Court File No.: CV-13-10280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP LTD. and EGLINTON CASTLE INC.

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE BOUND BY THE RESULT

MOTION RECORD OF THE APPLICANTS
(RETURNABLE SEPTEMBER 2 & 4, 2015)
VOLUME 4 OF 6

August 4, 2015

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Lawyers for the Applicants

TO:	**THE SERVICE LIST**

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TAB 33

This is Exhibit "33" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, July 19, 2012 10:02 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 140 Queen's Plate Drive

Dear Stan,

We have excellent news on 140 Queen's Plate Drive:

1. We have finished our environmental testing and the site is clean;
2. We have reviewed MPS – Etobicoke's financial statements and they can support the rent;
3. We have inked a deal with MPS – Etobicoke for $700,000 net rent per year and they have agreed to fully share the soccer field, baseball diamond, running track, basketball court and parking lot with another school;
4. We met with the German International School Toronto and they are extremely interested in leasing the balance of the site and sharing the field, diamond, track, court and parking. They have a board meeting next Tuesday wherein they are going to seek approval to proceed. Their timing would be similar to MPS – Etobicoke and they'd be a great fit on the site;
5. We are in for preliminary project review with the city on this site; and
6. We should have the details of first mortgage financing finalized next week.

If all goes according to plan, the site will be worth about $18 to $20 million, our cost base will be about $15 to $16 million, and we'll be cash flow positive by Spring/Summer of 2014.

Whenever you wish you can provide the balance of your equity in the amount of $1,389,780 payable to Northern Dancer Lands Ltd.

As always, it is a complete pleasure having you as a partner. Together we seem to have good fortune!

Regards,
Norma

TAB 34

This is Exhibit "34" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Wednesday, June 13, 2012 3:15 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1485 Dupont Street
Attach: 1485 Dupont-Available May 11.pdf; 1485 dupont street proposal.xls

---

Dear Stan,

I hope you are having a great birthday week.

We have purchased another property, this one at Dupont and Lansdowne. It is a 90,000 square foot three storey building on almost an acre of land on the corner of Dupont and Campbell. We are buying it for $89 per square foot or $8 million. A flyer is attached, although we went directly through Paul Pearl, the same fellow who brought us Fraser.

We have two basic options to increase the building's value over the next 27 months:

1. The first possibility is to re-zone it from employment lands to mixed use to permit residential development and then sell it to a residential developer. Examples in the neighbourhood abound:
   a. T.A.S. Design Build just bought 299 Campbell, right across the street from this one, and they are doing just that. They want to build 18 stories of mixed use development there. It is employment zoning.
   b. Somerset purchased and remediated 362 Wallace for residential redevelopment. It was employment zoning;
   c. Castlepoint is remediating a huge former Tower Automotive industrial site at 158 Sterling proposing over 1.2 million square feet of residential density. It is primarily employment zoning; and
   d. Fallus Fuse Condo is one block east and their units have been selling for over $500 per square foot. This site will also include a Shopper's Drug Mart, a Metro and an RBC;

   We asked Peter Smith at Bousfields about the likelihood of success in converting the property to residential, and he confirmed it is likely.

2. The second possibility is to gut renovate and commercially lease the existing building. It has wonderfully high ceilings and big floor plates. With additional windows it would be incredibly bright and sunny space. The plan would be to demolish the interior of the existing building, add new windows and new building systems, rent it to a full building tenant and build to suit them, similar to what we are doing for Cossette. Previously the entire building was rented to Dylex and then subsequently to Creeds so the building functions well with a full building tenant. Ubisoft's 20,000 square foot Toronto location has been chosen nearby on Wallace. That article is attached. http://business.financialpost.com/2012/05/01/ubisoft-hopes-to-replicate-montreal-success-in-toronto/

In summary, we like the price per pound, the building and lot size, and the corner location, not to mention the accessibility from the Lansdowne subway stop and the fact the neighbourhood is shabby on its way to somewhat chic. The property requires some groundwater remediation and we are buying from an estate (11 beneficiaries in total if you can imagine) so we were able to buy it inexpensively and with a vendor take back mortgage of $6.5 million at 4.5% interest for 5 years, giving us plenty of time with inexpensive money to reposition the property.

I am attaching the pro forma. It pro-formas option 2 because we know that is already possible whereas option 1 would require a rezoning. We will obviously explore option 1 as well and meet with city planning staff to determine their view because the lift on a residential rezoning would potentially be greater than renovating the building for a commercial tenant.

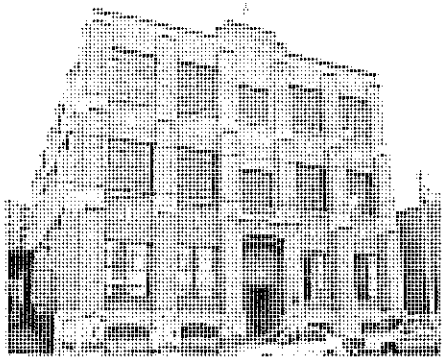
We close September 6, 2012. We anticipate within 27 months we'll reap a straight line return of over 50%, or 20% compounded annually. As usual, we would love to partner with you on this property.

