Mill Property showing deleted instruments
I	Copy of Certificate of Pending Litigation dated June 13, 2014
J	Copy of Writ Details Report in respect of DSF Writ dated December 11, 2015
K	Copy of the Assignment of Purchase Agreement effective March 6, 2018

TAB 1

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IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**SUPPLEMENTAL REPORT
TO FOURTH REPORT OF THE PROPOSAL TRUSTEE
MARCH 15, 2018**

CROWE SOBERMAN INC.
Licensed Insolvency Trustee
2 St Clair Avenue East, Suite 1200
Toronto, Ontario, M4T 2T5

Telephone: 416.929.2500
Fax: 416.929.2555

Court File No. 31-2303814
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**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED,
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**SUPPLEMENTAL REPORT
TO FOURTH REPORT OF THE PROPOSAL TRUSTEE
MARCH 15, 2018**

INTRODUCTION

1. This report (the “**Supplement to the Fourth Report**”) is filed by Crowe Soberman Inc. in its capacity as the Proposal Trustee for the Company. Unless otherwise noted, the defined terms used in this Supplement to the Fourth Report have the same meaning ascribed to them as in the Fourth Report of the Proposal Trustee dated March 7, 2018 (the “**Fourth Report**”).

PURPOSE

2. The purpose of the Fourth Report was to:
 - a) Report to the Court on the results of the Sales Process and activities leading to the receipt of an offer to purchase the Duncan Mill Property;
 - b) Report to the Court on the activities of the Proposal Trustee since the date of the Third Report;
 - c) Report to the Court on the receipt of two proofs of claim (property) (the “**Property Claims**”) that were submitted on January 30, 2018 by Jamshid Hussaini and Neelofar Ahmadi (the “**Property Claimants**”), which were subsequently disallowed by the Proposal Trustee on a without prejudice basis;
 - d) Seek an order:
 - i. Approving the agreement of purchase and sale entered into between the Proposal Trustee and 1979119 Ontario Inc. (the “**Purchaser**”) dated

February 26, 2018, as amended (the “**APS**”), in connection with the sale of the Duncan Mill Property, together with any further minor amendments thereto deemed necessary, if any;

- ii. Authorizing the Proposal Trustee to complete the transaction contemplated by the **APS** (the “**Transaction**”);
- iii. Vesting title to the Duncan Mill Property in the Purchaser, or as it may further direct in writing, upon closing of the **Transaction**;
- iv. Sealing the Confidential Appendices to the Fourth Report;
- v. Authorizing the Proposal Trustee to pay the proposed Interim Distribution to the Mortgagees and counsel for the Proposal Trustee; and
- vi. Approving the First Report, Supplemental Report, Second Report, Third Report, Fourth Report, and the Proposal Trustee’s conduct and activities described therein; and

- e) Support the Debtor’s anticipated request for a final extension of the time within which to file a proposal, for the purpose of allowing the **Transaction** to close.

3. The purpose of the Supplement to the Fourth Report is to provide this Honourable Court with additional information as to the amounts owing by the Debtor pursuant to the Charges, the writ filed by Devry Smith Frank LLP (“**DSF**”), and the Purchaser’s assignment of its rights under the **APS**.

THE CHARGES

- 4. As set out in the Fourth Report, there are two mortgages registered on title to the Duncan Mill Property. In addition, the Tax Dip Lender’s Charge, which was approved by the Court pursuant to the December 20th Order, is a first-priority charge against the Duncan Mill Property, and secures amounts advanced to the Debtor to repay the outstanding property Tax Arrears.
- 5. The first mortgage is registered in favour of the First Mortgagee, collectively Dan Realty Limited, E. Manson Investments Limited and Copperstone Investments Limited (the “**First Mortgage**”). It was originally registered on title to the Duncan

Mill Property on September 29, 2005, as a charge in favour of Computershare Trust Company of Canada (the “**Computershare Charge**”), which was transferred to the First Mortgagee pursuant to a Transfer of Charge dated June 2, 2016 (the “**Transfer of Charge**”). Copies of the Computershare Charge and Transfer of Charge are attached hereto as **Appendices A and B**. A copy of the commitment letter in respect of the First Mortgage is attached hereto as **Appendix C**.

6. As at the anticipated closing date of March 29, 2018, the amount outstanding pursuant to the first mortgage will be \$7,725,199.47. A copy of the discharge statement prepared by the First Mortgagee and provided to counsel for the Proposal Trustee on March 14, 2018 is attached hereto as **Appendix D**.
7. As set out at paragraphs 51-54 of the Fourth Report, the Debtor also borrowed funds from the First Mortgagees to repay the outstanding property Tax Arrears, which loan was secured by the Tax Dip Lender’s Charge. A copy of the interim financing term sheet for the Property Tax Dip Loan is attached as Appendix R to the Fourth Report.
8. As at the anticipated closing date of March 29, 2018, the amount outstanding pursuant to the Property Tax Dip Loan will be \$1,558,460.70. A copy of the discharge statement prepared by the First Mortgagee and provided to counsel for the Proposal Trustee on March 14, 2018, is attached hereto as **Appendix E**.
9. The second mortgage is registered in favour of the Second Mortgagee, collectively Janodee Investments Ltd. and Meadowshire Investments Ltd. (the “**Second Mortgage**”). The Second Mortgage was registered on title to the Duncan Mill Property on September 21, 2016. A copy of the Second Mortgage, as amended, is attached hereto as **Appendix F**.
10. As at the anticipated closing date of March 29, 2018, the amount outstanding pursuant to the second mortgage will be \$1,650,378.19. A copy of the discharge

statement prepared by the Second Mortgagee and provided to counsel for the Proposal Trustee on March 15, 2018, is attached hereto as **Appendix G**.

11. At paragraph 15 of the affidavit of Ivan Merrow sworn March 14, 2018, filed on behalf of the Property Claimants, Mr. Merrow makes reference to an order of Justice Whitaker dated October 27, 2014 which restrained the Debtor and Mr. Checroune from selling, mortgaging, encumbering or otherwise dealing with the Duncan Mill Property without the consent of the Property Claimants or court order (the **“Whitaker Order”**).
12. The Whitaker Order was not registered on title to the Duncan Mill Property. Attached hereto as **Appendix H** is a copy of the parcel register for the Duncan Mill Property showing deleted instruments.
13. There is a registration dated June 13, 2014 which references the Property Claimants. This registration is a certificate of pending litigation. A copy of the CPL is attached hereto as **Appendix I**.

WRIT FILED BY DSF

14. On December 11, 2015, DSF registered a writ of seizure and sale as against the Debtor, Alain Checroune and A. Checroune Realty Corporation (the **“DSF Writ”**). A copy of the writ details report in respect of the DSF Writ is attached hereto as **Appendix J**.
15. In light of the registration of the Second Mortgagee subsequent to the DSF Writ, without the DSF Writ having been discharged, the form of Ancillary Order included in the Proposal Trustee’s motion record provides for a distribution to the Second Mortgagee less any amounts required to discharge the DSF Writ. The Proposal Trustee’s intention in this regard was to permit a distribution to the Second Mortgagee immediately upon the closing of the Transaction, to prevent the further

accrual of interest, while preserving DSF's rights pending a future determination of the priority of its claim pursuant to the DSF Writ. The Proposal Trustee recommends that the distribution to the Second Mortgagee be reviewed by the Court in light of the existence of the Whitaker Order.

16. Following service of the Motion Record on March 7, 2018, counsel for the Proposal Trustee has corresponded with counsel for the Second Mortgagee and counsel for DSF. Counsel for the Second Mortgagee has advised that the Second Mortgagee was aware of the DSF Writ as at the date of registration of the Second Mortgage and advanced funds to counsel for the Debtor to secure a discharge of the DSF Writ. Through error or inadvertence, the Debtor's obligation to DSF was not repaid, and the DSF Writ was not discharged. As of the date of this Supplement to the Fourth Report, neither the Proposal Trustee nor its counsel has received any documentation to support the foregoing explanation provided by counsel for the Second Mortgagee. Discussions relating to this issue are ongoing.
17. The Proposal Trustee understands that LawPro has been engaged, and that LawPro retained counsel to address this issue on or about March 13, 2018.
18. Counsel for DSF has advised counsel for the Proposal Trustee that, as at March 16, 2018, the amount outstanding pursuant to the DSF Writ is \$125,431.23.

ASSIGNMENT OF APS

19. As set out at paragraphs 42 and 43 of the Fourth Report, counsel to the Purchaser advised the Proposal Trustee of its intention to sign its interest in the APS to the Assignee, and that this assignment was in the process of being documented. Attached hereto as **Appendix K** is a copy of the Assignment of Purchase Agreement with an effective date of March 6, 2018.

All of which is respectfully submitted this 15th day of March, 2018.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited, and not in its personal capacity

32007739.3

APPENDIX “A”

Properties

PIN 10088 - 0069 LT **Interest/Estate** Fee Simple
Description LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
 TORONTO (N YORK) , CITY OF TORONTO
Address 240 DUNCAN MILL ROAD
 CITY OF TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1482241 ONTARIO LIMITED
Address for Service 240 Duncan Mill Road
 Suite 201
 Toronto, Ontario
 M3B 3P1

I, Alain Checroune, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Avenue
 12th Floor, South Tower
 Toronto, Ontario
 M5J 2Y1

Provisions

Principal \$11,250,000.00 **Currency** CDN
Calculation Period Semi-Annuaaly, not in advance
Balance Due Date 2015/10/01
Interest Rate 5.419%
Payments \$76,493.00
Interest Adjustment Date 2005 10 01
Payment Date 1st day of each month
First Payment Date 2005 11 01
Last Payment Date 2015 10 01
Standard Charge Terms N/A
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Patricia A. Harrison 2700 Argentia Rd acting for Chargor(s) Signed 2005 09 29
 Mississauga L5N 5V4
 Tel 905-821-8046
 Fax 9058217394

Submitted By

FNF CANADA COMPANY 2700 Argentia Rd 2005 09 29
 Mississauga L5N 5V4
 Tel 905-821-8046
 Fax 9058217394

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargee Client File Number : 02-3173-0900-02402

SCHEDULE - ADDITIONAL PROVISIONS

ARTICLE 1 - INTERPRETATION

1.01 Definitions. In this Charge, unless something in the subject matter or context is inconsistent therewith;

"Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorization, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect, whether in Canada, the United States of America or elsewhere.

"Borrower Entity" means the Chargor, each guarantor of all or part of the Loan Indebtedness, each Indemnitor, and any Person having a beneficial ownership interest in all or any part of the Property from time to time.

"Business Day" means any day other than a Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario.

"Charge" means, for the non-electronic paper based registration system, the Charge/Mortgage of Land (Form 2) to which this Schedule is attached, this Schedule and all other schedules thereto, or for the electronic registration system, the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario), including this Schedule and all other schedules thereto.

"Chargee" means Computershare Trust Company of Canada, and any person who acquires the right, title and interest of the Chargee under the Loan Documents.

"Chargor" means the Person or Persons named as Chargor in this Charge.

"Commitment Letter" means the commitment letter governing the Loan.

"Costs" means all reasonable fees, costs, charges and expenses of any Lender Entity for or incidental to (i) preparing, executing and registering the Loan Documents and making each advance of the Loan; (ii) collecting, enforcing and realizing on or under the Loan or the Loan Documents; (iii) inspecting, protecting, securing, completing, insuring, repairing, equipping, taking and keeping possession of, managing, selling or leasing the Property, including curing any defaults under or renewing any leasehold interest; (iv) appointing a receiver (under this Charge or otherwise) and such receiver's fees and expenses (including all agents' and legal fees and disbursements); (v) obtaining any environmental audits or other inspections, tests or reports with respect to the Property; (vi) complying with any notices, orders, judgments, directives, permits, licenses, authorizations or approvals with respect to the Property; (vii) performing the obligations of any Borrower Entity under the Loan Documents; (viii) all reasonable legal fees and disbursements in connection with the Loan, on a solicitor and his own client basis, and (ix) any other fees, costs, charges or expenses payable to any Lender Entity under any of the Loan Documents or Applicable Laws. "Costs" include interest at the Interest Rate on all such fees, costs, charges and expenses.

"Environmental Laws" means all present and future Applicable Laws, permits, certificates, licenses, agreements, standards and requirements relating to environmental or occupational health and safety matters, including the presence, release, reporting, investigation, disposal, remediation and clean-up of Hazardous Substances.

"Environmental Proceeding" has the meaning set out in Subsection 4.02(m) of this Charge.

"Equipment" means all machinery, equipment, appliances, furniture, furnishings, chattels, fixtures (including all heating, air conditioning, ventilating, waste disposal, sprinkler and fire and theft protection equipment, plumbing, lighting, communications and elevator fixtures) and other similar property of every kind and nature whatsoever now or hereafter located upon or used in connection with the Property or appurtenant thereto.

"Event of Default" or "default" means any of the following events: (a) any default by the Chargor in payment of all or any portion of the Loan Indebtedness when due or in payment of any reserves due under the Loan Documents; (b) any Borrower Entity defaults in observing or performing any other covenant, condition or obligation under any Loan Document on its part to be observed or performed which default is not cured within the applicable grace or cure period, or if no such period is provided, within thirty (30) days following written notice of such default to such Borrower Entity (but for greater certainty, there shall be no grace or cure period in respect of any other Event of Default expressly enumerated in this definition); (c) any representation or warranty of any Borrower Entity in any Loan Document, or in any financial statement or other document at any time delivered by or on behalf of any such Borrower Entity to any Lender Entity in connection with the Loan, is incorrect or misleading in any material respect; (d) any Borrower Entity becomes insolvent, makes any assignment in bankruptcy, makes any assignment for the benefit of creditors or makes any proposal to or seeks relief from its creditors under any bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership or other similar laws affecting or relating to creditor's rights, any order, declaration or judgement of any court is made adjudging or declaring any Borrower Entity bankrupt or insolvent or ordering the liquidation, winding-up, reorganization or arrangement of any Borrower Entity or granting any Borrower Entity protection from its creditors or appointing any trustee, receiver, receiver and manager, sequestrator or other Person with similar powers in respect of any Borrower Entity or all or any part of its assets, or any proceedings are commenced by or against any Borrower Entity seeking any such order, declaration or judgement; (e) any default by any Borrower Entity under any Lien of all or any part of the Property ranking in

priority to or subsequent to the security of this Charge or the other Loan Documents, or any attornment of rents, power of sale, judicial sale, foreclosure or other enforcement proceedings are commenced against or in respect of any Borrower Entity or any part of the Property under or in respect of such Lien or any holder of such Lien takes possession or control of any part of the Property; (f) any writ of execution, distress, attachment or other similar process is issued or levied against any Borrower Entity or all or any part of its assets, or any judgement or order is made against any Borrower Entity by a court of competent jurisdiction and, in the opinion of the Chargee, such judgement or order would materially and adversely affect the ability of such Borrower Entity to fulfil its obligations to the Chargee under the Loan or the Loan Documents; (g) any part of the Property is condemned or expropriated and, in the opinion of the Chargee in respect of any expropriation, such expropriation materially impairs the value of the Property, the validity, enforceability or priority of the security of the Loan Documents, or the ability of any Borrower Entity to fulfil its obligations to the Chargee in respect of the Loan; or (h) any other Event of Default under any Loan Document.

"Governmental Authority" means any federal, provincial, municipal or other form of government or any political subdivision or agency thereof, any body or authority exercising any functions of government, and any court, whether in Canada, the United States of America or elsewhere.

"Hazardous Substance" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority including any contaminants, pollutants, asbestos, lead, polychlorinated by-phenyl or hydrocarbon products, any materials containing same or derivatives thereof, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

"Indemnitor" means the Person(s) named as Indemnitor in the Commitment Letter.

"Interest Adjustment Date" means the date specified as the Interest Adjustment Date in this Charge.

"Interest Rate" means the interest rate per annum specified as the Interest Rate in this Charge, which rate of interest shall be calculated semi-annually, not in advance, both before and after maturity, demand, default and judgment.

"Leases" means all present and future leases, offers to lease, subleases, concessions, licenses and other contracts and agreements affecting the use, enjoyment or occupancy of the Property or any portion thereof (including, if a hotel, all guest rooms, meeting rooms, restaurants and other food and beverage facilities), together with all related credits, rights, options, claims, causes of action, guarantees, indemnities, security deposits and other security.

"Lender Entity" means each of the Chargee, its servicer, the lender named in the Commitment Letter, each Person having an ownership interest in the Loan from time to time, any receiver and their respective employees, officers and directors.

"Lien" means any mortgage, charge, pledge, hypothec, assignment, lien, lease, sublease, easement, preference, priority, trust or other security interest or encumbrance of any kind or nature whatsoever with respect to any property or asset, including any title reservations, limitations, provisos or conditions.

"Loan" means the loan made by the Chargee to the Chargor in the Principal Amount pursuant to the Loan Documents.

"Loan Documents" means, collectively, all documents, instruments, agreements and opinions now or hereafter evidencing, securing, guaranteeing and/or relating to the Loan and the Loan Indebtedness or any part thereof, including the Commitment Letter and this Charge.

"Loan Indebtedness" means the aggregate of (i) the Principal Amount, (ii) all interest and compound interest at the Interest Rate, (iii) Costs, (iv) the Prepayment Charge, if any, (v) any amount, cost, charge, expense or interest added to the Loan Indebtedness under the Loan Documents or Applicable Laws or which is otherwise due and payable thereunder or secured thereby from time to time, and (vi) the payment, performance, discharge and satisfaction of all other obligations of any Borrower Entity under or in respect of the Loan and Loan Documents.

"Monthly Payment" means each monthly payment of principal and interest to be paid by the Chargor to the Chargee on account of the Loan, each in the amount specified in this Charge (for a Charge in the non-electronic paper based registration system, being the dollar amount specified in Box 9(h) of the Charge/Mortgage of Land (Form 2), or for a Charge in the electronic registration system, being the dollar amount specified as "Payments").

"Payment Date" means the first day of each calendar month in each and every year commencing on the first day of the first calendar month following the Interest Adjustment Date and ending on the Maturity Date.

"Person" means any individual, general or limited partnership, joint venture, sole proprietorship, corporation, unincorporated association, trust, trustee, executor, administrator, legal representative or Governmental Authority.

"Prepayment Charge" means, with respect to any acceleration or prepayment of the Principal Amount, an amount equal to the greater of (A) three (3) months' interest at the Interest Rate on the Principal Amount then outstanding, and (B) the positive difference, if any, between (x) the present value on the date of such acceleration or prepayment of all future monthly payments which the Chargor would otherwise be required to pay under the Loan during the remainder of the term of the Loan absent such prepayment or acceleration, including the unpaid Principal Amount which would otherwise be due upon the Maturity Date absent such acceleration or prepayment, with such present value being determined by the use of a discount rate equal to the yield to maturity, less one-half percent, on the date

of such acceleration or prepayment of Government of Canada bonds having the term to maturity closest to what otherwise would have been the remainder of the term of the Loan absent such acceleration or prepayment, and (y) the Principal Amount on the date of such prepayment. If there is more than one Government of Canada bond with a maturity equally close to what otherwise would have been the remaining term of the Loan absent the repayment by reason of such acceleration or prepayment, as the case may be, the selection of the applicable bond shall be made by the Chargee, acting reasonably.

"Principal Amount" means the principal amount specified in the Charge (for a Charge in the non-electronic paper based registration system, being the dollar amount specified in Box 4 of the Charge/Mortgage of Land (Form 2), or for a Charge in the electronic registration system, being the dollar amount specified in the Charge as "Principal").