If the above resonates with you, we would request a cheque for $225,000 payable to The Rose and Thistle Group Ltd. representing ½ of the deposit and due diligence expenses, whenever you have it available. The balance of equity, which we estimate at this point would total another $2.5 million, would not be required until September. By that point Atlantic should have refinanced along with Hazelton, both of which we are currently working on.

Cheers,
Norma

SALES BY TIM NOVAK

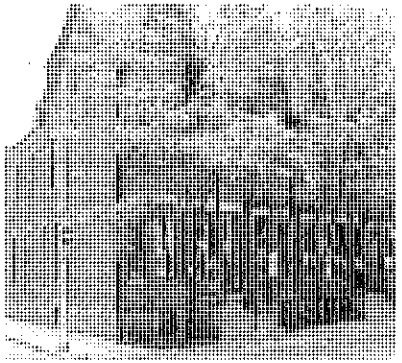
19 River Street
Leased this property for the owner for some 10 years and sold to a developer



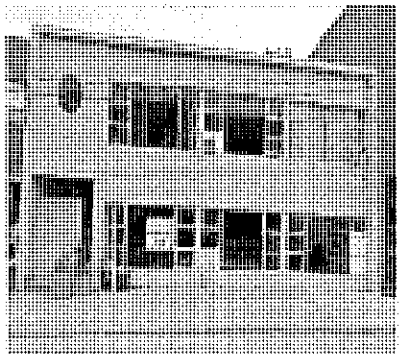
736 Dundas Street East
Sold to a developer this 15,000 sf building. Represented both buyer and seller

SALES BY TIM NOVAK

25 Brant Street
Tim represented seller in this 7,000 sqft sale at $290 per sf

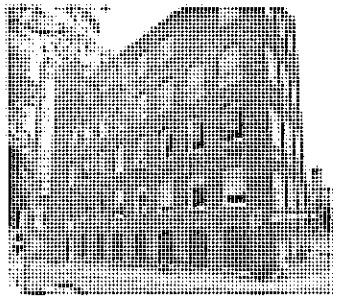


269 -273 Richmond Street West
Sold 10,000 sf (3 x commercial brownstone) buildings representing the buyer and seller

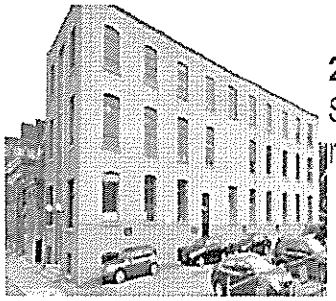


42 Gladstone Avenue
Tim sold this 12,000 sqft building family owned building while represented buyer and seller

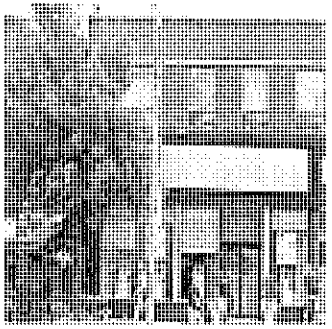
SALES BY TIM NOVAK



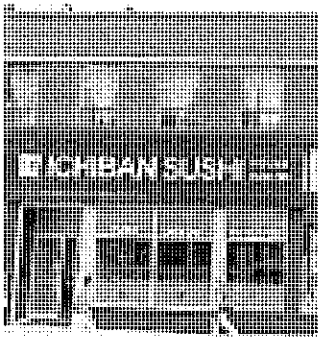
51 Wolseley Street
Sold this 17,000 sq. ft. building to an investor planning to retrofit the building and release. Sold - represented Vendor.



24 Ryerson Avenue
Sold to an investor and leased main floor, and top floor increasing the income for the owner. Sold- represented Vendor.



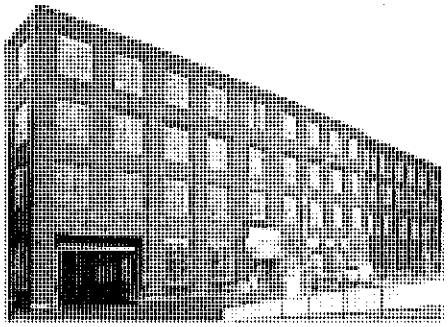
1375 Yonge Street (at St. Clair Ave.)
Sold property fronting on Yonge Street at St Clair (150 ft frontage)as an investment on projected increased income. Released Retail to a Spa and Ichiban Sushi, increasing net income for new owner. Sold - represented Vendor and Purchaser.



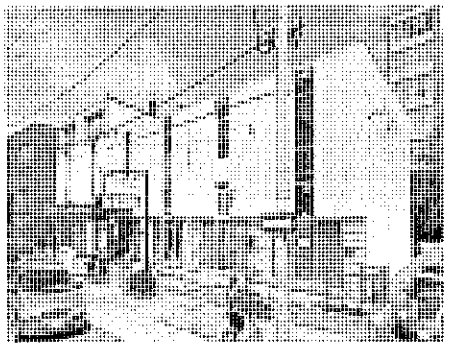
SALES BY TIM NOVAK

814

35 Golden Avenue-recently 100% leased
Tim sold to the current owner and did the leasing on this 44,000 sqft building (44 on-site parking spaces). Building was completely renovated and fully leased fall of 2011. Tenants range from 1,000 sqft to 23,000 sqft. Represented buyer.



2171 Queen Street East
Tim Sold this 230,000 sqft. Industrial building with 50% being used for storage and balance now being convert to offices and studios. Represented buyer and seller



426, 428, 430 & 432 Adelaide Street West
Tim Sold these 4 separately owned commercial town homes to a developer.

AGENT

Tim has been actively involved in Commercial Leasing and sales for over 25 years in Downtown Toronto, specializing in brick and beam markets. His arrival to Metropolitan Commercial Realty Inc. has been a great addition to the company.

A highly regarded member of the real estate industry, Tim's commitment to uncovering new and interesting spaces with fringe appeal has been paramount in providing real estate solutions for his clients. Furthermore, Tim's focus spans on both the leasing and sale of office and retail spaces/buildings.

Metropolitan Commercial Realty Inc., Brokerage

626 King Street West, Suite 302
Toronto ON M5V 17
Direct: 416.703.6621 Ext. 246
Fax: 416.703.6735
tim.novak@metcomrealty.com
www.metcomrealty.com

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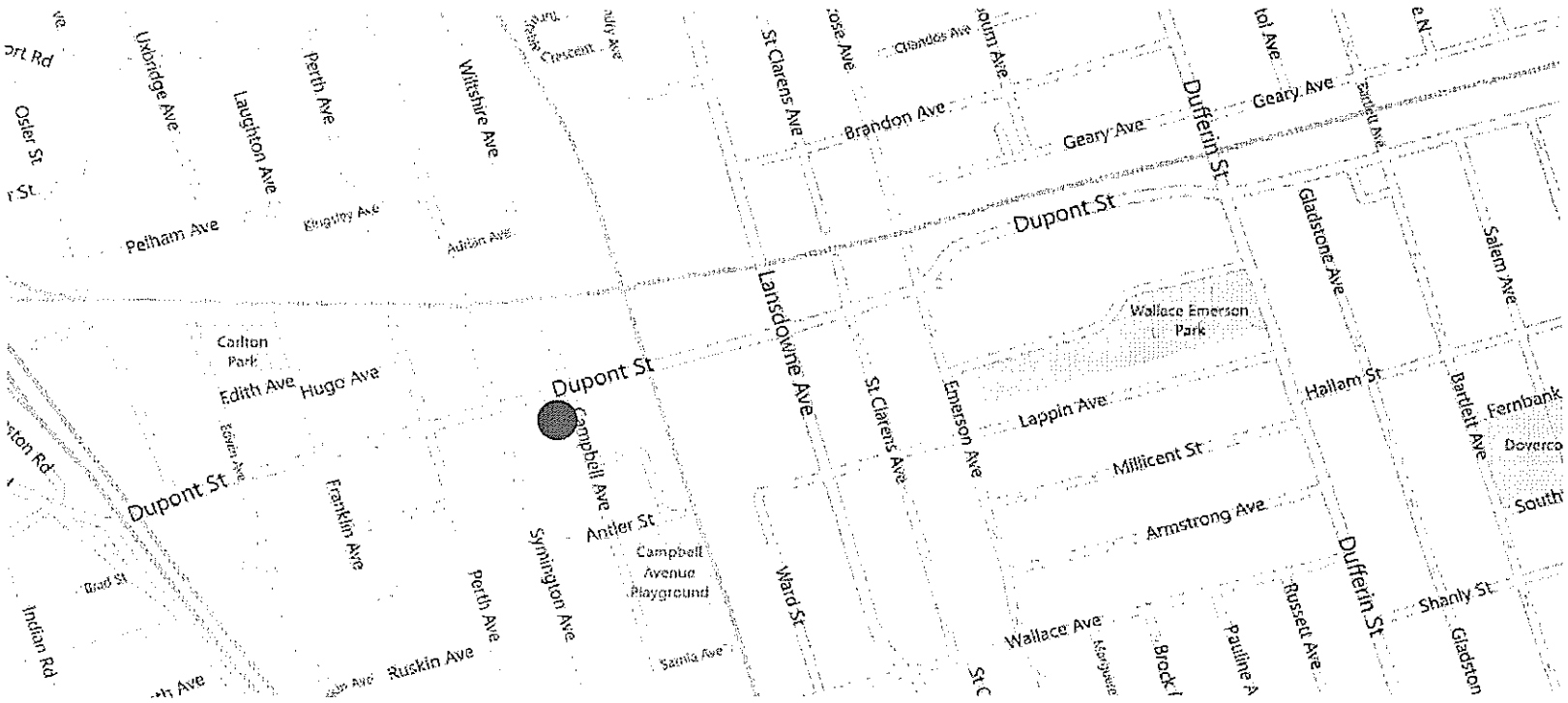
LOCATION MAP