"Property" means all legal and beneficial right, title, estate and interest in and to the lands and premises described in this Charge (for a Charge in the non-electronic paper based registration system, being the lands and premises described in Box 5 of the Charge/Mortgage of Land (Form 2) and in any schedule thereto, or for a Charge in the electronic registration system, being the lands and premises described in this Charge as the "Properties"), together with all buildings, structures, fixtures, and improvements of any nature or kind now or hereafter located on such lands, and all Equipment, Leases, Rents and all other appurtenances thereto.

"Rating Agency" shall mean, prior to a Securitization, any one or more (as designated by the Chargee in its sole discretion) of Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., Moody's Investors Service Inc., Fitch, Inc., and Dominion Bond Ratings Service Limited or any other nationally-recognized statistical rating organization designated by the Chargee in its sole discretion, and, after a Securitization, each Rating Agency which has rated the certificates or other securities that are the subject of the Securitization.

"Rating Confirmation" with respect to the transaction or matter in question, shall mean: (i) if all or any portion of the Loan, by itself or together with other loans, has been the subject of a Securitization, then each applicable Rating Agency shall have confirmed in writing that such transaction or matter shall not result in a downgrade, qualification, or withdrawal of any rating then in effect for any certificate or other securities issued in connection with such Securitization; and (ii) if all of the Loan has not been the subject of a Securitization, then the Chargee shall have determined in its sole discretion (taking into consideration such factors as the Chargee may in good faith determine, including the attributes of the loan pool in which the Loan might reasonably be expected to be securitized) that no rating for any certificate or other securities that would be issued in connection with Securitization of such portion of the Loan will be downgraded, qualified, or withheld by reason of such transaction or matter.

"Realty Taxes" means all taxes, duties, rates, imposts, levies, assessments and other similar charges, whether general or special, ordinary or extraordinary, or foreseen or unforeseen, including municipal taxes, school taxes and local improvement charges, and all related interest, penalties and fines which at any time may be levied, assessed, imposed or be a Lien on the Property or any part thereof.

"Rents" means all revenues, receipts, income, credits, deposits, profits, royalties, rents, additional rents, recoveries, accounts receivable and other receivables of any kind and nature whatsoever arising from or relating to the Property, including, if a hotel, all guest rooms, meeting rooms, restaurants and other food and beverage facilities, vending machines, telephone and television systems, guest laundry and the provision or sale of any goods or services.

"Securitization" shall mean any offering of securities backed by or representing direct or indirect interests in the Loan or any pool of loans which includes the Loan.

"Transfer" shall mean (a) any conveyance, assignment, transfer, sale, granting or creation of an option or trust with respect to, or other disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) any legal or beneficial interest in the Property or any part thereof; or (b) any change in the effective voting control of any Person comprising the Chargor or any beneficial or unregistered owner of any part of the Property from that existing as of the initial Loan advance (including any change of ownership of 50% or more of the voting securities representing an interest in any such Person) and shall include any agreement to do or complete any of the matters referred to in (a) or (b) above.

1.02 Construction. In this Charge: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the word "including" shall mean "including, without limitation,"; (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced from time to time, and any successor statute thereto; (d) any reference to the Commitment Letter, any Loan Document, any Lease or other agreement or instrument shall include all amendments, addenda, modifications, extensions, renewals, restatements, supplements or replacements thereto from time to time; (e) reference to the Chargee, Chargor, Indemnitor, any guarantor, Lender Entity, Borrower Entity, any beneficial owner of the Property, and any other Person shall include their respective heirs, executors, administrators, legal representatives, successors and assigns, and reference to "corporation" shall include a company or other form of body corporate; (f) all dollar amounts are expressed in Canadian dollars; (g) the division of this Charge into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Charge; (h) the Chargee's right to give or withhold any consent or approval, make any determination or exercise any discretion shall be exercised by the Chargee acting reasonably unless otherwise expressly provided, except that following an Event of Default, the Chargee shall be entitled to exercise same in its sole discretion; (i) the Loan Documents are the result of negotiations between the parties hereto and shall not be construed in favour of or against any party by reason of the extent to which any party or its legal counsel participated in its preparation; (j) notwithstanding the actual date of execution or registration of this Charge, this

Charge may be referred to in the Loan Documents as having been executed as of or bearing a formal date of September 16, 2005; (k) if more than one Person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Chargor, then the obligations and liabilities of all such Persons shall be joint and several; (l) time shall be of the essence; and (m) all obligations of the Chargor in this Charge will be deemed to be covenants by the Chargor in favour of the Chargee. Where any reference is made in this Charge to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to, a trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to, the trustee(s) of the trust. In the event of any conflict or inconsistency between any provision of this Charge and the provision of any other Loan Document, the provision of this Charge shall prevail to the extent of any such conflict or inconsistency. This Charge is intended to supplement and not derogate from the other Loan Documents. The delivery of this Charge for registration by direct electronic transmission shall have the same effect for all purposes as if this Charge was in written form, signed by the Chargor and delivered to the Chargee.

1.03 Survival of Representations, Warranties and Covenants. The representations, warranties, covenants and obligations of each Borrower Entity in the Loan Documents shall (i) survive the making of any advance or repayment of the Loan, any full or partial release, termination or discharge of any Loan Document, and any enforcement proceedings taken by any Lender Entity under any Loan Document or Applicable Laws; (ii) enure to the benefit of the Chargee for itself and on behalf of each Lender Entity (including each Person having a beneficial or unregistered ownership interest in the Loan), and (iii) be fully effective and enforceable by the Chargee notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach by any Borrower Entity of any of its obligations and liabilities in respect of the Loan or other information (to the contrary or otherwise) known to any Lender Entity at any time. Without limiting the foregoing, the representations, warranties, covenants and obligations of the Chargor under the Loan Documents shall be fully binding upon and enforceable against the Chargor when it is the beneficial owner of the Property and when it is a trustee, agent or nominee of the Property for any other Person. The representations and warranties of each Borrower Entity in the Loan Documents are deemed to be made to the Chargee on the date of execution of each Loan Document by such Borrower Entity and are deemed repeated on the date of each Loan advance. The Chargor agrees that all enforcement actions or proceedings may be brought by the Chargee under or in respect of the Loan and the Loan Documents on behalf of all Person(s) having a beneficial or unregistered ownership interest therein and waives any requirement that any such Person(s) be a party thereto.

ARTICLE 2 - CHARGE

2.01 Charge. As security for the payment and performance to the Chargee of the Loan Indebtedness, the Chargor hereby mortgages and charges the Property to and in favour of the Chargee.

2.02 Continuing Security. Without limiting any other provision hereof, this Charge secures, *inter alia*, a current or running account and any portion of the Principal Amount may be advanced or readvanced by the Chargee in one or more sums at any future date or dates and the amount of such advances and readvances when so made will be secured by this Charge and be repayable with interest at the Interest Rate and this Charge will be security for the ultimate balance owing to the Chargee arising from the current and running accounts represented by advances and readvances of the Principal Amount or any part thereof with interest at the Interest Rate and all other amounts secured hereby and notwithstanding any change in the amount, nature and form of the Loan Indebtedness from time to time. If the whole or any part of the Principal Amount or other amount secured hereby is repaid, this Charge shall be and remain valid security for any subsequent advance or readvance by the Chargee to the Chargor until such time as the Chargee has executed and delivered to the Chargor a complete discharge of this Charge. The provisions relating to defeasance contained in Subsection 6(2) of the *Land Registration Reform Act* (Ontario) are hereby expressly excluded from this Charge.

ARTICLE 3 - PAYMENT PROVISIONS

3.01 Covenant to Pay. The Chargor acknowledges itself indebted and promises to pay the Loan Indebtedness to the Chargee as and when provided in this Charge, without set-off, deduction or abatement.

3.02 Interest. The Principal Amount shall bear interest at the Interest Rate both before and after default, demand, maturity and judgment until paid.

3.03 Payment Provisions. The Chargor will pay the Loan Indebtedness to the Chargee as follows: (a) interest at the Interest Rate on the Principal Amount or such portion as may be advanced from time to time, calculated from the respective dates of such advances, shall become due and payable on the first day of each calendar month following the date of advance to and including the Interest Adjustment Date (at the option of the Chargee, such interest may be deducted from such advances); (b) from and after the Interest Adjustment Date, the Principal Amount and interest thereon at the Interest Rate computed from the Interest Adjustment Date will become due and payable by payments each in the amount equal to the Monthly Payment (which shall include principal and interest) on each Payment Date (such payments to be applied as provided in Section 3.09 hereof) and the balance of the Principal Amount with interest at the Interest Rate will become due and payable on the Maturity Date; (c) any part of the Loan Indebtedness that is not principal or interest on principal will be payable on demand with interest

thereon at the Interest Rate; and (d) the balance of the Loan Indebtedness then remaining together with any interest thereon at the Interest Rate will become due and be paid on the Maturity Date.

3.04 Compound Interest. Interest shall accrue on overdue interest at the Interest Rate from time to time, both before and after default, demand, maturity and judgment until paid and shall be due and payable by the Chargor to the Chargee forthwith. If such overdue interest and compound interest are not paid within the interest calculation period (being semi-annually not in advance) provided in this Charge from the time of default, a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, default and judgment, and so on from time to time until paid. All compound interest shall be added to the Loan Indebtedness and secured by this Charge.

3.05 Receipt of Payment. Payment will not be deemed to have been made until the Chargee has actually received such money. The Chargor assumes all risk if payments are lost or delayed. Any payment received after 12:00 o'clock noon Toronto time on any day will be deemed, for the purpose of calculation of interest, to have been made and received on the next Business Day. Payments shall be made to the Chargee at such place as the Chargee may designate from time to time.

3.06 Wire Transfer/Pre-authorized Chequing. The Chargor, on written request from the Chargee, and at the Chargee's option, will make all payments pursuant to this Charge by pre-authorized chequing or electronic debit entry on an account maintained by the Chargor and will execute and provide such written authorizations and sample cheques as the Chargee may require.

3.07 Dishonoured Cheques or Payments. If any of the Chargor's cheques are not honoured when presented for payment or if a pre-authorized payment is not honoured, the Chargor will immediately pay the Chargee a reasonable servicing fee as determined by the Chargee or its servicer to cover the administration costs and expenses arising therefrom. Until paid, such servicing fee, together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge.

3.08 No Right of Prepayment. No Borrower Entity or any other Person shall have the right to prepay all or any part of the Principal Amount of the Loan prior to the Maturity Date. If any acceleration (including any acceleration under Section 4.02(d)) or prepayment of all or any portion of the Principal Amount should occur prior to the Maturity Date for any reason whatsoever (whether as a result of any Event of Default, Applicable Law or otherwise), then the Prepayment Charge shall immediately become due and payable by the Chargor to the Chargee, in addition to all other amounts then due and owing to the Chargee. Such Prepayment Charge shall form part of the Loan Indebtedness and shall be secured by the Charge and the other Loan Documents. The Chargor acknowledges that the Prepayment Charge represents reasonable and fair compensation for the loss that the Chargee may sustain from any acceleration or prepayment of the Principal Amount of the Loan prior to the Maturity Date, provided nothing herein shall create any right to prepay all or any portion of the Principal Amount at any time or in any circumstances prior to the Maturity Date.

3.09 Application of Payments. Prior to an Event of Default, all Monthly Payments received by the Chargee on account of the Loan Indebtedness shall be applied as follows, regardless of any other designation of such payments as principal, interest or other charges: first, to the repayment of sums advanced by the Chargee pursuant to this Charge or any other Loan Document for any reason (other than the Principal Amount), including sums advanced to pay Realty Taxes, Costs, insurance premiums or other charges against the Property (together with interest thereon at the Interest Rate from the date of advance until paid), then to the payment of accrued but unpaid interest which is then due and payable, and finally, to reduction of the Principal Amount. Following an Event of Default, all payments received by the Chargee shall be applied by the Chargee to principal, interest and/or such other charges due under this Charge or the other Loan Documents in such order as the Chargee shall determine in its sole discretion.

3.10 Costs. The Chargor covenants to pay all Costs to the Chargee forthwith upon demand whether or not all or any part of the Principal Amount is advanced. Until paid, all Costs together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge.

3.11 Deemed Re-investment. There shall be no allowance or deduction for deemed re-investment with respect to any amounts paid to the Chargee on account of interest under the Loan.

3.12 Advance Directed to Pay Reserves and Costs. Notwithstanding any rule of law or equity to the contrary, any amounts directed from any Loan advance by the Chargor to be paid as a reserve under the Commitment Letter or to be paid on account of any Costs shall be considered to be fully and immediately advanced to the Chargor for all purposes, shall bear interest at the Interest Rate from and after the date of such Loan advance, and shall be fully and immediately secured by this Charge in priority to all other Liens.

3.13 Reserves. In addition to the Loan Indebtedness, the Chargor shall pay to the Chargee all reserves required by the Commitment Letter when due.

ARTICLE 4 - REPRESENTATIONS, WARRANTIES AND COVENANTS

4.01 Statutory Covenants. The implied covenants under subsection 7(1) of the *Land Registration Reform Act* (Ontario) are expressly incorporated in this Charge but shall be varied so that they shall apply to the Chargor when it is the beneficial owner of the Property and to the Chargor when it is a trustee of the Property for any other Person. The covenants in this Charge supplement and do not derogate from such implied covenants.

4.02 Representations, Warranties and Covenants. The Chargor represents and warrants to and covenants with the Chargee:

(a) **Authorization.** Each Borrower Entity (i) which is a corporation is a duly organized and validly existing corporation under the laws of its governing jurisdiction; (ii) which is a partnership is a valid and subsisting general or limited partnership, as the case may be, under the laws of its governing jurisdiction; (iii) which owns an interest in the Property has full power, authority and legal right to own the Property and to carry on its business thereon in compliance with all Applicable Laws and is duly licensed, registered or qualified in all jurisdictions where the character of its undertaking, property and assets or the nature of its activities makes such licensing, registration or qualification necessary or desirable; (iv) has full power, authority and legal right to enter into each of the Loan Documents to which it is a party and to do all acts and execute and deliver all other documents as are required to be done, observed or performed by it in accordance with their respective terms; (v) has taken all necessary action and proceedings to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to observe and perform the provisions of each in accordance with its terms; (vi) shall maintain in good standing its existence, capacity, power and authority as a corporation or partnership, as the case may be, and shall not liquidate, dissolve, wind-up, terminate, merge, amalgamate, consolidate, reorganize or restructure or enter into any transaction or take any steps in connection therewith; and (vii) which is the Chargor, is a corporation resident in Canada.

(b) **Enforceability.** The Loan Documents constitute valid and legally binding obligations of each Borrower Entity enforceable against each of them in accordance with their terms and are not subject to any right of rescission, set-off, counterclaim or defence. Neither execution and delivery of the Loan Documents, nor compliance with the terms and conditions of any of them, (i) has resulted or will result in a violation of the constating documents governing any Borrower Entity, including any unanimous shareholders' agreement, or any resolution passed by the board of directors, shareholders or partners, as the case may be, of any Borrower Entity, (ii) has resulted or will result in a breach of or constitute a default under Applicable Laws or any agreement or instrument to which any Borrower Entity is a party or by which it or the Property or any part thereof is bound or (iii) requires any approval or consent of any Person except such as has already been obtained.

(c) **Title and Security.** The Chargor is the sole legal and beneficial owner of the Property. The Chargor has good and marketable title in fee simple to the Property free and clear of all Liens, and this Charge and the other Loan Documents shall be at all times a good and valid mortgage, charge, assignment of and security interest in the Property in priority to all other Liens, except in each case as disclosed by the records of the applicable land registry office and accepted by the Chargee in its sole discretion prior to the Loan advance. The Chargor shall defend title to the Property for the benefit of the Chargee from and against all actions, proceedings and claims of all Persons. The Chargor shall not subject the Property or any part thereof to a condominium regime or any other form of multiple ownership or governance.

(d) **Transfers and Liens.** No Transfer shall be made or permitted to be made without the prior written consent of the Chargee in its sole discretion. No Liens shall be created, issued, incurred or permitted to exist (by operation of law or otherwise and whether prior or subordinate to the security of this Charge and the other Loan Documents) on any part of the Property or any interest therein (except in favour of the Chargee as security for the Loan), without the prior written consent of the Chargor in its sole discretion. Any Lien not permitted hereby shall be vacated and discharged from the Property by the Chargor forthwith. If, without the prior consent of the Chargee, any Transfer or any Lien of any part of the Property or any interest therein is made, created, incurred or permitted to exist, then the Chargee, at its sole option, may declare the Loan Indebtedness (including the Prepayment Charge) to be immediately due and payable by the Chargor to the Chargee. If the Chargee elects to provide its consent to any Transfer in its sole discretion, such consent shall be subject to satisfaction of the following terms and conditions (each of which shall be an obligation of the Chargor to promptly satisfy prior to completion of such Transfer): (i) no Event of Default shall have occurred and be uncured and no event shall have occurred and be uncured which, with the passing of time or the giving of notice or both, would be an Event of Default, (ii) the Chargee shall have approved in its sole discretion the financial condition, managerial capacity and ownership structure of the transferee, (iii) the transferee and each other Borrower Entity shall execute and deliver, in the Chargee's form, an assumption agreement and such other indemnities, confirmations, insurance policies (including title insurance) and opinions as the Chargee may require in its sole discretion, (iv) if required by the Chargee in its sole discretion, delivery by the Chargor to the Chargee, at Chargor's sole expense, of a Rating Confirmation in respect of such Transfer and all related transactions; (v) the Chargor shall pay all fees, costs, expenses, charges and disbursements relating to such Transfer including the reasonable fees, costs, expenses, charges and disbursements of the Chargee, its counsel and its servicer for review of Chargor's compliance with the requirements hereof and the preparation and review and/or recording of any and all documentation, accounting certifications or legal opinions relating thereto, including any governmental or third-party fees, costs, taxes or assessments thereon and all fees, costs, expenses, charges and disbursements charged by the Rating Agencies in connection with their review of such Transfer and all related transactions (whether or not a Rating Confirmation is required or issued), (vi) the Chargor shall pay to the Chargee an assumption fee (not to exceed \$15,000.00), equal to 0.25% of the then-outstanding Principal Amount, and (vii) the Chargor shall satisfy all other conditions imposed by the Chargee in respect of such Transfer in its sole discretion. Following any such Transfer, the Chargor and each beneficial owner of the Property including each transferee, shall be a corporation resident in Canada. No Transfer permitted by this Charge shall in any way affect the validity, priority or enforceability of the Loan Documents or the security thereof or release, discharge, modify or otherwise affect the respective obligations of the transferor or any other Borrower Entity thereunder.

(e) **Realty Taxes and Utility Charges.** The Chargor shall pay or cause to be paid all Realty Taxes and utility charges when due. The Chargor shall deliver to the Chargee received invoices or other evidence of payment of (i) Realty Taxes no later than each due date thereof, and (ii) utility charges upon request by the Chargee.

(f) Litigation. There are no existing or threatened actions, proceedings or claims against or relating to the Property or any Borrower Entity except as disclosed to and accepted by the Chargee in writing prior to the initial Loan advance. Upon becoming aware of any threatened or actual action, proceeding or claim against or relating to the Property or any Borrower Entity, the Chargor shall promptly notify and provide the Chargee with such information concerning same as the Chargee may require from time to time.

(g) Property. The Property is in good condition and repair, complies with all Applicable Laws, title encumbrances and material agreements, and the present use and location of the buildings, structures and other improvements are legal conforming uses under all Applicable Laws. No buildings, structures or other improvements have been made, altered or removed from the Property since the date of the survey provided to the Chargee prior to the initial Loan advance and such survey accurately shows the location thereof. The Chargor is not aware of any action, proceedings, notices, judgments, orders or claims by any Person alleging or relating to any non-compliance by the Property with any Applicable Laws, title encumbrances or material agreements or any permits, licenses or approvals and the Chargor shall promptly notify and provide the Chargee with all information concerning same as the Chargee may require from time to time. All services and utilities necessary for the use and operation of the Property are located in the public highway(s) abutting the Property (or within easements disclosed to and approved by the Chargee in writing prior to the initial Loan advance) and are connected and available for use. The Property has unrestricted and unconditional rights of public access to and from public highways (completed and available for public use) abutting the Property at all existing access points. The Chargor is not aware of any existing or threatened expropriation or other similar proceeding in respect of the Property or any part thereof.

(h) Use and Maintenance. The Chargor shall not change the use of or abandon the Property, commit or permit any waste of the Property or remove or permit the removal of any building, structure or other improvement from the Property (other than a tenant's improvements removable by a tenant in accordance with its Lease). The Chargor shall diligently maintain, use, manage, operate and repair the Property in a safe and insurable condition, in accordance with Applicable Laws, title encumbrances, material agreements, permits, licenses and approvals, in a prudent and business-like manner, and in keeping with the highest standards for similar properties in the locality in which the Property is situate. The Chargor shall promptly make or cause to be made at its expense all necessary repairs and replacements to the Property necessary to comply with this Subsection in a good and workmanlike manner and equal or better in quality to the original work, and in compliance with all Applicable Laws, title encumbrances, applicable material agreements, permits, licenses and approvals.

(i) Changes to Property. The Chargor shall not demolish, remove, construct, alter, add to, repair or restore the Property or any portion thereof, nor consent to or permit any such action, without obtaining in each instance the Chargee's prior written consent in its sole discretion (except for repairs and alterations costing One Hundred Thousand Dollars (\$100,000.00) or less to complete).

(j) Management. The manager of the Property and each management agreement shall each be subject to the approval of the Chargee in its sole discretion from time to time. The manager shall not be removed or replaced and the management agreement shall not be terminated or amended without the prior written consent of the Chargee in its sole discretion. Upon an Event of Default, the Chargee may terminate, or require the Chargor to terminate, such management agreement and may retain, or require the Chargor to retain, a new manager approved by the Chargee (in each case at the Chargor's sole expense). Each management agreement shall contain termination provisions consistent with this Subsection.

(k) Right of Inspection. The Chargee, its servicer and their respective agents and employees shall have the right, subject to the rights of tenants under existing Leases, to enter and inspect the Property at all reasonable times and, except in an emergency or following an Event of Default, upon reasonable notice to the Chargor. The Chargee shall not be a mortgagee in possession by reason of its exercise of any such right.

(l) Permits. The Chargor (i) has obtained all necessary permits, agreements, rights, licences, authorizations, approvals, franchises, trademarks, trade names and similar property and rights (collectively "Permits") necessary to permit the lawful construction, occupancy, operation and use of the Property; (ii) is not in default under such Permits and shall maintain all such Permits in good standing and in full force and effect; (iii) has delivered to the Chargee complete copies of each Permit existing as of the date of the initial Loan advance; (iv) shall not terminate, amend or waive any of its rights and privileges under any Permits without the Chargee's prior written consent in its sole discretion; and (v) is not aware of any proposed changes or any notices or proceedings relating to any Permits (including pending cancellation, termination or expiry thereof). The Chargor shall promptly notify and deliver to the Chargee particulars of any such changes, notices or proceedings that may arise from time to time.

(m) Representations Regarding Environmental Matters. The Property and all activities conducted thereon comply with all Environmental Laws. The Property contains no Hazardous Substances, has not been previously subject to any remediation or clean-up of Hazardous Substances and there is no prior, existing or threatened investigation, action, proceeding, notice, order, conviction, fine, judgment, claim, directive or Lien of any nature or kind against or affecting the Property or the Chargor arising under or relating to Environmental Laws (each, an "Environmental Proceeding"). All existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or any Environmental Proceedings which would render illegal or affect the present use and operation of the Property. Neither the Chargor nor any other Person has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances or as a waste disposal site.

(n) Covenants Regarding Environmental Matters. The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws); (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings that may arise from time to time and provide particulars thereof; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substances; and (v) provide the Chargee promptly upon request with such information and documents and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance by the Property and the Chargor with Environmental Laws.

(o) Environmental Indemnity. Without limiting any other provision of any Loan Document, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees and disbursements on a solicitor and its own client basis) (collectively "Environmental Claims") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, whether or not disclosed by any environmental audit obtained by any Lender Entity prior to the initial Loan advance and whether or not caused by the Chargor or within its control: (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws; or (v) any breach by any Borrower Entity of any Loan Document or Applicable Law relating to environmental matters (including Subsections 4.02(m) and (n) above). Notwithstanding any other Loan Document, the Chargor agrees that the Chargee shall have full and unrestricted recourse to the Chargor and all of its property and assets for all such Environmental Claims.

(p) Statement of Disclosure. Each Borrower Entity has received all statements of disclosure in respect of the Loan as required by and in compliance with Applicable Laws.

(q) Estoppel Certificates. Within fifteen (15) days following a request by the Chargee from time to time, the Chargor shall provide the Chargee with a written statement confirming the status of the Loan in form and content required by the Chargee, including the amount of the Loan Indebtedness, interest rate and payment terms and particulars of all existing or alleged defaults, claims, offsets or defences.

(r) Financial and Other Information. All financial statements and other information delivered to any Lender Entity by or on behalf of each Borrower Entity in connection with the Loan are complete and correct in all material respects and include all material facts and circumstances concerning the financial or other condition or status of the Property, each Borrower Entity or its business and operations necessary to ensure all such statements and information so provided are not misleading as of the date of delivery to such Lender Entity or as of such other date specified therein. There has been no subsequent material adverse change in the financial or other condition of the Property, any Borrower Entity or its business and operations. No Borrower Entity has any material liability (contingent or otherwise) or other unusual or forward commitment not reflected in such financial statements. Each Borrower Entity has filed all tax returns required by Applicable Laws and has paid, when due, all taxes, surtaxes, duties, rates, withholdings and other similar charges (including related interest, penalties and fines) imposed on it by Applicable Laws or any Governmental Authority.

(s) Financial Statements. The Chargor shall provide the following financial statements and information to the Chargee, certified by the Chargor or the related Borrower Entity and prepared in accordance with generally accepted accounting principles consistently applied and in form and substance acceptable to the Chargee: (i) an annual operating statement and rent roll within ninety (90) days after the end of each fiscal year; (ii) annual financial statements for each Borrower Entity within ninety (90) days after the end of each fiscal year; and (iii) such other information with respect to the Property and/or any Borrower Entity reasonably requested from time to time by the Chargee. If the Property is a hotel, the Chargor shall provide an occupancy summary for the applicable period in form and substance acceptable to the Chargee in lieu of a rent roll. The Chargee or its agents shall have the right to make such inspections and audits of the Property and the books and records of the Chargor as the Chargee shall determine in its sole discretion at the Chargor's expense and the Chargor shall cooperate fully therewith.

(t) Not a Construction Loan. The Chargor covenants, represents and warrants that the Loan and the proceeds thereof are not to be used for the purpose of securing the financing of any improvement (within the meaning of the *Construction Lien Act (Ontario)*) to the Property or for repaying any charge which was taken to secure the financing of an improvement to the Property.

4.03 Performance of Covenants and Default. The Chargor shall observe and perform and cause to be observed and performed all covenants, provisos and conditions contained in this Charge and the other Loan Documents. The Chargor represents and warrants to the Chargee that no Event of Default has occurred and no event has occurred which with the giving of notice, lapse of time or both would constitute an Event of Default. Upon becoming aware of any such Event of Default or event, the Chargor shall promptly deliver to the Chargee a notice specifying full particulars of same.

ARTICLE 5 - INSURANCE

5.01 Insurance Coverage. The Chargor shall maintain at its sole expense the following insurance coverages with respect to the Property for the benefit of Chargee until the Loan Indebtedness has been fully paid and satisfied: (a) insurance against loss or damage by fire, casualty and other hazards as are now or subsequently covered by an "all risk" policy with such endorsements as the Chargee may reasonably require from time to time, covering one hundred percent (100%) of the full replacement cost of the buildings, structures and improvements comprising the Property (including footings and foundations); (b) rental insurance covering one hundred percent (100%) of the total Rents from the Property for not less than a twelve (12) month period (to be determined once each calendar year); (c) comprehensive broad form boiler and machinery coverage; (d) "Comprehensive General Liability Form" of commercial general liability insurance coverage with the "Broad Form CGL" endorsement, providing coverage on a per occurrence basis in an amount not less than Five Million Dollars (\$5,000,000.00) per occurrence; and (e) such other insurance as required by the Chargee from time to time in its sole discretion. The Chargor represents and warrants to the Chargee that all such insurance is in full force and effect from and after the initial Loan advance.

5.02 Policy Terms. All insurance required by this Article shall have a term of not less than one year and shall be in the form and amount and with such deductibles, endorsements and insurers as are acceptable to the Chargee from time to time in its sole discretion. Original or certified copies of all insurance policies and all renewals thereof shall be delivered by the Chargor to the Chargee prior to the initial Loan advance or policy expiry, as the case may be. If insurance certificates or binders evidencing such insurance and acceptable to the Chargee are delivered prior to the initial Loan advance or renewal, as the case may be, the original or certified copies of such insurance policies may be delivered to the Chargee within ninety (90) days thereafter. All property, income and boiler and machinery policies shall (i) contain either a stated amount endorsement or a waiver of any co-insurance provision, (ii) contain Canadian standard mortgage clauses in favour of the Chargee, and (iii) shall name the Chargee (or an insurance trustee on terms approved by the Chargee in its sole discretion) as first loss payee. The Chargor shall not carry separate insurance, concurrent in kind or form or contributing in the event of loss, with any insurance required hereunder. If any insurance required by this Charge is not maintained by the Chargor at any time, the Chargee may (but is not obligated to) effect such insurance in any manner it shall determine in its sole discretion and all costs and expenses incurred by or on behalf of the Chargee in maintaining such insurance shall be payable by the Chargor to the Chargee forthwith on demand. Until paid, such costs and expenses together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge. As additional and separate security for payment of the Loan Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as a first Lien thereon, all legal and beneficial right, title and interest in and to all present and future insurance proceeds and expropriation awards in respect of the Property. The Chargor hereby authorizes and directs the issuer of any such insurance proceeds or expropriation awards to make payment directly to the Chargee. Upon an Event of Default, all insurance proceeds and expropriation awards arising in respect of the Property shall, at the option of the Chargee in its sole discretion, be applied in reduction of the Loan Indebtedness.

5.03 Comply with Insurance Policies. The Chargor shall pay all premiums relating to all insurance required by this Article when due and shall promptly deliver to the Chargee receipted invoices or other evidence of payment. The Chargor shall comply with all the terms of each insurance policy required by this Article and all requirements of the insurer of each such policy. The Chargor shall not by any action or omission invalidate any insurance policy required to be carried hereunder or materially increase the premiums on any such policy above the normal premium charged by the carrier of such policy.

ARTICLE 6 - DAMAGE AND DESTRUCTION

6.01 Damage and Destruction/Restoration. If any damage or destruction occurs to the Property, the Chargor shall: (i) give prompt written notice to the Chargee of any damage or destruction to the Property and cause the Property to be secured in a safe manner; (ii) promptly notify the Chargee of the Chargor's good faith estimate of the cost of the work and materials required to repair or restore such damage or destruction (the "Restoration Work"); (iii) promptly commence and diligently prosecute the Restoration Work to completion in accordance with all Applicable Laws and the provisions of this Article to a standard at least equal to the replacement value and general utility of the Property immediately prior to such damage or destruction; (iv) complete the Restoration Work within nine (9) months after the date of the damage and no later than six (6) months prior to the Maturity Date; (v) ensure that the proceeds of the rental insurance required by this Charge shall offset fully any loss of Rents throughout the completion of the Restoration Work and a reasonable period thereafter for leasing the Property or if not, deposit the amount of any deficiency with the Chargee in cash prior to commencement of the Restoration Work to ensure that funds are available to pay when due all scheduled payments on account of the Loan Indebtedness throughout the Restoration Work and leasing period; (vi) ensure that the use, occupancy and operation of the Property existing as of the Loan advance shall be permitted under all applicable zoning laws (or a legal non-conforming use thereunder) following completion of the Restoration Work; (vii) pay all costs and expenses incurred by any Lender Entity in connection with the recovery and administration of all insurance proceeds and the Restoration Work, including approving plans and specifications, inspecting the Restoration Work, and all reasonable architects', adjusters', lawyers', engineers' and other consultants' fees and disbursements and (viii) promptly furnish at its own expense all necessary proofs of loss and do all necessary acts to ensure that the Chargee receives payment of all insurance proceeds.

6.02 Application of Insurance Proceeds. Provided no Event of Default exists, all insurance proceeds net of all reasonable architects', adjusters', lawyers', and other consultants' fees and disbursements ("Net Proceeds") shall be held by the Chargee and paid out from time to time (but not more frequently than every thirty (30) days) to pay the cost of the Restoration Work performed in accordance with this Article on and subject to satisfaction of the following terms and conditions (each of which shall be an obligation of the Chargor to promptly satisfy): (a) Within ten (10) days of such damage or destruction, Chargor shall (i) deliver to the Chargee a certificate from an architect

approved by the Chargee acting reasonably (the "Architect") estimating the cost of the Restoration Work, (ii) if the estimated cost exceeds the amount of Net Proceeds then held by the Chargee, the Chargor shall deliver to the Chargee an unconditional, irrevocable, demand letter of credit, in form, substance and issued by a bank acceptable to the Chargee in its sole discretion, in the amount of such excess, or a completion bond in form, substance and issued by a surety company acceptable to the Chargee in its sole discretion, (iii) provide to the Chargee evidence satisfactory to it in its sole discretion (including an appraisal and statements of cash flow and debt service) that upon the completion of the Restoration Work, the debt service coverage ratio and loan to value ratio (each as determined by the Chargee in accordance with its then current underwriting practices) shall not be less than the debt service coverage ratio or more than the loan to value ratio specified in the Commitment Letter, and (iv) provide to the Chargee evidence satisfactory to it in its sole discretion, and agree in writing with the Chargee, that the Restoration Work will be completed in accordance with this Article; (b) If the Architect's estimate of the cost of the Restoration Work is equal to or exceeds Fifty Thousand Dollars (\$50,000.00), such Restoration Work shall be performed under the supervision of an Architect and in accordance with plans and specifications approved by the Chargee in its sole discretion; (c) Requests for payment of Net Proceeds held by the Chargee shall be made by the Chargor on not less than ten (10) Business Days prior notice to the Chargee and shall be accompanied by a certificate of an Architect, or if the Restoration Work is not required to be supervised by an Architect, by a certificate of the Chargor addressed to the Chargee, stating or containing (i) a detailed description of the completed Restoration Work for which the request for payment is made, (ii) that such Restoration Work has been completed in compliance with this Article, and has been approved by the Chargor and if applicable, the Architect, (iii) that the requested amount is due, or is required to reimburse the Chargor for payments made to the contractor, subcontractors, materialmen, labourers, engineers, architects or other persons performing the Restoration Work and that when added to all payments previously made from Net Proceeds does not exceed the value of the Restoration Work done to the date, (iv) that title to the personal property included in the request for payment is vested in the Chargor free and clear of all Liens, (v) the remaining cost to complete the Restoration Work, (vi) the amount of all lien holdbacks required or permitted to be maintained under Applicable Laws in respect of such Restoration Work, (vii) the amount of such holdbacks actually maintained by the Chargor, and (viii) that no written notice of a Lien under Applicable Laws has been received by the Chargor or the Architect or registered against the Property; and, (d) Prior to disbursing any Net Proceeds, (i) the Chargee must be satisfied in its sole discretion that all holdbacks required or permitted by Applicable Laws have been maintained and that no Liens under Applicable Laws have been registered against the Property, and (ii) the Chargee shall have the right to inspect the Property to determine that the Restoration Work complies with this Article.

6.03 Holdbacks. Notwithstanding any other provision of this Charge, the Chargee shall be entitled to retain, and not disburse, an amount equal to ten percent (10%) of the cost of the Restoration Work (the "Holdback Amount") until such time as (i) the Restoration Work has been fully completed in accordance with this Article, (ii) the Chargee shall have received copies of any and all final certificates of occupancy or other certificates, licenses, permits and approvals required for the ownership, occupancy and operation of the Property in accordance with all Applicable Laws, (iii) all Liens and holdback obligations under Applicable Laws relating to the Restoration Work have expired, (iv) all costs and expenses of the Restoration Work (including all costs of expenses of any Lender Entity referred to in Section 6.01(vii)) have been fully paid, and (v) no Event of Default exists. If any excess Net Proceeds remain after satisfaction of all of the foregoing matters, such excess proceeds shall be paid to the Chargor.

6.04 Event of Default. If the Chargor fails to comply with any of its obligations under this Article, an Event of Default shall have occurred, and the Chargee shall have the right in its sole discretion to apply all Net Proceeds to the Loan Indebtedness. The Chargee may (but shall have no obligation to) perform or cause to be performed any incomplete Restoration Work, and may take such other steps as it deems advisable in connection therewith. The Chargor hereby waives all actions, proceedings, claims, demands and other rights against each Lender Entity arising out of any act or omission of the Chargee completing the Restoration Work and all matters relating thereto. The Chargee may apply all or any portion of the Net Proceeds (without complying with any requirements of this Article) to pay or reimburse each Lender Entity for all costs of completing the Restoration Work without prior notice to or consent of the Chargor.

6.05 Proceeds of Expropriation. All proceeds of expropriation (if such proceeds do not exceed \$25,000.00) shall be paid to the Chargor and shall be re-invested in the Property. All proceeds of expropriation which exceed \$25,000.00 (or following an Event of Default, all expropriation proceeds) shall be paid to and held by the Chargee and may be applied by the Chargee, in its sole option exercisable in its sole discretion, to reduction of the Loan Indebtedness then due or may be held by the Chargee as security for the Loan Indebtedness.

ARTICLE 7 - EVENT OF DEFAULT AND REMEDIES

7.01 Acceleration. Upon an Event of Default, the entire Loan Indebtedness shall, at the option of the Chargee in its sole discretion, immediately become due and payable, with interest thereon at the Interest Rate to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, each of which are hereby expressly waived, and all the Chargee's rights and remedies under this Charge, the other Loan Documents, and otherwise at law and in equity shall immediately become enforceable.

7.02 Power of Sale. After an Event of Default which has continued for the minimum period provided by law, the Chargee, on giving the minimum notice required by law, may enter on, lease or sell the Property. Any sale of the Property by the Chargee may be by public auction or private sale for such price and on such terms as to credit and otherwise with such conditions of sale as the Chargee in its sole discretion deems proper and in accordance with Applicable Laws. If any sale is for credit or for part cash and part credit, the Chargee will not be accountable for or be charged with any moneys until they are actually received. The Chargee may rescind or vary any contract or sale and may buy and re-sell the Property without being answerable for loss occasioned thereby. No purchaser will be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety. No lack of default, want of notice or other requirement or any irregularity or impropriety of any kind

will invalidate any sale pursuant to this Charge and the purchaser shall not be responsible for any damage or loss caused thereby. The Chargee may sell without entering into actual possession of the Property and while in possession will be accountable only for moneys which are actually received by it. The Chargee may, subject to the restrictions of Applicable Law, sell parts of the Property from time to time to satisfy any portion of the Loan Indebtedness, leaving the remainder of the Property as security for the balance of the Loan Indebtedness. The Chargee may sell the Property or any portion of the Property subject to the balance of the Loan Indebtedness not yet due at the time of such sale. The costs of any sale proceedings pursuant to this Charge, whether such sale proves abortive or not, including taking, recovering or keeping possession of the Property or enforcing any other remedies pursuant to the Charge, shall be payable upon demand by the Chargor to the Chargee with interest thereon at the Interest Rate and until paid shall be added to the Loan Indebtedness and secured by this Charge.