Metropolitan
Commercial Realty Inc.
Brokerage

AERIAL LOCATION MAP

Legal Description

280 Campbell Avenue
PCL 142-1 SEC M13; PT LT 142 W/S CAMPBELL AV PL M13 TORONTO COMM AT A POINT IN THE WESTERN LIMIT OF CAMPBELL AV MEASURED 16 FT NLY FROM THE SE ANGLE OF SAID LT 142. THENCE NLY ALONG THE WESTERN LIMIT OF CAMPBELL AV 17 FT. THENCE WLY PARALLEL WITH THE SOUTHERN LIMIT OF SAID LT, 125 FT TO THE EASTERN LIMIT OF A LANE. THENCE SLY ALONG THE LAST MENTIONED LIMIT BEING PARALLEL WITH THE EASTERN LIMIT OF CAMPBELL AV 17 FT TO A POINT IN THE SAID EASTERN LIMIT OF LANE 16 FT NLY FROM THE SLY LIMIT OF SAID LT 142. THENCE ELY AND PARALLEL TO THE SAID LAST MENTIONED LIMIT 125 FT TO THE POC. T/W THE RIGHT TO HAVE THE EAVES OF THE HOUSE ON THE LAND HEREBY CONVEYED PROJECT 8 INCHES OVER THE LAND IMMEDIATELY TO THE N THEREOF AND, S/T THE RIGHT OF THE OWNER OF THE HOUSE TO THE S OF THIS LAND TO HAVE THE EAVES ON THE HOUSE TO THE S OVERHANG THE LAND HEREIN DESCRIBED AS TO THE SAME EXTENT; TORONTO , CITY OF TORONTO

282 Campbell Avenue
PCL 142-2 SEC M13; PT LT 142 W/S CAMPBELL AV PL M13 TORONTO COMM AT THE NE ANGLE OF SAID LT 142 IN THE W LIMIT OF CAMPBELL AV; THENCE W ALONG THE N LIMIT OF SAID LT 142, 125 FT MORE OR LESS TO A LANE; THENCE S ALONG THE E LIMIT OF SAID LANE 17 FT MORE OR LESS TO A POINT DISTANT 33 FT NLY FROM THE S W ANGLE OF SAID LT; THENCE E PARALLEL TO THE S LIMIT OF SAID LT 142, 125 FT MORE OR LESS TO THE W LIMIT OF CAMPBELL AV; THENCE N ALONG THE W LIMIT OF CAMPBELL AV, 17 FT MORE OR LESS TO THE POB. S/T THE RIGHT OF THE OWNER OF THE HOUSE IMMEDIATELY TO THE S TO HAVE HIS EAVES OVERHANG THESE LANDS TO THE EXTENT OF 8 INCHES; TORONTO , CITY OF TORONTO

PROPERTY OVERVIEW

Legal Description

300 Campbell Avenue/ 1485 Dupont Street
PCL 143-1 SEC M13; FIRSTLY: LT 144 W/S CAMPBELL AV PL M13 TORONTO; LT 145 W/S CAMPBELL AV PL M13 TORONTO; LT 146 W/S CAMPBELL AV PL M13 TORONTO; LT 147 W/S CAMPBELL AV PL M13 TORONTO; LT 148 W/S CAMPBELL AV PL M13 TORONTO; SECONDLY: PT LT 143 W/S CAMPBELL AV PL M13 TORONTO BEING THE NLY 20 FT; PT LT 143 PL M13 TORONTO COMM AT A POINT IN THE W LIMIT OF CAMPBELL AV DISTANT 29 FT 7 1/2 INCHES NLY FROM THE S E ANGLE OF SAID LT; THENCE WLY TO AND ALONG THE NLY FACE OF THE MOST NLY WALL OF THE BUILDING ON THE LAND TO THE S OF THIS LAND AND CONTINUING THENCE WLY PARALLEL TO THE S LIMIT OF SAID LT, IN ALL 125 FT MORE OR LESS TO A POINT IN THE REAR OF THE SAID LT, BEING THE E LIMIT OF A LANE, DISTANT 29 FT 5 INCHES NLY FROM THE S W ANGLE OF SAID LT; THENCE NLY 7 INCHES MORE OR LESS TO A POINT DISTANT 20 FT SLY FROM THE N W ANGLE OF SAID LT; THENCE ELY PARALLEL TO THE N LIMIT OF SAID LT 125 FT MORE OR LESS TO A POINT IN THE W LIMIT OF CAMPBELL AV; THENCE SLY ALONG THE W LIMIT OF CAMPBELL AV 4 1/2 INCHES MORE OR LESS TO THE POB; THIRDLY: PT LT 143 W/S CAMPBELL AV PL M13 TORONTO COMM AT A POINT IN THE W LIMIT OF CAMPBELL AV DISTANT 14 FT 9 1/2 INCHES NLY FROM THE S E ANGLE OF SAID LT; THENCE WLY ABOUT PARALLEL TO THE S LIMIT OF SAID LT TO THE ELY END OF THE CENTRE LINE OF WALL BTN THE HOUSE ON THIS LAND AND THAT TO THE S THEREOF AND CONTINUING WLY ALONG THE SAID CENTRE LINE OF WALL TO THE WLY END THEREOF AND CONTINUING FURTHER WLY PARALLEL TO THE S LIMIT OF THE SAID LT, IN ALL 125 FT TO A POINT IN THE WLY LIMIT OF SAID LT DISTANT 14 FT 7 INCHES NLY FROM THE S W ANGLE THEREOF; THENCE NLY ALONG THE W LIMIT OF SAID LT 14 FT 10 INCHES; THENCE ELY PARALLEL TO THE S LIMIT OF SAID LT TO AND ALONG THE NLY FACE OF THE MOST NLY WALL OF THE BUILDING ON THIS LAND AND CONTINUING ELY THEREFROM PARALLEL TO THE S LIMIT OF THE SAID LT IN ALL 125 FT TO THE W LIMIT OF CAMPBELL AV; THENCE SLY ALONG THE W LIMIT OF CAMPBELL AV 14 FT 10 INCHES TO THE POB ; FOURTHLY: PT LT 143 W/S CAMPBELL AV PL M13 TORONTO COMM AT THE S E ANGLE OF THE SAID LT; THENCE NLY ALONG THE W LIMIT OF CAMPBELL AV 14 FT 9 1/2 INCHES; THENCE WLY ABOUT PARALLEL TO THE S LIMIT OF SAID LT TO THE ELY END OF THE CENTRE LINE OF WALL BTN THE HOUSE ON THIS LAND AND THAT TO THE N THEREOF AND CONTINUING WLY ALONG SAID CENTRE LINE OF WALL TO THE WLY END THEREOF AND CONTINUING FURTHER WLY PARALLEL TO THE S LIMIT OF SAID LT IN ALL 125 FT TO THE W LIMIT OF SAID LT; THENCE SLY ALONG THE SAID W LIMIT 14 FT 7 INCHES TO THE S W ANGLE OF SAID LT; THENCE ELY ALONG THE S LIMIT OF SAID LT 125 FT MORE OR LESS TO THE POB; TORONTO , CITY OF TORONTO