7.03 General Rights of Chargee. After an Event of Default, the Chargee may, but will not be obligated to, perform or cause to be performed any obligations of the Chargor pursuant to this Charge and the other Loan Documents, and for such purpose may do such things as may be required, including entering upon the Property and doing such things upon or in respect of the Property as the Chargee reasonably considers necessary. No such performance by the Chargee shall relieve the Chargor from any default hereunder. The costs of all such actions taken by the Chargee shall be payable by the Chargor to the Chargee forthwith upon demand. Until paid, such costs together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by the Charge.

7.04 Possession. Upon an Event of Default, the Chargee may enter into and take possession of the Property and shall be entitled to have, hold, use, occupy, possess and enjoy the Property without let, suit, hindrance, interruption or denial of the Chargor or any other Person. The Chargee may maintain, repair and complete the construction of the Property, inspect, manage, take care of, collect Rents and lease the Property or any part thereof for such terms and for such rents (which may extend beyond the Maturity Date) and on such conditions and provisions (including providing any leasehold improvements and tenant inducements) as the Chargee may determine in its sole discretion, which lease(s) shall have the same effect as if made by the Chargor, and all costs, charges and expenses incurred by the Chargee in the exercise of such rights (including allowances for the time, service or effort of any Person appointed by the Chargee for the above purposes, and all reasonable legal fees and disbursements incurred as between a solicitor and his own client), together with interest thereon at the Interest Rate, shall be payable forthwith by the Chargor to the Chargee, and until paid shall be added to the Loan Indebtedness and shall be secured by this Charge. Each lease or renewal of lease made by the Chargee while in possession of the Property shall continue for its full term notwithstanding the termination of the Chargee's possession. No Lender Entity shall be liable for any loss or damage sustained by the Chargor or any other Person resulting from any lease entered into by the Chargee, any failure to lease the Property, or any part thereof, or from any other act or omission of the Chargee or any receiver in managing the Property, nor shall any Lender Entity be obligated to perform or discharge any obligation or liability of the Chargor under any Lease, Loan Document or otherwise at law or in equity.

7.05 Carry on Business. Upon any Event of Default, the Chargee may in its sole discretion, carry on, or concur in the carrying on of all or any part of the business or undertaking of the Chargor relating to the Property and enter on, occupy and use the Property without charge by any Borrower Entity.

7.06 Borrow on the Security of the Property. Upon an Event of Default, the Chargee may raise money on the security of the Property or any part thereof in priority to this Charge or otherwise, as reasonably required for the purpose of the maintenance, preservation, protection or completion of the Property or any part thereof or to carry on all or any part of the business of the Chargor relating to the Property.

7.07 Receiver. Upon any Event of Default, the Chargee may in its discretion, with or without entering into possession of the Property or any part thereof, by instrument in writing, appoint a "Receiver" (which shall include a receiver, a manager or a receiver and manager) of the Property or any part thereof with or without security and may from time to time remove any Receiver with or without appointing another in his stead, and in making such appointment or appointments or removing a Receiver the Chargee shall be deemed to be acting for the Chargor (provided that no such appointment shall be revocable by the Chargor). Upon the appointment of any such Receiver from time to time, and subject to the provisions of the instrument appointing such Receiver, the following provisions shall apply: (a) such Receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the rights, powers and discretions of the Chargee; (b) such Receiver, so far as concerns the responsibility for his acts or omissions, shall be deemed the agent or attorney of the Chargor and not the agent of the Chargee (unless specifically appointed by the Chargee as the agent of the Chargee); (c) neither the appointment, removal or termination of such Receiver by the Chargee nor any act or omission by such Receiver shall incur or create any liability on the part of the Chargee to the Receiver in any respect or constitute the Chargee a chargee or mortgagee in possession of the Property or any part thereof; (d) such Receiver shall be the irrevocable agent or attorney of the Chargor (unless the Chargee specifically appoints such Receiver as the agent for the Chargee) for the collection of all Rents falling due in respect of the Property or any part thereof; (e) the rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have; (f) the Chargee may from time to time fix the remuneration for such Receiver, who shall be entitled to deduct the same out of revenue or sale proceeds of the Property; (g) such Receiver shall have the power from time to time to lease any portion of the Property which may become vacant for such term (which may extend beyond the Maturity Date) and shall have the power to accept surrenders of or terminate any lease, in each case on such terms and conditions as it may determine in its sole discretion and in so doing, such Receiver shall act as the attorney or agent of the Chargor and shall have authority to execute under seal any lease or surrender of any such premises or notice(s) of termination in the name of and on behalf of the Chargor, and the Chargor agrees to ratify and confirm whatever any Receiver may do in the Property; (h) such Receiver may make such arrangements, at such time or times as it may deem necessary without the concurrence of any other persons, for the repairing, completing, adding to, or managing of the Property, including completing the construction of any incomplete building or buildings, structures, services or

improvements on the Property, and constructing or providing for leasehold improvements notwithstanding that the resulting cost may exceed the original Principal Amount; (i) such Receiver shall have full power to manage, operate, amend, repair or alter the Property or any part thereof in the name of the Chargor for the purpose of obtaining rental and other income from the Property or any part thereof; (j) no Receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Property and out of such monies so received from time to time such Receiver shall pay in the following order: (i) its remuneration aforesaid, (ii) all obligations, costs and expenses made or incurred by it, including any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the Property or any part thereof or any business or undertaking carried on by the Receiver thereon, (iii) interest, principal and other monies which may be or become a Lien upon the Property from time to time in priority to this Charge, including all Realty Taxes, (iv) to the Chargee, all Loan Indebtedness and all reserves payable to the Chargee under the Commitment Letter, to be applied in such order as the Chargee in its discretion shall determine, and (v) at the discretion of the Receiver, interest, principal and other monies which may from time to time constitute a Lien on the Property subsequent in priority or subordinate to the interest of the Chargee under this Charge, and such Receiver may retain in its discretion reasonable reserves to satisfy accruing amounts and anticipated payments in connection with any of the foregoing; (k) the Chargee may at any time and from time to time terminate any receivership by notice in writing to the Chargor and to any Receiver; and (l) the Chargor hereby releases and discharges the Chargee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under it by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this paragraph. The Chargor agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor any other Lender Entity shall be liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

7.08 Power of Attorney. The Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney coupled with an interest for the following purposes: (i) to make any of the leases referred to in Section 7.04, (ii) to obtain, collect and receive any insurance proceeds or expropriation awards however arising with respect to the Property, to compromise or settle any claims relating to such proceeds or awards, to endorse any cheques, drafts or other instruments representing such proceeds or awards, and to execute and deliver all instruments, proofs of loss, receipts, and releases reasonably required in connection therewith, (iii) to correct any mistakes in and otherwise completing and perfecting any Loan Documents, (iv) to protect, perfect, preserve the security of the Loan Documents and, following an Event of Default, to collect, enforce and realize on or under the Loan or the Loan Documents including the exercise of any of the rights, powers, authority and discretion of the Chargor in respect of the Property, including collection of Rents and other money that may become or are now due and owing to the Chargor and (v) without limiting the foregoing, to make all necessary conveyances, deeds, transfers, assurances, receipts and other documents and instruments as may be necessary to transfer good and marketable title to all or any of the Property and to complete all other matters pertaining thereto. The Chargor hereby ratifies all actions of the Chargee pursuant to such power of attorney and confirms that no Lender Entity shall be liable for any loss sustained by the Chargor or any other Person resulting from any such action or any failure to act.

7.09 Concurrent Remedies. The Chargee may exercise all rights and remedies provided for in this Charge, any other Loan Document or otherwise under Applicable Laws concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any right or remedy before exercising any of its other rights or remedies provided for in this Charge, any other Loan Document or otherwise under Applicable Laws.

7.10 Judgments. The taking of a judgment or judgments against the Chargor or any other Person for breach of its obligations contained in this Charge or any other Loan Document will not merge or extinguish such obligations or affect the Chargee's rights to interest on the Loan Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

7.11 Remedies Cumulative. The rights and remedies of the Chargee under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies otherwise provided under Applicable Laws. No right or remedy of the Chargee shall be exclusive of or dependent on any other right or remedy and any one or more of such rights and remedies may be exercised independently or in combination from time to time. Any single or partial exercise by the Chargee of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in any Loan Document shall not waive, alter, affect or prejudice any other right or remedy to which the Chargee may be lawfully entitled for such default or breach.

7.12 Extension of Time and Waiver. Neither any extension of time given by the Chargee to the Chargor or any Person claiming through the Chargor, nor any amendment to any Loan Document or other dealing by the Chargee with a subsequent owner of the Property will in any way affect or prejudice the rights of the Chargee against the Chargor or any other Person or Persons liable for payment of the Loan Indebtedness. The Chargee may waive any Event of Default in its sole discretion. No waiver will extend to a subsequent Event of Default, whether or not the same as or similar to the Event of Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Event of Default or the rights of the Chargee arising from such Event of Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to this Charge or any other Loan Document will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

7.13 Discharge of Charge and Release. The Chargee will have a reasonable period of time after full payment and satisfaction of the Loan Indebtedness to prepare and execute a discharge of this Charge. Interest at the Interest Rate will continue to run and accrue on all Loan Indebtedness until full payment has been received by the Chargee.

All reasonable legal and other expenses for the preparation, execution, delivery and registration of the discharge will be paid by the Chargor upon demand. The Chargor shall register such discharge. The Chargee may release in its discretion and at any time any Person or any part or parts of the Property from all or any part of the Loan Indebtedness or any security of the Loan Documents either with or without any consideration and without releasing any other part of the Property or any other Person from the Loan Documents or from any of the covenants contained in the Loan Documents, and without being accountable to the Chargor for the value of the land released or for any money except that actually received by the Chargee. Every part or lot into which the Property is or may hereafter be divided will stand charged with the entire Loan Indebtedness. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities, may accept compositions and proposals, and may otherwise deal with the Chargor and all other Persons and securities as the Chargee may see fit without prejudicing the rights of the Chargee under the Loan or the Loan Documents.

ARTICLE 8 - INDEMNITY

8.01 General Indemnity. Without limiting any other provision of any Loan Document, the Chargor shall indemnify and pay, protect, defend and save harmless the Chargee from and against all actions, proceedings, claims, demands, judgments, losses, damages, liabilities, costs or expenses (including legal fees and disbursements on a solicitor and his own client basis), imposed upon, made against or incurred by the Chargee arising from or relating to directly or indirectly (i) any breach of any Loan Document by any Borrower Entity or any remedial or other proceedings taken by any Lender Entity thereunder or pursuant thereto, (ii) any accident, injury to or death of any person or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (iii) any use, non use or condition in, on or about, or possession, alteration, repair, operation, maintenance or management of, the Property or any part thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (iv) performance of any labour or services or the furnishing of any materials or other property in respect of the Property or any part thereof, (v) any claim by brokers, finders or similar Persons claiming to be entitled to a commission in connection with the Loan, any Lease or other transaction involving the Property or any part thereof, (vi) any taxes, fees, costs or expenses attributable to the execution, delivery, filing, or recording of any Loan Document, (vii) any Lien or other claim arising on or against the Property or any part thereof or asserted against any Lender Entity with respect thereto; and/or (viii) the claims of any tenant or other Person arising under or relating to any Lease. Any amounts payable to the Chargee hereunder shall constitute part of the Loan Indebtedness, bear interest at the Interest Rate until paid and shall be secured by this Charge.

ARTICLE 9 - DEFEASANCE

9.01 Defeasance. Provided no Event of Default exists and upon 30 days' prior written notice, the Chargor shall be entitled to obtain on any Payment Date following Securitization of the Loan by the Chargee a release of the security of this Charge and the Chargee's other security from the Property upon delivery of substitute security for the Loan (a "defeasance") upon and subject to compliance by the Chargor with the following terms and conditions at its sole expense and to the satisfaction of the Chargee in its sole discretion: (a) the Chargor shall pay to the Chargee the aggregate of (i) all accrued and unpaid interest and all other sums due under the Loan up to and including the defeasance date, and (ii) all fees, costs, expenses, charges and disbursements incurred by each Lender Entity relating to such defeasance, including all fees, costs, expenses, charges and disbursements of the Chargee, its counsel and servicer for review of the Chargor's compliance with the requirements for and conditions of defeasance and the preparation, review and/or recording of any and all documentation with respect to the defeasance, accounting certificates and legal opinions relating thereto, including any governmental or third party fees, costs, taxes or assessments thereon, and all fees, costs, expenses, charges and disbursements charged by the Rating Agencies in connection with their review of such defeasance transaction (whether or not a Rating Confirmation is required or issued); (b) the Chargor shall execute and deliver or cause to be executed and delivered each the following in form and content satisfactory to the Chargee in its sole discretion: (i) direct, non-callable Government of Canada bonds (the "Defeasance Collateral") which shall provide for payments prior, but as close as possible, to all Payment Dates to and including the Maturity Date with full payment of the balance of all Loan Indebtedness on the Maturity Date, and each such payment (together with the unexpended portion of any prior payment) shall be equal to or greater than the corresponding Loan payment due and payable thereon, (ii) a promissory note made by the Chargor in favour of the Chargee evidencing the continuing indebtedness of the Chargor under the Loan and having the same financial terms as the Loan, (iii) a security agreement creating a first priority Lien in the Defeasance Collateral in favour of the Chargee as security for the Loan Indebtedness, (iv) a certificate of the Chargor certifying that all of the requirements in this Article 9 have been satisfied, (v) an opinion of Chargor's counsel confirming that the Chargee has a perfected first priority Lien in the Defeasance Collateral and that the promissory note and the security agreement are valid and legally binding obligations of the Chargor enforceable against it in accordance with their terms, (vi) such further assurances as the Chargee may require to confirm the continuing liabilities and obligations of each Borrower Entity in respect of the Loan, (vii) a Rating Confirmation in respect of such defeasance transaction, and (viii) a certificate from a chartered accountant who is a member of the Canadian Institute of Chartered Accountants (or certified public accountant that is a member of the American Institute of Certified Public Accountants) that the Defeasance Collateral is sufficient to cover all remaining payments of principal and/or interest when due under the Loan, including full payment of all Loan Indebtedness on the Maturity Date; and (c) the Chargor shall endorse the Defeasance Collateral in favour of the Chargee or as the Chargee may direct and, if required by the Chargee, shall deliver a written transfer of the Defeasance Collateral in favour of the Chargee and other documents, all in form and content satisfactory to the Chargee in order to perfect the Chargee's first priority Lien in the Defeasance Collateral under Applicable Laws. All payments arising from the Defeasance Collateral shall be paid directly to the Chargee to be applied on account of the Loan Indebtedness provided that the Chargor shall be and remain at all times solely responsible to pay all taxes applicable to such payments (from sources other than the Defeasance Collateral).

9.02 Continuing Obligations. The parties agree that the provisions of this Article 9 respecting defeasance shall constitute a substitution of security only for the continuing Loan Indebtedness (and the execution and delivery of the promissory note by the Chargor being solely to evidence such continuing Loan Indebtedness) and shall not constitute, evidence or result in repayment, readvance, accord or satisfaction, release, discharge, modification or novation of all or any part of the Loan, Loan Indebtedness or any obligation or liability of any Borrower Entity under or in respect of any Loan Document or a new loan by the Chargee to the Chargor. Subsequent to any such defeasance, the Chargor shall have no right to prepay the Loan prior to the Maturity Date. When executed and delivered to the Chargee, all documents referred to in this Article 9 shall form part of the Loan Documents and the Chargee's security. After release of the Property from the Chargee's security, the Chargor shall not make or permit any transfer or encumbrance with respect to the Defeasance Collateral, except in favour of the Chargee.

ARTICLE 10 - MISCELLANEOUS

10.01 Notice

(1) Any notice, demand or other communication required or permitted to be given or made to the Chargor pursuant to this Charge may be given or made in any manner permitted or provided by the laws applicable thereto, notwithstanding any provision of any other Loan Document to the contrary. Subject to the foregoing, any such notice, demand or communication may be given or made, at the option of the Chargee by personal delivery, by prepaid ordinary or registered mail (to the address for service of the Chargor set out in this Charge or to the last known address of the Chargor as shown in the Chargee's records) or by facsimile transmission to the facsimile number of the Chargor set out in Subsection 10.01(2) or the last known facsimile number of the Chargor as shown in the Chargee's records. Such notice will be sufficient although not addressed to any Person by name or designation and notwithstanding that any Person to be affected thereby may be unknown, unascertained or under a disability. Subject to Applicable Laws, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served on all Persons required to be served therewith.

(2) Subject to Subsection 10.01(1), any demand, notice or communication to be made or given in connection with this Charge or any of the Loan Documents shall be in writing and may be made or given by personal delivery, by registered mail or by facsimile transmission addressed to the recipient as follows:

(i) to the Chargor:

1482241 Ontario Limited
240 Duncan Mill Road
Toronto, Ontario, M3B 3P1

Attention: Alain Checroune
Facsimile No.: (416) 447-1179

(ii) to the Chargee:

Computershare Trust Company of Canada
100 University Avenue
12th Floor, South Tower
Toronto, Ontario M5J 2Y1

Attention: Manager, Mortgage Backed Securities Department
Facsimile No.: (416) 981-9788

and with a copy to the Chargee's servicer at:

Royal Bank of Canada
320 Front Street West, 11th Floor
Toronto, Ontario M5V 3B6

Attention: CMBS Group
Facsimile No.: (416) 974-4157

or to such other address, individual or facsimile number as any party may designate by notice given to the other(s) in accordance with this Section. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been made or given on the day of actual delivery thereof, and if made or given by registered mail, on the third Business Day following the deposit thereof in the mail, and if made or given by facsimile transmission, on the first Business Day following the transmittal thereof. If the party giving any demand, notice or other communication knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such demand, notice or other communication shall not be mailed, but shall be given by personal delivery or by facsimile transmission.

10.02 Severability. If any term, covenant, obligation or agreement contained in this Charge, or the application thereof to any Person or circumstance, shall be invalid or unenforceable to any extent, the remaining provisions of this Charge or the application of such term, covenant, obligation or agreement to such other Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each

term, covenant, obligation or agreement contained herein shall be separately valid and enforceable to the fullest extent permitted by law.

10.03 Governing Law. This Charge shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein without application of any principle of conflict of laws which may result in laws other than the laws in force in Ontario applying to this Charge; and the Chargor consents to the jurisdiction of the courts of the Province of Ontario and irrevocably agrees that, subject to the Chargee's election in its sole discretion, all actions or proceedings arising out of or relating to this Charge shall be litigated in such courts and the Chargor unconditionally accepts the non-exclusive jurisdiction of the said courts and waives any defense of *forum non-conveniens*, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Charge, provided nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Chargee to bring proceedings against the Chargor or any other Borrower Entity in the courts of any other jurisdiction.

10.04 Non-Merger. The terms and conditions of the Loan Documents will remain binding and effective on the parties to this Charge and will not merge in this Charge nor in any other Loan Document.

10.05 Successors and Assigns. This Charge will enure to the benefit of and be binding upon the Chargor, the Chargee and their respective heirs, executors, administrators, legal representatives, successors and assigns.