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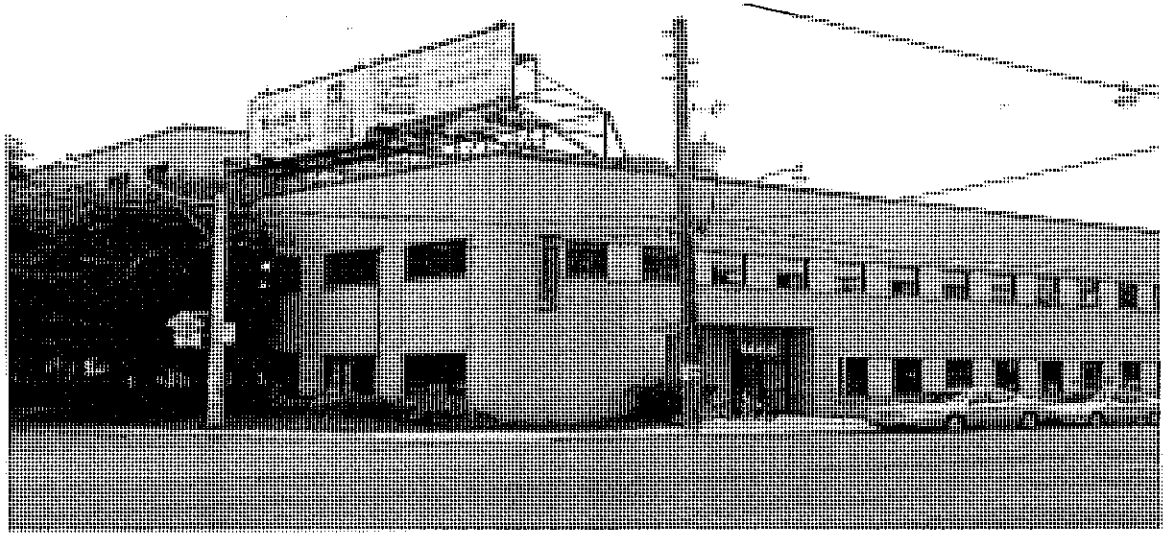
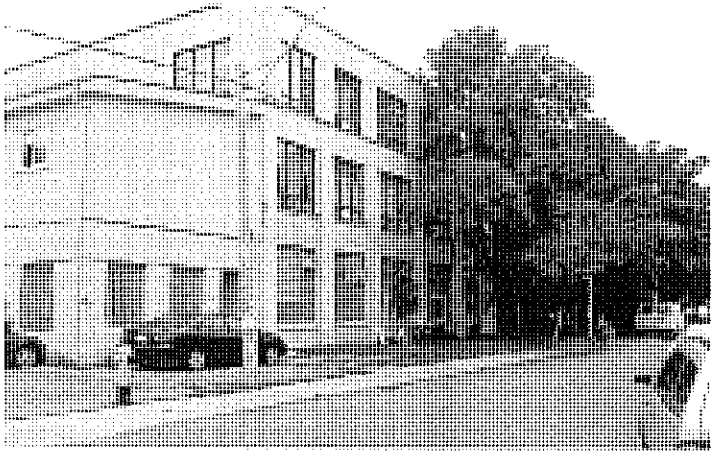
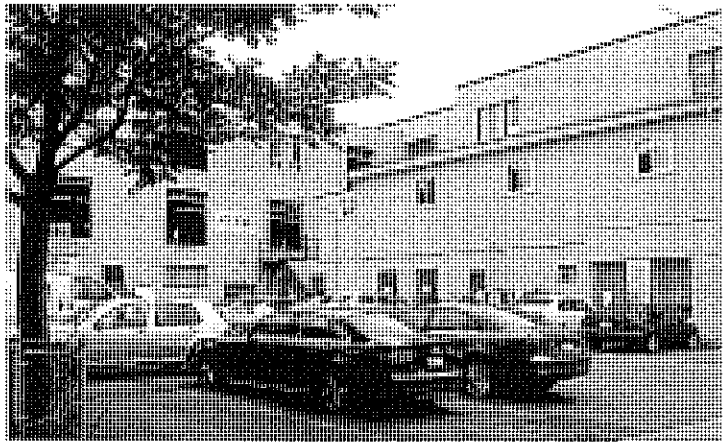
PROPERTY OVERVIEW



PROPERTY OVERVIEW





TAXES	Approximately $71,909.00 2011 (2011)
ZONING	Current zoning I2 D2 designation permits a range of uses. Current density permits maximum heights of14 meters (approx.45.93 feet).
SITE DESCRIPTION	The building is approximately 95,000 sf comprised of a rectangular shaped lot, with a commercial 2 story building fronting on Dupont Street (1485 Dupont Street), a 3 story building along Campbell Avenue (300 Campbell Avenue) both brick building covered with aging stucco, and a 3 story concrete block building with a parking lot (280 and 282 Campbell Avenue). The total frontage of approximately 125 ft. and a and a total land area of approximately 41,750 sf as stated within the assessment files.
PARKING	There is on-site parking in the rear of the Building for approximately 10 vehicles. There is street parking available on Campbell Avenue and limited street parking on Dupont Street
TYPE	The subject had a single tenant occupying the main floor on a head-lease and was subleasing studio/offices on 2nd and 3rd floors. The main floor is now vacant. The remainder of the studio-studio/office and live/work tenants (divided into units ranging from 1,000 to 3,000 square feet most of which are now vacant.
NOI	Potential of $10 to $15 net rents on 90,000 sf
	$7,000.00 / year for roof sign rental

OWNER'S OBJECTIVES

The information contained herein has been obtained from the past and recent experience and familiarity with the property and information from sources as such made available to Metropolitan Commercial Realty Inc., and it does not purport to contain all the information a prospective purchaser may require. This package has been compiled solely for the convenience of prospective Purchaser to assist them in their determination of whether they wish to express further interest in purchasing the property. This package does NOT form part of any terms or conditions of sale or commitment to list or lease. Metropolitan Commercial Realty Inc. has not independently verified any such information and assumes no responsibility for its accuracy or completeness and has no authority to bind the landlord/owner to any representation or warranty.

Any financial estimates and projections contained herein are based on information obtained from the books and records of the Seller provided to Metropolitan Commercial Realty Inc., and from other sources and involve an element of subjective judgment and analysis and are for general reference purposes only.

Upon request, each recipient agrees that it will promptly return all material received from Metropolitan Commercial Realty Inc. without retaining copies thereof.

Please direct all inquiries regarding this proposal to Tim Novak.

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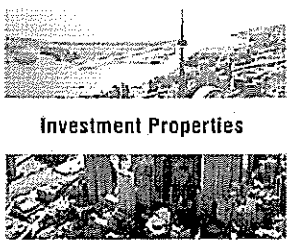
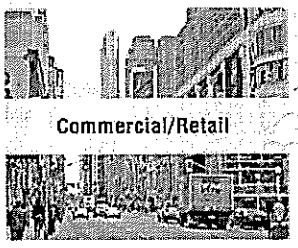
Metropolitan
Commercial Realty Inc.
Brokerage


Investment Properties


Office Leasing


Industrial Leasing


Commercial/Retail

AVAILABLE

300 Campbell Avenue
TORONTO, ONTARIO

May 9, 2012

PREPARED BY:

Tim Novak*, Vice President
416-703-6621 ext. 246
tim.novak@metcomrealty.com

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Toronto, ON, M5R 1M7
Tel 416.703.6621 | Fax 416.703.6735
www.metcomrealty.com

*Sales Representative

	A	B	C	D
1	Building Value - January 1, 2015			
2				
3	As of January 1, 2015:			
4				
5	Net Income before interest:	$1,380,000		
6				
7	7% capitalization rate:	$19,714,286		
8				
9				
10	Property Ownership as of January 1, 2015			
11				
12	Value:	$19,714,285.71	100.00%	
13				
14	First mortgage from vendors:	$6,500,000.00	32.97%	
15	Second mortgage, construction:	$5,000,000.00	25.36%	
16	Dr. Bernstein equity:	$2,725,312.50	13.82%	
17	Ron and Norma Walton equity:	$2,725,312.50	13.82%	
18				
19	Total:	$16,950,625.00	85.98%	
20	Capital Structure Once Refinanced			
21				
22	Value:	$19,714,285.71	100.00%	
23				
24	New first mortgage:	$14,785,714.29	75.00%	
25	Balance of Dr. Bernstein's equity remaining:	$1,082,455.36	5.49%	
26	Ron and Norma Walton equity:	$1,082,455.36	5.49%	
27				
28	Total:	$16,950,625.00	85.98%	
29				
30	Cash flow once Refinanced			
31				
32	Net Income:	$1,380,000.00		
33	Less Capital Expense Reserve:	$90,000.00		
34	Less Estimated Mortgage Costs:	$984,492.00		
35				
36	Surplus Cash for Distribution:	$305,508.00		
37				
38	To Dr. Bernstein:	$152,754.00	14.11%	
39	To Ron and Norma Walton:	$152,754.00	14.11%	
40				
41	Plus capital appreciation and mortgage paydown to increase equity			