10.06 No Obligation to Advance. Neither the preparation, execution nor registration of this Charge will bind the Chargee to advance all or any part of the Principal Amount. The advance of a part of the Principal Amount will not bind the Chargee to advance any unadvanced portion of the Principal Amount. Each advance of the Loan shall be subject to and governed by the terms and conditions of the Commitment Letter.

10.07 Consent to Disclosure. The Chargor acknowledges and agrees that the Loan (or securities or certificates backed by or representing any interest in the Loan or a pool of loans which includes the Loan) may be sold or securitized into the secondary market without further notice to or the consent of the Chargor or any other Borrower Entity. Each Lender Entity from time to time may release, disclose, exchange, share, transfer and assign as it may determine in its sole discretion, all information and materials (including financial statements and information concerning the status of the Loan, such as existing or potential Loan defaults, lease defaults or other facts or circumstances which might affect the performance of the Loan) provided to or obtained by any Lender Entity relating to any Borrower Entity, the Property or the Loan (both before and after any Loan advance and/or default) without restriction and without notice to or the consent of the Chargor or any other Borrower Entity as follows: (i) to any other Lender Entity; (ii) to any subsequent or proposed purchaser of the Loan, including any subsequent or proposed Lender Entity, and their respective third party advisors and or agents, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers; (iii) to the public or any private group in any offering memorandum, prospectus or other disclosure document (including all initial and continuing disclosure requirements), regardless of format or scope of distribution; (iv) to the public or other interested Persons, directly or indirectly through information service providers or other market participants, for the purpose of providing market information from time to time relating to the status of the Loan or loan pool or any interest therein regardless of format or scope of distribution; (v) to any Governmental Authority having jurisdiction over such sale or Securitization of the Loan or loan pool or any trade of any interest in the Loan or loan pool; and (vi) to any other Person in connection with the sale, assignment or Securitization of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan Documents. The Chargor irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.

10.08 Change of Status. After any change affecting the spousal status of the Chargor or the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law Act* (Ontario), the Chargor will advise the Chargee and provide the Chargee with the full particulars of such change and such other information as the Chargee may require from time to time.

10.09 Maximum Rate of Return. Notwithstanding any provision of any Loan Document to the contrary, in no event will the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada)) payable under the Loan exceed the effective annual rate of interest lawfully permitted under that Section and, if any payment, collection or demand pursuant to the Loan in respect of "interest" (as defined in that Section) is determined to be contrary to the provisions of that Section, such payment, collection or demand will be deemed to have been made by mutual mistake of the Chargor and Chargee and the amount of such payment or collection shall either be applied to the Loan Indebtedness (whether or not due and payable), and not to the payment of interest (as defined in Section 347 of the said Criminal Code), or be refunded to the Chargor at the option of the Chargee. For purposes of each Loan Document, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Loan on the basis of annual compounding of the lawfully permitted rate of interest. In the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Chargee will be conclusive for the purposes of such determination.

10.10 Assignment. This Charge may be assigned by the Chargee at any time without prior notice to or consent of the Chargor. The Chargor shall not assign any of its rights and obligations under this Charge.

ARTICLE 11 - OTHER SECURITY

11.01 General Assignment of Rents and Leases. As general and continuing security for payment and performance of the Loan Indebtedness, the Chargor hereby assigns, transfers, grants and sets over to the Chargee, as

and by way of a first fixed and specific assignment and security interest, all legal and beneficial right, title and interest in and to (i) the Rents now or hereafter due and payable with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents in the name of the Chargor or the owner from time to time of the Property or in the name of the Chargee, as the Chargee may determine in its sole discretion, and (ii) the Leases with full benefit and advantage thereof including the benefit of all covenants and agreements contained in the Leases on the part of the tenants therein or any guarantor or indemnitor thereof to be observed, performed or kept, including all proceeds of or from any of the foregoing. This assignment and security interest is in addition to and not in substitution for any other general assignment of the Rents and Leases and other security granted by the Chargor to the Chargee to secure the Loan Indebtedness.

11.02 General Security Agreement. As general and continuing security for the payment and performance of the Loan Indebtedness, the Chargor hereby grants to the Chargee a security interest in all present and future undertaking and property of any nature or kind, both real and personal, of the Chargor comprising or otherwise relating to the Property (collectively, the "Collateral") with the right to possess, use or sell the Collateral, in whole or in part, upon an Event of Default, and as further general and continuing security for the payment and performance of the Loan Indebtedness, the Chargor hereby assigns the Collateral to the Chargee and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Chargee. Without limiting the foregoing, the Collateral shall include all replacements of, substitutions for and increases, additions and accessions to any real or personal property comprising the Collateral and all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral; provided that the said security interest, assignment, mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Chargor, but should the Chargee enforce the said security interest, assignment, mortgage and charge, the Chargor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any Person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Chargee liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Chargor is a party or by which it is bound. This security interest, assignment, mortgage and charge is in addition to and not in substitution for any other general security agreement and other security granted by the Chargor to the Chargee to secure the Loan Indebtedness.

* * * * *

APPENDIX “B”

Properties

PIN 10088 - 0069 LT
Description LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
 TORONTO (N YORK) , CITY OF TORONTO
Address 240 DUNCAN MILL ROAD
 NORTH YORK

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
AT935525	2005 09 29	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Avenue
 12th Floor, South Tower
 Toronto, Ontario
 M5J 2Y1

I, Samuel S. Liaw, Administrator, MBS and Aaron Cao, Professional MBS, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Transferee(s)**Capacity****Share**

Name	DAN REALTY LIMITED	as to a 73.34% interest
Address for Service	1120 Finch Avenue West Suite 100 Toronto ON M3J 3H7	
Name	E. MANSON INVESTMENTS LIMITED	as to a 13.33% interest
Address for Service	620 Wilson Avenue Suite 401 Toronto ON M5N 1S4	
Name	COPPERSTONE INVESTMENTS LIMITED	as to a 13.33% interest
Address for Service	620 Wilson Avenue Suite 401 Toronto ON M5N 1S4	

Statements

The chargee transfers the selected charge for \$1.00

Schedule: The transferor transfers the charge without recourse

This document relates to registration no.(s)AT935525

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

Signed By

Lawrence Zimmerman	3338 Dufferin St. Toronto M6A 3A4	acting for Transferor(s)	Signed 2016 06 01
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Tel 416-489-8422
 Fax 416-489-6222

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

Lawrence Zimmerman	3338 Dufferin St. Toronto M6A 3A4	acting for Transferee(s)	Signed 2016 06 01
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Tel 416-489-8422
 Fax 416-489-6222

Signed By

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

Submitted By

LAWRENCE ZIMMERMAN LAW OFFICE

3338 Dufferin St.
Toronto
M6A 3A4

2016 06 02

Tel 416-489-8422
Fax 416-489-6222**Fees/Taxes/Payment**

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

File Number

Transferor Client File Number :	97287
Transferee Client File Number :	16-1053 LZ

APPENDIX “C”

DAN REALTY LIMITED

1120 Finch Avenue West
Suite 100
Toronto ON M3J 3H7

May 31, 2016

1482241 Ontario Limited
240 Duncan Mill Road
Suite 802
Toronto ON M3B 3S6

and

A. Checroune Realty Corporation
240 Duncan Mill Road
Suite 802
Toronto ON M3B 3S6

and

Alain Joseph Checroune
80 Fifeshire Road
Toronto ON M2L 2G8

Dear Sirs:

Re: Dan Realty Limited, E. Manson Investments Limited and Copperstone Investments Limited (collectively, the "Lender") \$7,500,000.00 Cdn. Loan to 1482241 Ontario Limited (the "Borrower") guaranteed by A. Checroune Realty Corporation ("ACRC") and Alain Joseph Checroune ("Checroune") (ACRC and Checroune collectively being the "Guarantors"); secured, *inter alia*, by a first Charge on the property municipally known as 240 Duncan Mill Road, Toronto ON (the "Property")

Subject to the terms and conditions set out below, we hereby offer to provide you with a \$7,500,000.00 loan (the "Loan").

I. GENERAL TERMS

Lender: **Dan Realty Limited**
1120 Finch Avenue West
Suite 100
Toronto ON M3J 3H7

as to a 73.34% interest

E. Manson Investments Limited
620 Wilson Avenue
Suite 401
Toronto ON M5N 1S4

as to a 13.33% interest

and

Copperstone Investments Limited
620 Wilson Avenue
Suite 401
Toronto ON M5N 1S4

as to a 13.33% interest

Borrower: **1482241 Ontario Ltd.**
240 Duncan Mill Road
Suite 802
Toronto ON M3B 3S6

Guarantors: **A. Checroune Realty Corporation**
240 Duncan Mill Road
Suite 802
Toronto ON M3B 3S6

and

Alain Joseph Checroune
80 Fifeshire Road
Toronto ON M2L 2G8

jointly and severally

Purpose of Loan: The Loan shall be advanced by the Lender to the Borrower to:

- a. purchase and obtain a transfer from Computershare Trust Company of Canada (as trustee for Royal Bank of Canada) ("RBC") of the existing indebtedness owing by the Borrower to RBC, and the Charge in favour of RBC securing such indebtedness registered on September 29, 2005 as Instrument Number AT935525 (the "RBC Charge");
- b. pay any property tax arrears for the Property;
- c. establish an interest reserve (the "Interest Reserve") of \$111,532.47;

- d. pay all outstanding fees, costs and/or expenses relating to the Loan, as set out herein; and
- e. provide the Borrower with working capital.

Loan Amount: Seven Million Five Hundred Thousand Canadian Dollars (\$7,500,000.00 Cdn.), the full Loan Amount to be advanced in a single advance on the Advance Date. For the purposes of the Loan, “**Indebtedness**” shall mean the Loan Amount together with all of the Borrower’s indebtedness, liabilities and obligations to the Lender in connection with the Loan, including without limitation, all principal, interest, fees and all costs incurred by the Lender in respect of the Loan.

Term: Eighteen months, commencing on June 1, 2015 (the “**Interest Adjustment Date**”) and terminating on December 1, 2017 (the “**Maturity Date**”).

Advance Date: May 31, 2016

Interest Adjustment Date: June 1, 2016

Advance: The Loan shall be advanced in a single advance on the Advance Date (net of the Fees and other amounts referenced herein).

Interest: Interest on the outstanding principal balance of the Loan, and on all overdue interest, shall accrue and be calculated before, as well as after maturity, default or judgment, from and after the Interest Adjustment Date at the rate of Eleven per cent (11.0%) per annum, calculated and payable monthly, in equal instalments of interest only, on the first day of each and every month. The first payment date shall be July 1, 2016, and each payment shall be for \$68,750.00.

Monthly payments shall be made to each of the three parties forming the Lender in accordance with their pro rata share of the Loan.

Interest from the Advance Date to the Interest Adjustment Date shall be paid to the Lender from the Loan Advance.

Prepayment: The Loan shall be closed for prepayment until August 1, 2016. Thereafter, the Borrower may repay the Indebtedness on not less than ten days’ notice, provided that if payment is made prior to December 1, 2016, the Borrower shall, in addition to the Indebtedness then outstanding, pay to the Lender, one month’s interest on the then outstanding principal balance of the Loan.

Interest Reserve: The Borrower shall direct payment from the Loan Advance of the Interest Reserve, which Interest Reserve shall be held in the trust account of the Lender’s solicitor and may be drawn upon by the

Lender, at the Lender' sole and unfettered discretion, if an Event of Default shall have occurred. If any of the Interest Reserve shall have been utilized by the Lender, it shall be a subsisting Event of Default until the Interest Reserve has been fully replenished by the Borrower to its initial level.

Fees:

The Borrower shall be responsible for payment of a lending fee (the "Fee") to the Lender, or as the Lender directs, of \$150,000.00 (2.0% of the Loan Amount); which Fee shall be (i) deemed to have been earned upon the execution hereof, (ii) payable as a condition to the advance of the Loan on the Advance Date and (iii) deducted from the Advance at closing.

Administrative Fees:

The Borrower shall be responsible for those additional administrative and other fees relating to the Loan set out in **Schedule "B"**. The Borrower and the Guarantors acknowledge that they have reviewed these fees, and that such fees reasonably represent and are intended to compensate the Lender for its time, effort and expense that the Lender will incur in connection with the matters described in **Schedule "B"**.

Security:

As security for all of the Indebtedness, the Borrower and the Guarantors, as applicable, shall deliver or effect the delivery of the following security (the "Security") to the Lender, in the Lender's form:

- a. an assignment and transfer by RBC of the RBC Charge, which the Lender shall assume, subject to all encumbrances against the Property set out in Schedule "A" hereto;
- b. a general assignment of rents in respect of the Property;
- c. a site specific general security agreement from the Borrower in which the Borrower grants to and in favour of the Lender, a security interest in all of the property, assets and undertaking of the Borrower in respect of the Property;
- d. an agreement amending the RBC Charge, which agreement shall incorporate the terms and conditions set out herein, and which agreement shall confirm the status of the RBC Charge;
- e. guarantees (the "Guarantees") from each Guarantor in which the Guarantor guarantees all of the obligations of the Borrower to the Lender, and such Guarantor assigns and postpones any and all indebtedness of the Borrower to the Guarantor to the Lender; such assignments and postponements to be perfected by the registration of a financing statement against the Borrower in favour of the Lender under the *Personal Property Security Act* (Ontario) (the

“PPSA”) which shall be subordinate only to those PPSA registrations set out in Schedule “A” hereto;

- f. a Statutory Declaration of the Borrower respecting property and *Construction Lien Act* (Ontario) matters relating to the Property;
- g. a certificate of a senior officer of the Borrower in respect of corporate matters;
- h. a certified copy of a resolution of the sole director of the Borrower respecting this Commitment and the transactions contemplated herein;
- i. an indemnity from the Borrower and the Guarantors in favour of the Lender in respect of environmental matters relating to the Property; and
- j. an assignment as security of the indebtedness of 500 Sheppard Avenue West Ltd. (“500Co”) to ACRC, and all security of ACRC in respect thereof, including all Charges in favour of ACRC registered on title to the property municipally known as 500 Sheppard Avenue West, Toronto ON; such assignment to be perfected by the registration of a financing statement against ACRC in favour of the Lender;
- k. a certificate of a senior officer of ACRC in respect of corporate matters;
- l. a certified copy of a resolution of the sole director of the ACRC respecting this Commitment and the transactions contemplated herein; and
- m. such further and other security, certificates, statutory declarations or ancillary documents reasonably requested by the Lender’s solicitor.

NSF/Late Payments: In the event of a late payment or a dishonoured cheque, a fee of \$200.00 shall be payable by the Borrower.

Additional Fees: In the event that the Lender issues a Notice of Sale under Mortgage in respect of the Charge, then the Lender may at its option charge an additional fee equivalent to three months interest on the then outstanding principal balance of the Loan.

In the event that the Loan is not repaid on the maturity date, then the Lender may at its option charge an additional fee equivalent to three months interest on the then outstanding principal balance of the Loan.

Lender's Solicitor: The Lender's solicitor shall be Bernard Gropper, Barrister and Solicitor, who shall prepare all of the Security for review by the Borrower, the Guarantors and their counsel. All of the fees and disbursements of the Lender's counsel shall be for the account of the Borrower.

Compliance: In the event that (i) any of the Borrower or the Guarantors is unwilling or unable for any reason whatsoever, to fulfil or comply with any of the terms and conditions set forth in this Commitment, (ii) any of the Borrower or the Guarantors refuses to sign the Security prepared by the Lender's solicitor, (iii) the Borrower or the Guarantors fail to accept the funds to be advanced, (iv) any information supplied by the Borrower or the Guarantors to the Lender is found to be incorrect in any material respect, or (v) any of the Borrower or the Guarantors becomes bankrupt or otherwise subject to any bankruptcy or insolvency proceedings prior to the Advance Date; then the Lender may, at its option, cancel this Commitment, in which case the Lender shall be entitled to its costs to date as liquidated damages, and not as penalty or payment of any costs described in this Commitment.

Borrowers' Counsel: The Borrower and the Guarantors shall retain counsel in respect of the execution and the delivery of the Loan and Security documents.

II. CONDITIONS OF CLOSING:

The obligation of the Lender to advance the Loan to the Borrower on the Advance Date shall be subject to satisfaction of each of the following conditions on or before the Advance Date, any of which may be waived by the Lender, in its sole and unfettered discretion:

- a. **Encumbrances against the Borrower and the Guarantors.** The Lender shall have satisfied itself that there are no encumbrances against the Borrower's or the Guarantors' property or assets; save and except for those encumbrances set out in Schedule "A" hereto.
- b. **Encumbrances against Real Estate.** The Lender shall have satisfied itself that there are no encumbrances against the Property, save and except for those encumbrances set out in Schedule "A" hereto.
- c. **Executions.** There shall be no outstanding executions affecting the Property as at the Advance Date, save and except for the execution set out in Schedule "A" hereto.
- d. **Title Insurance.** The Lender shall have obtained a lender's title insurance policy for the Charge, which title insurance policy shall name the Lender as an insured thereon.
- e. **RBC Charge.** The RBC Charge shall have been transferred to the Lender as contemplated herein.
- f. **Fee.** The Borrower shall have directed the Fee to be paid from the Loan Advance.

- g. **Property Taxes.** The Borrower shall have directed that all property tax arrears (if any) for the Property have been paid to the City of Toronto from the Loan Advance.
- h. **Payment of Interest Reserve.** The Borrower shall have directed that the Interest Reserve shall have been paid to the Lender from the Loan Advance.
- i. **Construction Liens.** No notice shall have been received by the Lender of any claim for a lien pursuant to the CLA which remains unpaid unless the amount thereof has been paid into a court of competent jurisdiction, pursuant to the said Act.
- j. **Insurance.** The Borrower shall have provided the Lender with evidence of insurance for the Property, with the Lender named as a loss payee thereon.
- k. **No Event of Default.** No Event of Default shall have occurred or be continuing.
- l. **Execution of the Lender's Security and Ancillary Documentation.** The Borrower and the Guarantors shall have executed or caused to have been executed and delivered to the Lender, the Loan and Security documentation prepared by the Lender's counsel in accordance with this Commitment.

III. COVENANTS OF THE BORROWER AND THE GUARANTORS

To induce the Lender to enter into this Commitment, the Borrower and the Guarantors jointly and severally covenant to and with the Lender (which covenants shall continue until the Loan is terminated and all Indebtedness is paid in full) that:

- a. all amounts that may rank in priority to the Security are paid in full and on time, and evidence of same shall be provided to the Lender upon request, including (without limitation) property taxes in respect of the Property, for which (if requested by the Lender) evidence of full payment of each instalment shall be provided to the Lender by not later than ten days after each such instalment is due and payable;
- b. the Borrower shall punctually pay all sums of money due to the Lender under this Commitment and the Loan, at the times and places and in the manner provided for herein, and perform all of the covenants and obligations under this Commitment and the Security;
- c. neither the Borrower nor the Guarantor(s) shall encumber the Property without the Lender's prior written consent, which consent may be withheld by the Lender in its sole and unfettered discretion;
- d. the Borrower is the registered and beneficial owner of the Property and does not hold title to the Property for or on behalf of any other person, corporation or other entity; and
- e. the Borrower and the Guarantor(s) will, on request from the Lender, no more often than every six months, provide the Lender with an up to date rent roll and tenant contact list, together with copies of any leases for the Property which were entered into or amended since the last day on which such information was provided by the Borrower to the Lender.

IV. RELEASE OF INFORMATION

Notwithstanding the provisions of any applicable laws regarding privacy or other matters, the Borrower and the Guarantors each hereby:

- a. authorize the Lender to request, on their behalf, at any time or from time to time, information regarding any prior or other encumbrance affecting the Property or any other real or personal property of the Borrower or the Guarantors, including (without limitation) a statement of indebtedness for any such encumbrance;
- b. authorize the Lender to provide to any other encumbrancer or party with an interest in any property of the Borrower or the Guarantors, information regarding the Loan and/or the Security, including (without limitation) a statement of indebtedness for the Loan; and
- c. covenant and agree to execute at any time or from time to time, all such further authorizations or consents as may be reasonably required by the Lender in respect of the foregoing.

V. EVENTS OF DEFAULT

In addition to the events of default set out in the Security documents, the occurrence of any one of the following events shall constitute an event of default under this Commitment and the Loan:

- a. the non-payment by the Borrower of any amount due hereunder, whether by acceleration or otherwise;
- b. the breach or failure of due performance by any of the Borrower or the Guarantors of any of the non financial covenants or obligations provided for herein, and such default continues and has not been cured within ten (10) days of the Lender giving notice of such default to the Borrower or the Guarantors;
- c. if any representation or warranty made in this Commitment proves to have been incorrect in any aspect when made or furnished;
- d. if any of the Borrower or the Guarantors makes an assignment for the benefit of creditors or commits any act of bankruptcy as defined in the *Bankruptcy and Insolvency Act* (Canada) or any successor of it, or becomes bankrupt or insolvent or takes the benefit of any legislation now or hereafter in force for bankrupt or insolvent debtors;
- e. if an order is made for the winding up or liquidation of any of the Borrower or the Guarantors, or any of the Borrower or the Guarantors voluntarily commences winding up procedures for liquidation; or
- f. an order or appointment is made for a receiver or a receiver and manager of any of the Borrower's or the Guarantors' assets or any part of them.

V. CONTRACT MATTERS

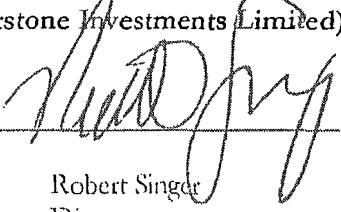
- a. This Agreement shall be governed by and construed under the laws of the Province of Ontario, and the laws of Canada applicable therein.
- b. Time shall be of the essence in respect of this Agreement.
- c. This Agreement shall be binding on and shall enure to the benefit of each of the Borrower, the Guarantors and the Lender; and their successors and assigns.
- d. No term or condition of this Commitment or any of the Security may be waived or varied orally or by any course of conduct of the Lender. Any amendment to this Commitment or the Security must be in writing and signed by the Lender.
- e. No waiver by the Lender of his rights or remedies hereunder shall be considered a waiver of any other or subsequent right of or remedy of the Lender, no delay or omission in the exercise or enforcement by the Lender of any right or remedy of the Lender and no exercise or the enforcement of such right or remedy shall be held to exhaust any right or remedy of the Lender.
- f. The provisions and conditions of this Commitment shall survive the execution and registration of the Security and there shall be no merger therein. However, should there arise any inconsistencies between this Commitment and the Security, then the terms of this Commitment shall govern. In the event that there is no inconsistency or conflict between the terms of the Security and this Commitment then the Lender shall have the rights given to the Lender under all the said documents.
- g. The Borrower and the Guarantors shall promptly cure any defect or defects in the execution and delivery of this Commitment, the Security or any other document arising herefrom and the Borrower and the Guarantors shall, from time to time, promptly execute and deliver to the Lender, at the request of the Lender, any additional or other documents, agreements, mortgage amending agreements and instruments in compliance with or to effect better the covenants of the Borrower and the Guarantors hereunder, pursuant to the Security or pursuant to any other documents arising herefrom, all as may be required by the Lender.
- h. This Commitment will automatically expire on the Advance Date unless the applicable conditions herein have been met and the Loan has been advanced by the Lender.

Please signify your acceptance of this Agreement by executing and dating this Agreement where indicated, and delivering same to the Lender.

Yours very truly,

DAN REALTY LIMITED

(for its own account and for and on behalf
of E. Manson Investments Limited and
Copperstone Investments Limited)

Per: 

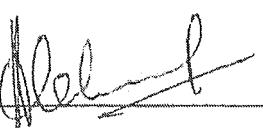
Name: Robert Singer
Title: Director

I have authority to bind the Corporation

ACKNOWLEDGMENT

We hereby accept the above terms and conditions this 1 day of ~~May~~ ^{June}, 2016

1482241 ONTARIO LIMITED

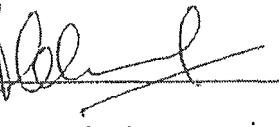
Per: 

Name: Alain Joseph Checroune
Title: President

I have authority to bind the Corporation

Witness

**A. CHECROUNE REALTY
CORPORATION**

Per: 

Name: Alain Joseph Checroune
Title: President

I have authority to bind the Corporation

Alain Joseph Checroune

SCHEDULE "A"

PIN 10088-0069 [LT], LRO 66

PERMITTED ENCUMBRANCES (PROPERTY):

- those Encumbrances set out in the parcel register attached hereto;
- any easements and/or agreements relating to drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services and all other easements, servitudes and rights of way which do not materially affect the present use of the property;
- the reservations, limitations, provisos and conditions expressed in the original grant from the Crown or in the Crown Patent;
- all applicable municipal, provincial or federal statutes, by-laws, regulations or ordinances (including, without limitation, all building and zoning by-laws and regulations) and any subdivision, site plan, development or other similar municipal agreements provided the same have been complied with in all material respects and there is no unfulfilled material requirement in relation thereto and which do not materially and adversely affect the ordinary use or operation of the Property as it is currently being used or operated;
- any inchoate statutory liens, charges or similar liabilities and/or rights which may exist from time to time (including, without limitation, liens for real estate or other taxes not yet due and payable and any and all statutory rights of expropriation); and
- such other minor encumbrances or defects in title which do not, individually or in the aggregate, materially affect the use and enjoyment of the Property or any part thereof, as the same is now being used, or materially impair the value thereof.

PPSA PERMITTED ENCUMBRANCES:

Borrower:

PPSA File Number 697416678 in favour of Mann Engineering Ltd.

To be Discharged: PPSA File Numbers 619081893 and 619081902 (both being registrations in favour of Computershare Trust Company of Canada)

A. Checroune Realty Limited:

PPSA File Number 705229029 in favour of Devry Smith Frank LLP

Alain Checroune:

To be Discharged: PPSA File Number 623495565 (being a registration in favour of Computershare Trust Company of Canada)

● **PERMITTED EXECUTION:**

Execution Number 15-0007457 in favour of Devry Smith Frank LLP against the Borrower and the Guarantors in the amount of \$120,000.00 plus interest at the rate of 2% per annum from and after December 11, 2015

SCHEDULE "B"

ADDITIONAL FEES

In addition to, and without limiting, all other charges and fees that the Lender is permitted to charge to the Borrower under this Commitment, pursuant to the Security or at law, the Lender shall be entitled to charge the following fees in respect of the Loan, and the Borrower shall be obligated to pay such fees to the Lender:

1. In the event of a late or missed payment, or a dishonoured cheque, a fee of \$200.00 in each case.
2. In the event that the Lender is required to deal with any cancellation, notice of cancellation or premium payment; is required to place insurance on any charged property; or otherwise must act in response to any non compliance by the Borrower with the Borrower's insurance requirements in respect of the Loan; an insurance default fee of \$300.00.
3. For each proceeding or action instituted, including (without limitation) the issuance of a notice of sale under mortgage issued by the Lender or any other encumbrancer or mortgagee of any charged property, in addition to all applicable legal fees, a fee of \$500.00.
4. For each demand letter issued by the Lender, a fee of \$300.00.
5. For each day in which the Lender is in possession of a charged property, a fee of \$100.00 per day.
6. For any attendance or inspection of any charged property necessitated by an Event of Default, attendance/inspection fee of \$300.00.
7. For any payment by the Lender made in order for the Lender to protect its Security or to maintain its rights in respect of the Loan, including (without limitation) any payment of real property taxes, insurance premiums, condominium expenses, or principal or interest payments on any prior encumbrance, a processing fee of \$300.00 in respect of each such payment.
8. For any statement of indebtedness (for either information or discharge purposes) prepared and provided by Lender to any party, a fee of \$500.00.
9. For each month (or part thereof) during which an Event of Default shall occur that has not been cured within ten days of the occurrence, a monitoring fee of \$500.00.
10. In the event of any failure by the Borrower to provide evidence to the Lender of payments of real property taxes or payment on any encumbrance that ranks prior to the Security within ten (10) days following a request by the Lender for such information, where the Lender has requested for such evidence or the Borrower is required to give such evidence, in accordance with the Commitment or the Security, a fee of \$500.00 for each such occurrence.

Form 9E

Report On The Investment

(Note to lawyer: In all private mortgage transactions, whether or not the mortgage was arranged by you, you must complete this form, or, alternatively, you must complete a reporting letter which includes responses to all numbered items in this form. If you complete this form, you must complete every numbered item on this form, with "n/a" being entered if the numbered item is not applicable. If you complete a reporting letter, you must respond to all numbered items in this form in your reporting letter. If a numbered item is not applicable, you must include it in your reporting letter and indicate that it is not applicable. After completion, an original of this form, or the reporting letter, must be delivered forthwith to each lender. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)

TO: (Specify name and address of investor)

**Copperstone Investments Limited
620 Wilson Avenue, Suite 401, Toronto ON M5N 1S4**

A. DETAILS ABOUT THE INVESTMENT:

1. Name and address of borrower:

**1482241 Ontario Limited
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6**

2. Name and address of guarantors:

**A. Chechroune Realty Corporation
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6**

**Alain Joseph Chechroune
30 Fifeshire Road, Toronto ON M2L 2G8**

3. Legal description and municipal address of real property:

Lot 82-83, Plan 7607, City of Toronto

240 Duncan Mill Road

Toronto, Ontario

4. Type of property: (specify, e.g., residence, vacant land, etc.) **Commercial (Office Building)**

5. (a) Principal amount of mortgage or charge: \$ **7,500,000.00**

(b) Amount of loan advanced by you: \$ **1,000,000.00**

6. Rank of mortgage or charge is: **first**

7. Your investment of \$ **1,000,000.00** represents **13.33** % of the total of this loan to the borrower.

8. Date principal advanced: **May 31, 2016**

9. (a) The term of loan is (specify term of loan in months, years, etc.) **18 months**

(b) The due date of the loan is (specify date) **December 1, 2017**

(c) The loan is amortized over (specify number of years) N/A

10. The interest rate is 11% calculated monthly, not in advance

11. Particulars of amounts and due dates (*monthly, quarterly, etc.*) of payments of principal and interest: \$9,166.67; every first day of the month

12. Particulars and amounts of any bonus or holdback or any other special terms: Lender's Fee \$150,000.00; Holdback for interest reserve \$111,532.47 and Legal fees \$15,425.00

13. Details of any existing encumbrances, including rank on title, balances outstanding, mortgagee name and maturity dates: N/A

14. In those instances in which the mortgage or charge is a collateral security, or if the mortgage or charge is secured, the details of other security are: N/A collaterally

15. (a) Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: Lender's Fee \$150,000.00 and Legal fees \$15,425.00

(b) Alternatively, I have advised I cannot confirm what independent commissions or fees are being charged to the borrower.

16. Registration number, date of registration and land registry office location:
AT4236037 June 2, 2016 Toronto Land Registry Office (No. 80)

17. Insurance particulars (*where relevant*):

Company: **Unica Insurance Inc.**

Policy No.: **YFHOPC16691**

Amount: **\$ 5,000,000.00**

Expiry Date: **May 10, 2017**

B. CONDITIONS AND DISCLOSURE:

In accordance with your Form 9D [Investment Authority] request for information and disclosures prior to the advance of your money, I advise that I have previously provided you with the requested information and disclosures as follows:

1. Particulars of existing encumbrances outstanding:

Yes _____ No _____ N/A Date Provided _____

2. In the case of a syndicated mortgage where a prospectus was required, a copy of the prospectus:

Yes _____ No _____ N/A Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of a prospectus.

3. Independent appraisal:

Yes _____ No Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

3. Independent appraisal:

Yes _____ No

Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

4. Any loss you may suffer on this mortgage investment will not be insured under the lawyers' professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.*

I advised and you acknowledged having read and understood this warning.

(Warning: You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.)

Name of lawyer or law firm

Bernie Gropper
Barrister and Solicitor

Address of lawyer or law firm

261 Davenport Road, Suite 300, Toronto, ON M5R 1K3



Signature of lawyer

Date of Signature

May 31, 2016

**(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*

Form 9E

Report On The Investment

(Note to lawyer: In all private mortgage transactions, whether or not the mortgage was arranged by you, you must complete this form, or, alternatively, you must complete a reporting letter which includes responses to all numbered items in this form. If you complete this form, you must complete every numbered item on this form, with "n/a" being entered if the numbered item is not applicable. If you complete a reporting letter, you must respond to all numbered items in this form in your reporting letter. If a numbered item is not applicable, you must include it in your reporting letter and indicate that it is not applicable. After completion, an original of this form, or the reporting letter, must be delivered forthwith to each lender. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)

TO: *(Specify name and address of investor)*

E. Manson Investments Limited
620 Wilson Avenue, Suite 401, Toronto ON M5N 1S4

A. DETAILS ABOUT THE INVESTMENT:

1. Name and address of borrower:

1482241 Ontario Limited
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6

2. Name and address of guarantors:

A. Chechroune Realty Corporation
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6

Alain Joseph Chechroune
30 Fifeshire Road, Toronto ON M2L 2G8

3. Legal description and municipal address of real property:

Lot 82-83, Plan 7607, City of Toronto

240 Duncan Mill Road

Toronto, Ontario

4. Type of property: *(specify, e.g., residence, vacant land, etc.)* **Commercial (Office Building)**

5. (a) Principal amount of mortgage or charge: \$ **7,500,000.00**

(b) Amount of loan advanced by you: \$ **1,000,000.00**

6. Rank of mortgage or charge is: **first**

7. Your investment of \$ **1,000,000.00** represents **13.33 %** of the total of this loan to the borrower.

8. Date principal advanced: **May 31, 2016**

9. (a) The term of loan is *(specify term of loan in months, years, etc.)* **18 months**

(b) The due date of the loan is *(specify date)* **December 1, 2017**

(c) The loan is amortized over (specify number of years) N/A

10. The interest rate is 11% calculated monthly, not in advance

11. Particulars of amounts and due dates (*monthly, quarterly, etc.*) of payments of principal and interest: \$9,166.67; every first day of the month

12. Particulars and amounts of any bonus or holdback or any other special terms: Lender's Fee \$150,000.00; Holdback for interest reserve \$111,532.47 and Legal fees \$15,425.00

13. Details of any existing encumbrances, including rank on title, balances outstanding, mortgagee name and maturity dates: N/A

14. In those instances in which the mortgage or charge is a collateral security, or if the mortgage or charge is secured, the details of other security are: N/A collaterally

15. (a) Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: Lender's Fee \$150,000.00 and Legal fees \$15,425.00

(b) Alternatively, I have advised I cannot confirm what independent commissions or fees are being charged to the borrower.

16. Registration number, date of registration and land registry office location:
AT4236037 June 2, 2016 Toronto Land Registry Office (No. 80)

17. Insurance particulars (*where relevant*):

Company: **Unica Insurance Inc.**

Policy No.: **YFHOPC16691**

Amount: **\$ 5,000,000.00**

Expiry Date: **May 10, 2017**

B. CONDITIONS AND DISCLOSURE:

In accordance with your Form 9D [Investment Authority] request for information and disclosures prior to the advance of your money, I advise that I have previously provided you with the requested information and disclosures as follows:

1. Particulars of existing encumbrances outstanding:

Yes _____ No _____ N/A Date Provided _____

2. In the case of a syndicated mortgage where a prospectus was required, a copy of the prospectus:

Yes _____ No _____ N/A Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of a prospectus.

3. Independent appraisal:

Yes _____ No Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

3. Independent appraisal:

Yes _____ No

Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

4. Any loss you may suffer on this mortgage investment will not be insured under the lawyers' professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.*

I advised and you acknowledged having read and understood this warning.

(Warning: You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.)

Name of lawyer or law firm

Bernie Gropper
Barrister and Solicitor

Address of lawyer or law firm

261 Davenport Road, Suite 300, Toronto, ON M5R 1K3

Signature of lawyer



Date of Signature

May 31, 2016

**(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*

Form 9E

Report On The Investment

(Note to lawyer: In all private mortgage transactions, whether or not the mortgage was arranged by you, you must complete this form, or, alternatively, you must complete a reporting letter which includes responses to all numbered items in this form. If you complete this form, you must complete every numbered item on this form, with "n/a" being entered if the numbered item is not applicable. If you complete a reporting letter, you must respond to all numbered items in this form in your reporting letter. If a numbered item is not applicable, you must include it in your reporting letter and indicate that it is not applicable. After completion, an original of this form, or the reporting letter, must be delivered forthwith to each lender. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)

TO: *(Specify name and address of investor)*

Dan Realty Limited
1120 Finch Avenue West, Suite 100, Toronto ON M3J 3H7

A. DETAILS ABOUT THE INVESTMENT:

1. Name and address of borrower:

1482241 Ontario Limited
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6

2. Name and address of guarantors:

A. Chechroune Realty Corporation
240 Duncan Mill road, Suite 802
Toronto, Ontario M3B 3S6

Alain Joseph Chechroune
80 Fifeshire Road, Toronto ON M2L 2G8

3. Legal description and municipal address of real property:

Lot 82-83, Plan 7607, City of Toronto

240 Duncan Mill Road

Toronto, Ontario

4. Type of property: *(specify, e.g., residence, vacant land, etc.)* **Commercial (Office Building)**

5. (a) Principal amount of mortgage or charge: \$ **7,500,000.00**

(b) Amount of loan advanced by you: \$ **5,500,000.00**

6. Rank of mortgage or charge is: **first**

7. Your investment of \$ **5,500,000.00** represents **73.34 %** of the total of this loan to the borrower.

8. Date principal advanced: **May 31, 2016**

9. (a) The term of loan is *(specify term of loan in months, years, etc.)* **18 months**

(b) The due date of the loan is *(specify date)* **December 1, 2017**

(c) The loan is amortized over (specify number of years) N/A

10. The interest rate is 11% calculated monthly, not in advance

11. Particulars of amounts and due dates (*monthly, quarterly, etc.*) of payments of principal and interest: \$50,416.67; every first day of the month

12. Particulars and amounts of any bonus or holdback or any other special terms: Lender's Fee \$150,000.00; Holdback for interest reserve \$111,532.47 and Legal fees \$15,425.00

13. Details of any existing encumbrances, including rank on title, balances outstanding, mortgagee name and maturity dates: N/A

14. In those instances in which the mortgage or charge is a collateral security, or if the mortgage or charge is secured, the details of other security are: N/A collaterally

15. (a) Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: Lender's Fee \$150,000.00 and Legal fees \$15,425.00

(b) Alternatively, I have advised I cannot confirm what independent commissions or fees are being charged to the borrower.

16. Registration number, date of registration and land registry office location:

AT4236037

June 2, 2016

Toronto Land Registry Office (No. 80)

17. Insurance particulars (*where relevant*):

Company: **Unica Insurance Inc.**

Policy No.: **YFHOPC16691**

Amount: **\$ 5,000,000.00**

Expiry Date: **May 10, 2017**

B. CONDITIONS AND DISCLOSURE:

In accordance with your Form 9D [Investment Authority] request for information and disclosures prior to the advance of your money, I advise that I have previously provided you with the requested information and disclosures as follows:

1. Particulars of existing encumbrances outstanding:

Yes _____ No _____ N/A Date Provided _____

2. In the case of a syndicated mortgage where a prospectus was required, a copy of the prospectus:

Yes _____ No _____ N/A Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of a prospectus.