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	A	B	C	D
1	**Income and Expenses as of January 1, 2015**			
2				
3	Revenues:			
4				
5	Rental Revenues:	$2,010,000		
6				
7	Total Revenues:		$2,010,000	
8				
9	Expenses before interest payments:			
10				
11	Property taxes	$250,000		
12	Utilities	$144,000		
13	Repairs and maintenance	$93,600		
14	Cleaning expenses and supplies	$32,000		
15	Property management fees:	$80,400		
16	Security:	$12,000		
17	Insurance:	$18,000		
18				
19				
20	Total Expenses before interest payments:		$630,000	
21				
22	Net Income before interest:			$1,380,000

	A	B	C	D	E	F	G	H	I	J
1	Sheet1 Summary Fields									
2										
3										
4										
5										
6										

	A	B	C	D
1	1485 Dupont Streets			
2	CAPITAL REQUIRED			
3	**Purchase Costs**			
4				
5	Purchase Price	8,000,000		
6	Agent's commission	340,000		
7	Mortgage and lender's legal fees	115,000		
8	Ontario Land Transfer Tax	140,000		
9	Municipal Land Transfer Tax	140,000		
10	Other fees and disbursements	65,000		
11	for due diligence material			
12				
13	**Total Purchase Price**			$ 8,800,000
14				
15	**Hard construction costs**			
16	Demolish all interior walls; install new windows throughout; replace all	$ 4,500,000		
17	systems with new; build out space for tenants; modernize building			
18	Construction management fee	$ 450,000		
19				
20			$ 4,950,000	
21				
22	**Environmental Remediation costs**			
23	Delineate and treat groundwater contamination and obtain	$ 400,000		
24	Record of Site Condition			
25	Project management fee	$ 40,000		
26				
27			$ 440,000	
28				
29	**Soft construction costs**			
30	Architectural fees	$ 50,000		
31	Surveyor's fees	$ 25,000		
32	Engineering fees	$ 25,000		
33	Interior design fees	$ 15,000		
34	Agent's commission for tenancy	$ 720,000		
35	Building permit application	$ 45,000		
36	Miscellaneous other fees	$ 25,000		
37				
38			$ 905,000	
39				
40	**Total Construction Costs:**			$ 6,295,000
41				
42	**Carrying Costs**			
43	Property tax	$ 562,500		
44	Insurance costs	$ 135,000		
45	Interest on mortgage	$ 1,158,125		

	A	B	C	D
46				
47	**Total Carrying Costs:**			**$ 1,855,625**
48				
49	**Total Capital Required**			**$ 16,950,625**
50				
51	**Mortgage:**	**38.35%**	**4.50%**	**$ 6,500,000**
52	**Construction Loan:**	**29.50%**	**10.00%**	**$ 5,000,000**
53	**Dr. Bernstein:**	**16.08%**		**$ 2,725,313**
54	**Ron and Norma Walton:**	**16.08%**		**$ 2,725,313**

	A	B
1	**Original Investment and Projected Profits:**	
2		
3	Original equity investment:	
4	Dr. Bernstein:	$2,725,312.50
5	Ron and Norma Walton:	$2,725,312.50
6		
7	Projected Profits:	
8	Dr. Bernstein:	$1,381,830.36
9	Ron and Norma Walton:	$1,381,830.36
10		
11	Total Investment Period:	27 months
12		
13	Projected percentage return on equity (straight line):	50.70%
14	Projected percentage return on equity (compounded annual):	20.00%

TAB 35

This is Exhibit "35" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Monday, September 3, 2012 12:47 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1485 Dupont

Dear Stan,

We are meeting with the city this week to pitch them on our plan to re-zone the property to residential. I'll let you know the results. We are proposing an 18 storey tower (go big or go home) to given the city lots of room to negotiate us down while still maintaining enough density to make the project profitable. We are also discussing with them the option of converting the existing building to residential lofts which would also have great appeal. Both good options, not to mention the commercial options that Trudy is pursuing in the marketplace...

If you could please prepare a cheque payable to Dupont Developments Ltd. for $2,500,313, that would be perfect. I will follow up with Tom to ensure he has prepared all documents to evidence your ownership in Dupont, which we close this week.

Never a dull moment, eh

Regards,
Norma

TAB 36

This is Exhibit "36" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Tuesday, June 12, 2012 11:09 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: RE: 875-887 Queen Street East
Attach: proposal june 8, 2012.xls

Dear Stan,

Whenever you like would be great...the cheque should be for $2,320,963 made payable to Red Door Developments Ltd. The excel spreadsheet for this project is attached. We'll be in it for a total of $11.64 million within the next two years, of which $7 million is from a first mortgage at 6% interest only with the balance in equity split between us. We have already received offers from developers at $12 million without rezoning and site plan approval and anticipate we'll be able to sell for $14.5 million plus potentially a carried interest once fully approved.

Tom is incorporating your companies. It is a complete pleasure to have you involved with another of our projects in your old neighbourhood!