3. Independent appraisal:

Yes _____ No Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

3. Independent appraisal:

Yes _____ No ✓

Date Provided _____

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

4. Any loss you may suffer on this mortgage investment will not be insured under the lawyers' professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.*

I advised and you acknowledged having read and understood this warning.

(Warning: You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.)

Name of lawyer or law firm

Bernie Gropper
Barrister and Solicitor

Address of lawyer or law firm

261 Davenport Road, Suite 300, Toronto, ON M5R 1K3

Signature of lawyer



Date of Signature

May 31, 2016

**(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*

APPENDIX “D”

**Dan Realty Limited Mortgage
1482241 Ontario Limited (240 Duncan Mill Road)**

SUMMARY OF ACCOUNT

Interest Due	47,465.69
Late Interest Charged	3,915.91
Late Penalty Fees	2,800.00
Monitoring Fees	3,000.00
Three (3) Months Interest Penalty (\$68,750 x 3)	206,250.00
Legal Fees	
Bernard Gropper, Barrister and Solicitor	15,036.87
Chaitons LLP, Barristers and Solicitors (to be provided)	39,663.47
Reserve	15,000.00
	69,700.34
Attendance and Inspection Fees	
Site Inspection Fees - Handelman Group	1,800.00
Site Inspection Fees - Dan Realty Group	1,800.00
	3,600.00
Principal	7,500,000.00
Interest Reserve (Chaitons LLP)	<u>(111,532.47)</u>
BALANCE DUE:	<u>7,725,199.47</u>

After March 29, 2018 per diem Interest is: \$ 2,328.14

**Dan Realty Limited Mortgage
1482241 Ontario Limited (240 Duncan Mill Road)**

TERM:	01-Jan-18	01-Dec-18		
Principal:	\$ 7,500,000.00	01-Jul-17	Per Diem Interest for late Payments:	\$ 20.72
	<hr/> \$ 7,500,000.00			

Interest Reserve: **\$111,532.47**

After March 29, 2018 per diem Interest is: \$ 2,328.14

APPENDIX “E”

**Dan Realty Limited Mortgage
1482241 Ontario Limited (240 Duncan Mill Road)**

SUMMARY OF ACCOUNT

Interest Due **45,388.50**

Principal **1,513,072.20**

BALANCE DUE: **1,558,460.70**

After March 29, 2018 per diem Interest is: **\$ 469.67**

**Dan Realty Limited Mortgage
1482241 Ontario Limited (240 Duncan Mill Road)**

TERM: 20-Dec-17 to 29-Mar-18

Principal:	\$ 1,472,366.54	DIP	Per Diem Interest	20-Dec-17 \$ 443.73
	\$ 40,705.66	Add'l for Realty Tax	01-Jan-18 \$ 455.99	
	<u>\$ 1,513,072.20</u>			

Date	Description	Cheque #	Payment from	Payment to	Interest 11%	Late Penalty	Amount	Cumulative
20-Dec-17	Advance	141	Dan Realty Limited	Chaitons LLP In Trust				1,472,366.54
01-Jan-18	Advance	142	Dan Realty Limited	Chaitons LLP In Trust				40,705.66

Due Date	Interest From	Interest To	Pro-rata Days	
01-Jan-18	20-Dec-17	31-Dec-17	11	4,881.00
01-Feb-18	01-Jan-18	31-Jan-18		13,869.83
01-Mar-18	01-Feb-18	28-Feb-18		13,869.83
29-Mar-18	01-Mar-18	29-Mar-18	28	12,767.84 45,388.50

TOTAL INTEREST AND PENALTIES DUE: 45,388.50 **45,388.50**

TOTAL PRINCIPAL AND INTEREST DUE: 1,558,460.70

APPENDIX “F”

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 5

Properties

PIN 10088 - 0069 LT *Interest/Estate* Fee Simple

Description LT 82-83 PL 7807 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
TORONTO (N YORK) , CITY OF TORONTO

Address 240 DUNCAN MILL ROAD
NORTH YORK

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1482241 ONTARIO LIMITED

Address for Service 240 Duncan Mills Road
Suite 800
Toronto, Ontario
M3B 3S6

I, Alain Checroune, President, have the authority to bind the corporation.

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

Chargee(s)**Capacity****Share**

Name	JANODEE INVESTMENTS LTD.	56.34%
Address for Service	c/o 2365 Finch Ave West Suite 202 Toronto, Ontario M9M 2W8	
Name	MEADOWSHIRE INVESTMENTS LTD.	43.66%
Address for Service	c/o 2365 Finch Ave West Suite 202 Toronto, Ontario M9M 2W8	

Statements

Schedule: See Schedules

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21.

Provisions

Principal	\$ 1,420,000.00	<i>Currency</i>	CDN
Calculation Period	interest only, monthly		
Balance Due Date	2017/03/21		
Interest Rate	13.0%		

The applicant(s) hereby applies to the Land Registrar:

yyyy mm dd Page 2 of 5

Signed By

Harvey Samuel Margel	202-2365 Finch Ave. W. Toronto M9M2W8	acting for Chargor(s)	Signed	2016 09 21
Tel	416-745-9933			
Fax	4167459290			

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

Submitted By

HARVEY S MARGEL LAW OFFICE	202-2365 Finch Ave. W. Toronto M9M2W8	2016 09 21
Tel	416-745-9933	
Fax	4167459290	

Fees/Taxes/Payment

Statutory Registration Fee	\$62.85
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Total Paid	\$62.85
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File Number

Chargor Client File Number : 16-1129 (CHECROUNE)

SCHEDULE "A"

(10) Additional Provisions

PREPAYMENT PROVISIONS

PROVIDED that the Chargor, when not in default herein shall have the privilege of prepaying all or any part of the principal sum hereby secured after three month anniversary at any time or times upon payment of one month's bonus interest.

ADMINISTRATION FEE

The Chargor shall pay to the Chargee an Administration Fee of \$500.00 for each occurrence of any of the following events:

1. Late payment; nonpayment;
2. Cheque Dishonoured for any reason;
3. Failure to provide proof of payment of realty taxes;
4. Failure to provide proof of insurance coverage on an annual basis;
5. Failure to provide postdated cheques;
6. Failure to notify charge of registration of lien by the Condominium Corporation for common maintenance arrears;
7. Request for Mortgage Statement;
8. Request for Discharge Statement;
9. Default under prior mortgages, charge or encumbrance.

Such Administration Fee to be paid within five (5) days of demand for payment of same.

If the said Administration Fee is not paid within the said five (5) days then at the option of the chargee the administration fee will either be added to the principal amount outstanding or this will be a default enabling the chargee to institute collection or power of sale proceedings.

In the event of a further occurrence as set out herein the penalty shall increase by a further sum of \$50.00 and this shall be on a cumulative basis.

DISPOSITION OF THE MORTGAGED LANDS

Provided that if the Chargor sells, transfers, conveys or otherwise disposes of the subject property, or any interest therein, then all amounts, whether principal, interest or otherwise that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable, at the sole option of the Chargee.

POSTDATED CHEQUES

The Chargor agrees to provide the Chargee with a series of 12 post-dated cheques on or before the Closing date of the Charge and a further series of 12 postdated cheques on or before each anniversary date of the within Charge. Failure to provide such cheques shall constitute a default under Charge at the sole option of the Chargee.

DISCHARGE

Provided that when a Discharge of this Charge is required, then the Chargee's solicitor will prepare the Discharge documentation for execution by the Chargee, the costs of which shall be at the Chargor's expense.

TIME OF PAYMENT

..... at the Mortgagor's office after 1:00pm on any date

that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable at the sole option of the Chargee.

If any amount of money is claimed in priority over this Charge pursuant to the Construction Lien Act (Ontario) and if the Chargee is obliged to pay any amounts owing under the said Act, same may be added to the principal amount outstanding under the Charge.

INSULATION

The subject property is not, and has never been insulated with urea formaldehyde foam insulation, and the Chargor will not permit such insulation to be used in the construction or renovation of any future improvement to the property. In the event that the Chargee determines that any portion of the subject property is, or has been so insulated, then all amounts whether principal, interest or otherwise that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable at the sole option of the Chargee.

BANKRUPTCY AND INSOLVENCY ACT

The Chargor/Guarantor represents and warrants that she/he is not an "undischarged bankrupt" as defined in the Bankruptcy and Insolvency Act. In the event that the Chargor/Guarantor is an "undischarged bankrupt", then all amounts, whether principal, interest or otherwise that may be owing hereunder including Administration Fees and bonuses together with a one (1) month interest payment thereon shall be immediately due and payable at the sole option of the Chargee.

SERVICING FEE

In the event that the Chargee is called upon to pay any payment in order to protect its security position, including but not limited to the payment of Realty Taxes, Insurance Premiums, Condominium common expenses, principal, interest or costs under a prior mortgage, it is agreed that such payment shall bear interest at eighteen (18%) percent per annum, calculated and compounded monthly and that there shall be a service charge of not less than \$250.00 for making each such payment or payments.

ADDITIONAL FEES

The Chargor agrees that should the Chargee issue either a Notice of Sale or Statement of Claim, that the Chargee, at its option, shall be entitled to charge an additional fee equivalent to three (3) months interest. The Chargor agrees that should the charge not be renewed or discharged on the maturity date, that the Chargee, at its option, shall be entitled to charge an additional fee equivalent to three (3) months interest.

ALTERATIONS

The Chargor will not make or permit to be made any structural alterations or additions to the land or to any building or structure thereon or change or permit to be changed the use of the premises without the written consent of the Chargee.

WELL WATER ANALYSIS

In the event that the subject property is not on municipal water supply, the mortgagee requires satisfactory Bacteriological analysis of well water by the Ministry of Health.

FARM DEBT MEDIATION ACT

Provided further that the Chargor represents and warrants that she/he is not a "Farmer" as defined in the Farm Debt Mediation Act and the Chargor further covenants and agrees that during the currency of the within Charge he will not engage in any activity which would have the effect of deeming her/him a Farmer within the meaning of the Farm Debt Mediation Act. In the event that the Chargor fails to comply with

due and payable should the within described premises be converted from the personal residence of the mortgagor to a rental property.

Provided that the mortgagor when not in default hereunder shall have the privilege of paying the whole or any part of the principal sum herein secured on any payment date upon payment of a bonus of three (3) month's interest.

Provided that the mortgagor shall pay to the mortgagee a fee of \$250.00 for each and every dishonoured cheque.

Provided that the mortgagor shall pay to the mortgagee a fee of \$1,500.00 for each and every action or proceeding instituted and a fee of \$100.00 for administering maintenance and security to the property each day it is in possession of the mortgagee.

Provided that the mortgagor shall provide the mortgagee with a series of 12 post-dated cheques at the commencement of the within mortgage.

Provided that in the event the mortgagor sells or transfers the subject property, the whole or principal balance hereby secured together with accrued interest shall become immediately due and payable at the option of the mortgagee.

Properties

P/N 10088 - 0069 LT
 Description LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
 TORONTO (N YORK) , CITY OF TORONTO
 Address 240 DUNCAN MILL ROAD
 NORTH YORK

Consideration

Consideration \$0.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name 1482241 ONTARIO LIMITED
 Address for Service 240 Duncan Mill Road
 Suite 800
 Toronto, Ontario
 M3B3S6

I, Alain Checroune, President, have the authority to bind the corporation.

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

Party To(s)	Capacity	Share
Name JANODEE INVESTMENTS LTD.		56.43%
Address for Service c/o 2365 Finch Avenue West Suite 202 Toronto, Ontario M9M 2V8		
I, Stanley Cash, have the authority to bind the corporation		
This document is not authorized under Power of Attorney by this party.		
Name MEADOWSHIRE INVESTMENTS LTD.		43.66%
Address for Service c/o 2365 Finch Avenue West Suite 202 Toronto, Ontario M9M 2V8		
I, Norman Rosenberg, have the authority to bind the corporation		
This document is not authorized under Power of Attorney by this party.		

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, AT4349221 registered on 2016/09/21 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)AT4349221

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

Signed By

Harvey Samuel Margel 202-2365 Finch Ave. W. acting for
 Tel 416-745-9933
 Toronto
 Fax 4167459290
 M9M2V8
 Signed 2016 09 22

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

Submitted By

HARVEY S MARGEL LAW OFFICE

202-2365 Finch Ave. W.
Toronto
M9M2W8

2016 09 22

Tel 416-745-9933

Fax 4167459290

Fees/Taxes/Payment

Statutory Registration Fee	\$82.85
Total Paid	\$82.85

File Number

Applicant Client File Number: 16-1129 (CHECROUNE)

SCHEDULE

AGREEMENT AMENDING CHARGE/MORTGAGE

WHEREAS by a Charge/Mortgage of Land registered in the Land Registry Office for the Land Titles Division for Toronto (No. 80) on the 21st day of September, 2016, as Instrument No. AT4349221, **I482241 ONTARIO LIMITED** as Chargor, gave a Charge/Mortgage upon the lands described herein in favour of **JANODEE INVESTMENTS LTD.** and **MEADOWSHIRE INVESTMENTS LTD.**, as Chargee to secure the payment of the principal sum of One Million, Four Hundred and Twenty Thousand Dollars (\$1,420,000.00) with interest as therein set out upon the terms therein mentioned.

AND WHEREAS the Chargor is the present registered owner of the equity of redemption in the Lands.

AND WHEREAS the principal sum of One Million, Four Hundred and Twenty Thousand Dollars (\$1,420,000.00) secured by the said Charge/Mortgage and interest as therein set out still remains due and owing to the Chargee.

AND WHEREAS the parties hereto have agreed to amend the Charge upon and subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, THIS AGREEMENT WITNESSETH that, in consideration of these presents, the covenants and agreements herein contained and the sum of TWO DOLLARS (\$2.00) now paid by each of the parties hereto to each of the others (the receipt and sufficiency whereof are hereby acknowledged by each of the parties hereto), the parties hereto hereby agree as follows:

1. TITLE INSURANCE

The Chargor hereby undertakes to provide the Chargee with a title insurance policy, subject to such exceptions required by the title insurance provider, within forty five (45) days of the date of advance of funds hereof. Failure to provide the Chargee with a title insurance policy as set out herein shall be deemed an act of default. In such event, the Chargor hereby waives Notice of Default and the Chargee may proceed to issue a Notice of Sale under the Power of Sale provisions.

2. INTEREST RATE

- a) Thirteen (13) percent per annum, calculated interest only, monthly. The first three months of interest shall be paid in advance and deducted from the advance of funds;
- b) In the event the Chargor fails to provide the Chargee with a title insurance policy as set out above, the interest rate shall be deemed to be eighteen (18) percent per annum, calculated interest only, monthly from the date of the advance of funds.

3. PREPAYMENT

The parties acknowledge that one (1) month interest bonus is payable for early prepayment. In anticipation of early thereof, the Chargee is hereby authorized to deduct a further one month's interest from the advance of funds.

In all other respects, the terms of the said Charge/Mortgage continue unamended.

The provisions of this document shall enure to and be binding upon the executors, administrators, successors and assigns of each party and all covenants, liabilities and obligations shall be joint and several.

APPENDIX “G”

HST	156.00
Discharge fee, hst & reg'n	
(\$2,000.00; \$260.00; \$75.27)	2,335.27
TO numerous conversations with mortagor's solicitor	
And lenders regarding payments, arrears of payment;	
To receipt of mortgage payments; to payments to lenders;	
To meeting with clients regarding arrears of payments and	
Collection of payments and receipt of motion material	
TO meeting with lenders regarding materials; to	
Attendance at court	
MY FEE plus HST (\$9500.00 plus \$1235.00)	10,735.00

TOTAL payable by certified cheque

To Harvey Margel in trust (direction to be provided) \$ 1,650,378.19

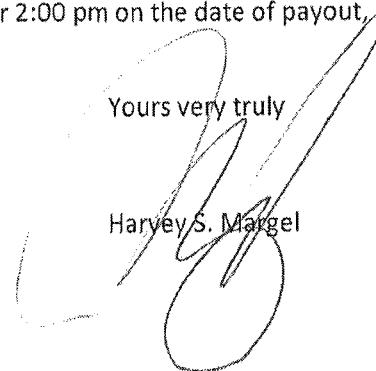
Daily interest - \$700.27

If funds are to be received after 2:00 pm on the date of payout, please add Interest to the next business day.

Yours very truly

Harvey S. Margel

E & O E

A handwritten signature in black ink, appearing to read "HARVEY S. MARGEL", is written over a stylized, abstract drawing that looks like a signature itself.

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 7

Properties

PIN 10088 - 0069 LT
 Description LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
 TORONTO (N YORK) , CITY OF TORONTO
 Address 240 DUNCAN MILL ROAD
 NORTH YORK

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name 1482241 ONTARIO LIMITED
 Address for Service 240 Duncan Mills Road
 Suite 800
 Toronto, Ontario
 M3B 3S6

I, Alain Checroune, President, have the authority to bind the corporation.

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

<i>Party To(s)</i>	<i>Capacity</i>	<i>Share</i>
--------------------	-----------------	--------------

Name JANODEE INVESTMENTS LTD.
 Address for Service c/o 2365 Finch Avenue West
 Suite 202
 Toronto, Ontario
 M9M 2W8

Name MEADOWSHIRE INVESTMENTS LTD.
 Address for Service c/o 2365 Finch Avenue West
 Suite 202
 Toronto, Ontario
 M9M 2W8

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT4349221 registered on 2016/09/21 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)CHARGE 1

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

Signed By

APPENDIX “H”



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER.

PAGE 1 OF 5
PREPARED FOR McDonald
ON 2018/03/01 AT 16:03:42

LAND
REGISTRY
OFFICE # 66
[REDACTED] 10088-0069 (IT)
* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY REMARKS:
ESTATE QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED
OWNERS' NAMES
1482241 ONTARIO LIMITED

PROPERTY DESCRIPTION: LT 82-93 Pl. 7607 NORTH YORK; PT LT 84 Pl. 7607 NORTH YORK PT 2, RS1284; TORONTO (N YORK), CITY OF TORONTO

RECENTLY.

RE-ENTRY FROM 10088-0184

CAPACITY SHARE
BENO

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2002/02/22 **						
** SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO: SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHATS OR FORETURIE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
** DATE OF CONVERSION TO LAND TITLES: 2002/02/25 **						
NOTE: THE NO DEALINGS INDICATOR IS IN EFFECT ON THIS PROPERTY						
NY471937	1965/10/28	AGREEMENT			*** DELETED AGAINST THIS PROPERTY ***	
NY522732	1967/10/20	REST COV APL ANNEX			TOWNSHIP OF NORTH YORK	
NY579166	1970/07/20	BYLAW EX PART LOT REMARKS: BY-LAW NO. 23292			C	
RS1284	1970/11/17	PLAN REFERENCE			C	
NY624293	1972/09/15	NOTICE OF LEASE REMARKS: SKETCH ATTACHED.			*** COMPLETELY DELETED ***	
NY635854	1973/04/06	NOTICE OF LEASE REMARKS: SKETCH ATTACHED.			*** COMPLETELY DELETED ***	
THE CLOROX COMPANY OF CANADA LTD.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER.

LAND

REGISTRY
OFFICE # 66PAGE 2 OF 5
PREPARED FOR McDonald
ON 2018/03/01 AT 16:03:42

10088-0069 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
NY645074	1973/08/16	NOTICE OF LEASE		*** COMPLETELY DELETED ***		
NY645786	1973/09/10	NOTICE OF LEASE		*** COMPLETELY DELETED ***		
64BA1088	1977/11/10	PLAN BOUNDRIES ACT REMARKS: RE: NY7302261-PL10556		*** COMPLETELY DELETED ***		C
NY748158	1978/09/26	NOTICE OF LEASE		*** COMPLETELY DELETED ***		
TB176112	1984/06/04	RELEASE		*** DELETED AGAINST THIS PROPERTY ***		
REMARKS: RE: AGREEMENT NY471937				*** DELETED AGAINST THIS PROPERTY ***		
TB977117	1995/11/14	NOTICE OF LEASE		148224 CANADA LIMITED		
TR51734	1999/11/10	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY ***		
TR80940	2001/08/13	TRANSFER REMARKS: PLANNING ACT STATEMENT	\$15,300,000	CF/REALTY HOLDINGS INC.	1482241 ONTARIO LIMITED	C
TR80941	2001/08/13	CHARGE		CF/REALTY HOLDINGS INC.		
TR80942	2001/08/13	ASSIGNMENT GENERAL		1482241 ONTARIO LIMITED		
AT398140	2004/01/30	RENTS TR80941 REMARKS: TRANSFER OF CHARGE		*** COMPLETELY DELETED ***		
AT398141	2004/01/30	NO ASSIGN RENT GEN		HELLER FINANCIAL CANADA, LTD.		
REMARKS: TR80941 & TR80942				HELLER FINANCIAL CANADA, LTD.		
AT446534	2004/03/31	IR'S ORDER		*** COMPLETELY DELETED ***		
				LAND REGISTRY		

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER.

LAND
REGISTRY
OFFICE # 66PAGE 3 OF 5
PREPARED FOR McDonald
ON 2018/03/01 AT 16:03:42

10088-0069 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AT776208	2005/04/14	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** 1521428 ONTARIO INC.		
AT794523	2005/05/04	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED ***		
AT920259	2005/09/22	AFL (GENERAL)		*** COMPLETELY DELETED *** 1482241 ONTARIO LIMITED		
AT929103	2005/09/23	AFL (GENERAL)		*** COMPLETELY DELETED *** 1482241 ONTARIO LIMITED		
AT935525	2005/09/29	CHARGE	\$11,250,000	1482241 ONTARIO LIMITED		C
AT935526	2005/09/29	NO ASSIGN RENT GEN		1482241 ONTARIO LIMITED		C
AT945883	2005/10/11	DISCH OF CHARGE		*** COMPLETELY DELETED *** HELLER FINANCIAL CANADA HOLDING COMPANY		
AT141719	2007/04/11	LIEN		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE		
AT144155	2007/05/11	DISCHARGE INTEREST		*** COMPLETELY DELETED ***		
AT1519476	2007/07/26	NO DET/SURR LEASE		*** COMPLETELY DELETED ***		
AT1519477	2007/07/26	NOTICE OF LEASE		*** COMPLETELY DELETED *** 1482241 ONTARIO LIMITED		
AT2214546	2009/10/29	GRU AGR PUR & SALE		*** COMPLETELY DELETED ***		

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

 PAGE 4 OF 5
 PREPARED FOR McDonald
 ON 2018/03/01 AT 16:03:42

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

LAND

REGISTRY

OFFICE #66

10088-0069 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AT2340582	2010/03/31	APL (GENERAL)		1462241 ONTARIO LIMITED BULLETIN 2000-02, AMENDED ON 2016/04/19 BY M. GARSKA. *** COMPLETELY DELETED *** 6 DEGREES INTEGRATED COMMUNICATIONS INC.	NORTH SASKATCHEWAN MOTOR INNS INC. NORTH YORK FAMILY PHYSICIANS HOLDINGS INC. NORTH YORK FAMILY PHYSICIANS HOLDINGS INC.	C C
AT2418963	2010/06/21	RESTRICTIONS ORDER		ONTARIO SUPERIOR COURT OF JUSTICE		
AT2418796	2010/07/16	NOTICE OF LEASE		NORTH YORK FAMILY PHYSICIANS HOLDINGS INC.		
AT2463369	2010/07/29	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** 7063580 CANADA INC.		
AT2502481	2010/09/13	CERTIFICATE		*** COMPLETELY DELETED *** 7063580 CANADA INC.		
AT2767471	2011/07/28	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2144688 ONTARIO LTD.	
AT2928012	2012/01/24	CERTIFICATE		*** COMPLETELY DELETED *** 2144688 ONTARIO LTD.	1482241 ONTARIO LTD.	
AT3589829	2014/05/27	CAUTION-LAND		*** COMPLETELY DELETED *** 1462241 ONTARIO LIMITED	HUSSAINI, JAMSHID ARNADE, NEELOFAR	
AT3606967	2014/06/13	AFL (GENERAL)		HUSSAINI, JAMSHID ARNADE, NEELOFAR	MANN ENGINEERING LTD.	
AT3633375	2014/07/15	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** MANN ENGINEERING LTD.		
AT3699036	2014/09/26	CERTIFICATE		*** COMPLETELY DELETED *** YYZ PLUMBING INC.		
AT3984281	2015/06/20	CONSTRUCTION LIEN		*** COMPLETELY DELETED ***		

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY

OFFICE # 66

10088-0069 (LT)

PAGE 5 OF 5
PREPARED FOR McDonald
ON 2018/03/01 AT 16:03:42

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CCHKD
AT4222577	2016/05/19	API AMEND ORDER REMARKS: DELETE AT2767471 AND AT2938012.		ONTARIO SUPERIOR COURT OF JUSTICE	1482241 ONTARIO LIMITED	C
AT4222702	2016/05/19	API DEL CONST LIEN REMARKS: AT2633735, & AT3699035.		*** COMPLETELY DELETED *** MANN ENGINEERING LTD.		C
AT4225538	2016/05/25	CERTIFICATE		ALLEVIO CLINIC #1 TORONTO INC.		C
AT4236037	2016/06/02	TRANSFER OF CHARGE REMARKS: AT235525.		COMPUTERSHARE TRUST COMPANY OF CANADA	DAN REALTY LIMITED E. MANSON INVESTMENTS LIMITED COPPERSTONE INVESTMENTS LIMITED	C
AT4236049	2016/06/02	NO ASSGN RENT GEN REMARKS: AT935525		1482241 ONTARIO LIMITED	DAN REALTY LIMITED E. MANSON INVESTMENTS LIMITED COPPERSTONE INVESTMENTS LIMITED	C
AT4261850	2016/06/29	NO ASSGN RENT GEN REMARKS: AT35525, AT35526		COMPUTERSHARE TRUST COMPANY OF CANADA	1482241 ONTARIO LIMITED	C
AT4349221	2016/09/21	CHARGE	\$1,420,000	1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.	C
AT4349222	2016/09/21	NO ASSGN RENT GEN REMARKS: AT4349221.		1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.	C
AT4349427	2016/09/21	API DEL CONST LIEN REMARKS: AT998281.		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE		
AT4349428	2016/09/21	API DEL CONST LIEN REMARKS: AT2463369, DELETE AT2502481		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE		
AT4350034	2016/09/22	NOTICE REMARKS: AT4349221		1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.	C
AT4729622	2017/11/09	API COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	1482241 ONTARIO LIMITED	C

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APPENDIX “I”

Properties

PIN 10088 - 0069 LT
Description LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
 TORONTO (N YORK) , CITY OF TORONTO
Address 240 DUNCAN MILL ROAD
 NORTH YORK

Applicant(s)

Name HUSSAINI, JAMSHID
Address for Service c/o Roger A. Gosbee
 94 Pathlane Road
 Richmond Hill, Ontario
 L4B 4C7

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

Name AHMADI, NEELOFAR
Address for Service c/o Roger A. Gosbee
 94 Pathlane Road
 Richmond Hill, Ontario
 L4B 4C7

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

Statements

Schedule: See Schedules

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

Signed By

Roger Alton Gosbee	94 Pathlane Road Richmond Hill L4B 4C7	acting for Applicant(s)	Signed 2014 06 13
Tel 905-882-2559			
Fax 905-882-9142			

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

Submitted By

ROGER A GOSBEE LAW OFFICE	94 Pathlane Road Richmond Hill L4B 4C7	2014 06 13
Tel 905-882-2559		
Fax 905-882-9142		

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

Court File No.: CV-14-506305

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

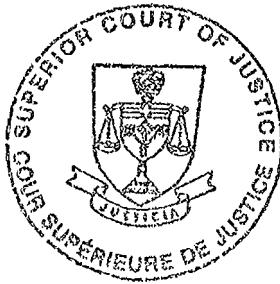
JAMSHID HUSSAINI and NEELOFAR AHMADI

Plaintiffs

-and-

ALAIN CHECROUNE and 1482241 Ontario Limited

Defendants



CERTIFICATE OF PENDING LITIGATION

I CERTIFY that in this proceeding an interest in the following land is in question:

The lands and premises particularly described in Schedule "A" attached hereto.

This Certificate is issued under an order of the court made on June 13, 2014

Date: June 13, 2014


(Local Registrar) (in Brenton)
393 University Avenue
Toronto, ON M5G 1E6

SCHEDULE A

Lot 82-83 PL 7607 North York; Pt Lot 84 PL 7607 North York, Part 2 RS1284
Toronto (N York); City of Toronto

240 Duncan Mills Road
North York

PIN 10088-0069 LT

JAMSHID HUSSAINI and NEELOFAR AHMADI - and - ALAIN CHECROUNE and 1482241 Ontario Limited
Plaintiffs
Defendants

No. _____

SUPERIOR COURT OF JUSTICE
PROCEEDINGS COMMENCED
AT
TORONTO

Certificate of Pending Litigation

ROGER A. GOSBEE
Barrister & Solicitor
94 Pathlane Road
Richmond Hill, ON L4B 4C7
Tel. 905.882.2559 Fax. 905.882.9142
LSUC # 18982K

Solicitor for the Plaintiff

APPENDIX “J”



WRIT DETAILS REPORT / RAPPORT DES DÉTAILS DU BREF

SHERIFF OF / SHÉRIF DE : CITY OF TORONTO (TORONTO)

CERTIFICATE # / 33497008-9312606B
N° DE CERTIFICAT :

DATE OF CERTIFICATE / 2018-MAR-01
DATE DU CERTIFICAT :

SHERIFF'S STATEMENT

IT IS HEREBY CERTIFIED THAT THE INFORMATION CONTAINED BELOW IS A TRUE REPRESENTATION OF INFORMATION WITHIN THE ELECTRONIC DATABASE MAINTAINED BY THIS OFFICE IN ACCORDANCE WITH SECTION 10 OF THE *EXECUTION ACT*, AT THE TIME OF THE REPORT REQUEST.

DÉCLARATION DU SHÉRIF

IL EST CERTIFIÉ, PAR LA PRÉSENTE, QUE LES RENSEIGNEMENTS CI-APRÈS REPRODUISENT EXACTEMENT L'INFORMATION CONTENUE DANS LA BASE DE DONNÉES ÉLECTRONIQUE MAINTENUE PAR CE BUREAU AUX TERMES DE L'ARTICLE 10 DE LA *LOI SUR L'EXÉCUTION FORCÉE* AU MOMENT DE LA DEMANDE DE RAPPORT.

FILE DETAILS / DÉTAILS DU DOSSIER

EXECUTION # / N° D'EXÉCUTION FORCÉE : 15-0007457
ISSUE DATE / DATE DE DÉLIVRANCE : 2015-DEC-11
EFFECTIVE DATE / DATE DE PRISE D'EFFET : 2015-DEC-14
COURT FILE OR REFERENCE # / N° DE DOSSIER DU TRIBUNAL OU DE RÉFÉRENCE : CV-15-00533411-00
COURT TYPE / TYPE DE TRIBUNAL : SCJ - CIVIL
JURISDICTION / TERRITOIRE DE COMPÉTENCE : TORONTO

DEBTOR SEARCH NAME(S) / NOM(S) DU(DES) DÉBITEUR(S) RECHERCHÉ(S)

#	DEBTOR TYPE / TYPE DE DÉBITEUR	DEBTOR NAME(S) / NOM(S) DU(DES) DÉBITEUR(S)
1.	PERSON / PERSONNE	CHECROUNE, ALAIN
2.	COMPANY / SOCIÉTÉ	1482241 ONTARIO LIMITED
3.	COMPANY / SOCIÉTÉ	A. CHECROUNE REALTY CORPORATION

PARTY DETAILS / COORDONNÉES DES PARTIES

DEFENDANT / DÉFENDEUR

1.	NAME / NOM	CHECROUNE, ALAIN
	ADDRESS / ADRESSE :	80 FIFESHIRE RD, TORONTO, ONTARIO, M2L 2G8
2.	NAME / NOM	1482241 ONTARIO LIMITED
	ADDRESS / ADRESSE :	240 DUNCAN MILL, TORONTO, ONTARIO, M3B 3S6
3.	NAME / NOM	A. CHECROUNE REALTY CORPORATION

	ADDRESS / ADRESSE :	240 DUNCAN MILL, UNIT 801, NORTH YORK, ONTARIO, M3B 1Z4
--	---------------------	--

CREDITOR / CRÉANCIER
 C/O LAWYER/AGENT / A/S PROCUREUR/AGENT

1. COMPANY / SOCIÉTÉ	DEVRY SMITH FRANK LLP
ADDRESS / ADRESSE :	95 BARBER GREENE ROAD, SUITE 100, TORONTO, ONTARIO, M3C 3E9
TELEPHONE / TÉLÉPHONE :	4164491400
FAX / TÉLÉCOPIEUR :	4164497071
EMAIL / COURRIEL :	LARRY.KEOWN@DEVRYLAW.CA

LAWYER/AGENT / PROCUREUR/AGENT SAME AS FIRST CREDITOR / MÊME QUE LE PREMIER CRÉANCIER

NAME / NOM	KEOWN, LARRY
FIRM NAME / NOM DE L'ENTREPRISE	DEVRY SMITH FRANK LLP
ADDRESS / ADRESSE	95 BARBER GREENE ROAD, SUITE 100 TORONTO ONTARIO M3C 3E9 TEL: 4164491400 FAX: 4164497071 LARRY.KEOWN@DEVRYLAW.CA

FINANCIAL TRANSACTIONS / OPÉRATIONS FINANCIÈRES

#	FEE OR PAYMENT / FRAIS OU PAIEMENT	TRANSACTION DATE / DATE D'OPÉRATION	AMOUNT / MONTANT	REFERENCE OR NOTES / RÉFÉRENCE OU NOTES
1.	FEE / FRAIS	2015-DEC-11	CDN 188.84	REMOTE ISSUE/FILE

COMMENTS / REMARQUES

ISSUED & FILED BY ALEXA CAMPBELL ON DEC 11, 2015 01:31 P.M. EST REMOTELY ON PAYMENT OF A FEE OF \$188.84

JUDG CURR: CDN, JUDG AMOUNT: 120000.00

JUDG INTE RATE: 2.0000, JUDG START DATE: 2015-12-11

JUDG DEBTOR: ALL DEBTORS

COST CURR: CDN, COST AMOUNT:

COST INTE RATE: , COST START DATE:

NO COSTS

CAUTION:

ENSURE THAT THE NAME AND EXECUTION# (NUMBER) MATCH YOUR REQUEST.

AVERTISSEMENT :

ASSUREZ-VOUS QUE LE NOM ET LE NUMÉRO DU DOSSIER D'EXÉCUTION FORCÉE SONT LES MÊMES QUE CEUX QUI SE TROUVENT DANS VOTRE DEMANDE.

CHARGE FOR THIS REPORT / CDN 6.35
FRAIS POUR CE RAPPORT :

REQUESTER REFERENCE / 141309-RTH
REFERENCE CONCERNANT
L'AUTEUR DE LA DEMANDE :

APPENDIX “K”

ASSIGNMENT OF PURCHASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of the 6th day of March, 2018 (the “Effective Date”)

BETWEEN

1979119 ONTARIO INC.

(the “**Assignor**”)

OF THE FIRST PART;

and

AZDM INC.

(the “**Assignee**”)

OF THE SECOND PART;

and

CROWE SOBERMAN INC.,

solely in its capacity as the proposal trustee of 1482241 Ontario Limited,
and not in its personal capacity or in any other capacity

(the “**Vendor**”)

OF THE THIRD PART

WHEREAS the Assignor and the Vendor entered into an agreement of purchase and sale dated as of February 26, 2018, as may be amended and revised from time to time (collectively, the “**Purchase Agreement**”) pursuant to which the Vendor agreed to sell and the Assignor agreed to purchase the Purchased Assets;

AND WHEREAS in accordance with Section 16.10 of the Purchase Agreement, the Assignor has agreed to assign, transfer and set over unto the Assignee, the Purchase Agreement and all of the Assignor’s right, title and interest therein and thereto;

AND WHEREAS the Assignee has agreed to assume all obligations of the Assignor under the Purchase Agreement as if it were the original purchaser thereunder in place and stead of the Assignor;

AND WHEREAS the Assignee is affiliated with the Assignor;

AND WHEREAS words and phrases which are capitalized herein and which are defined in the Purchase Agreement shall have the same meaning in this Agreement as in the Purchase Agreement, except to the extent otherwise specifically provided herein;

NOW THEREFORE in consideration of the sum of Ten Dollars (\$10.00) paid by the Assignee to the Assignor, the exchange of mutual covenants set out herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Assignor and the Assignee covenant and agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Assignee, for its sole use and benefit, effective from and including the Effective Date, all of its right, title and interest in and to the Purchase Agreement, together with any and all benefits, advantages, privileges and rights relating thereto or arising and flowing therefrom.
2. In consideration of the foregoing assignment of the Purchase Agreement by the Assignor to the Assignee, the Assignee hereby assumes and covenants with the Assignor and the Vendor to be bound by all of the Assignor's obligations, covenants, representations and warranties and liabilities arising or flowing from and under or in any way connected with the Purchase Agreement effective from and including the Effective Date and covenants and agrees with the Assignor and the Vendor to duly keep, observe, perform and comply with or cause to be kept, observed, performed and complied with all such obligations and all stipulations, restrictions, provisions and conditions set forth in and in accordance with the provisions of the Purchase Agreement as fully as if the Assignee was originally named as purchaser thereunder and had entered into the Purchase Agreement as an original signatory thereto in the place and stead of the Assignor.
3. In accordance with Section 16.10 of the Purchase Agreement, upon the execution and delivery of this Agreement to the Vendor, the Assignor shall be released from all of its obligations, covenants and liabilities in the Purchase Agreement.
4. Each of the Assignor and the Assignee shall execute and deliver all such further documents and do such other things as any party may reasonably request to give full effect to this Agreement at the sole cost and expense of the requesting party.
5. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
7. This Agreement may be executed in counterparts and when each of the Assignor and the Assignee has executed a counterpart each of such counterpart shall be deemed to be an original and all of such counterparts when taken together shall constitute one and the same agreement.

The remainder of the page has intentionally been left blank

IN WITNESS WHEREOF this Assignment has been executed by the Assignor and the Assignee as of the day and year first above written.

1979119 ONTARIO INC.

By: 

Name: Adolph Zarovinsky
Title: Authorized Signing Officer
I have authority to bind the Corporation

AZDM INC.

By: 

Name: Adolph Zarovinsky
Title: Authorized Signing Officer
I have authority to bind the Corporation

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2303814
CoEstRiteNo 33423808844
Estate No. 31-2303814

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
(IN BANKRUPTCY AND INSOLVENCY)**

Proceedings commenced at Toronto

**SUPPLEMENTARY MOTION RECORD OF THE
PROPOSAL TRUSTEE
(motion returnable March 16, 2018)**

AIRD & BERLIS LLP

Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)

Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)

Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

*Lawyers for Crowe Soberman Inc. in its capacity as the proposal
trustee of 1482241 Ontario Limited*