Cheers,
Norma

From: Dr. Stanley Bernstein [mailto:drb@drbdiet.com]
Sent: Tuesday, June 12, 2012 7:31 AM
To: Norma Walton
Subject: RE: 875-887 Queen Street East

Dear Norma,

I can prepare a cheque for you anytime for this project.
What is the exact amount and payable to which company?
What is the cost of this project?

Regards,
Stan

From: Norma Walton [nwalton@roseandthistle.ca]
Sent: June-08-12 4:25 PM
To: Dr. Stanley Bernstein
Subject: 875-887 Queen Street East

Dear Stan,

It is always a pleasure doing business with you.

The above properties have been under conditional contract for the past two years, with closing scheduled for June 20th of this month. They comprise the entire block bounded by Logan, Queen, Booth and a municipal laneway. Woodgreen United Church and a Pharmacy building are there now. Since they've been under contract we have gone through extensive meetings with our consultants, the councilor (your and our friend, Councilor Fletcher!) and the planners to confirm we can build a 9-storey retail-residential condominium on the property. We have secured, at long last, their full support after lots of money being spent and lots of time invested. At this point, we have a number of developers (Trinity, Main and Main, Reserve Properties and Tribute Homes) lining up to purchase the property the moment we close. We have been offered north of $12 million for it already without rezoning and site plan approval in place, being $82.75 per buildable foot. The only challenge is that the Red Door Shelter currently occupies part of the church on the site and we secured the property and obtained city support because we promised to find them a new home before we finished development approvals for the above property. Red Door has money available to purchase a new home and the ability to pay rent, so we are in the process of helping them find great new space that suits them.

Hence our plan is as follows:

1. Close the purchase;
2. Find Red Door Shelter a new home nearby while completing rezoning and site plan approval on this property; and
3. Sell the property via auction to a developer once fully approved.

We anticipate once the approvals are in place the property will sell for $14.5 million or so, being $100 per buildable foot. Two of the four parties who want to purchase for $12 million are retail developers who are covetous of the 20,000 SF of retail on this corner. They have already lined up interest from LCBO and Whole Foods for the space and are pushing us to create a second floor of retail given how much interest they are generating for that corner. Councilor Fletcher is in favour of second floor retail but the planners are not yet on side with that proposal so we'll see how that plays out. We don't need it but obtaining approval for it would increase the value. The property to the immediate west, being the Woodgreen Community Centre, is sitting on approximately 24,000 SF of dirt whereas we have just shy of 32,000 SF and they had their property tied up for north of $10 million a few weeks ago after an auction process.

We would love to partner with you on the property. We have secured a $7 million first mortgage at 6% interest only. We anticipate an investment of just over $2.3 million on June 20th will create profits of just over $1.2 million within two years, being a 52.5% straight line return and 23.4% compounded annually. In addition, upon sale we may try to negotiate a carried interest that would cash out when the condominium developer completed the project. In your old stomping grounds this is definitely a corner in demand.

Let me know if the above resonates with you. If so, we'll incorporate a company to hold your ownership stake. The two legal entitles that will hold the property are Red Door Developments Ltd. which will hold 875 and Red Door Lands Ltd. which will hold 887, so we would incorporate DBDC Red Door Developments Inc. and DBDC Red Door Lands Inc. if of interest. The funds would be needed on June 20th. (I told you I was in the process of placing in equity the $4 million of debt we repaid today) ☺

Take a look and let me know if you like the opportunity. If so, we'd be delighted to partner with you.

Either way, I hope you enjoy your weekend!

Regards,
Norma

	A	B	C	D	E
1		**Revenues and Projected Profits**			
2					
3	Value once approved	145000 @ $100 PSF	$14,500,000.00		
4					
5		Total Revenues:			$ 14,500,000
6		Less realty commission (3%):			$ (435,000)
7	**Net Revenues:**				**$ 14,065,000**
8					
9	**Less Project Cost:**				**$ 11,641,925**
10					
11	**Projected Profit:**				**$ 2,423,075**

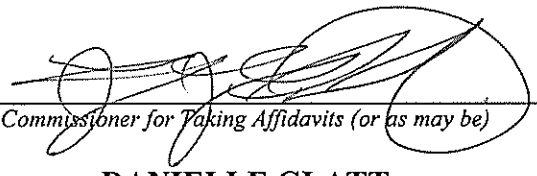
837

	A	B	C	D
1	875-887 Queen Street East			
2	CAPITAL REQUIRED			
3	**Purchase Costs**			
4				
5	Purchase Price	6,645,000		
6	Commission due on purchase	276,850		
7	Development monies invested to date	2,215,000		
8	Mortgage and lender's legal fees	70,000		
9	Ontario Land Transfer Tax	116,288		
10	Municipal Land Transfer Tax	116,288		
11	Other fees and disbursements	65,000		
12	for due diligence material			
13				
14	**Total Purchase Price**			$ 9,504,425
15				
16	**Development approval fees required for full approvals**			
17	Architectural fees	$ 350,000		
18	Surveyor's fees	$ 75,000		
19	Engineering fees	$ 50,000		
20	Interior design fees	$ 25,000		
21	Marketing fees	$ 100,000		
22	Rezoning and Site Plan Approval application and legal fees	$ 450,000		
23	Miscellaneous other fees	$ 15,000		
24	Management fees to manage process	$ 106,500		
25			$ 1,171,500	
26				
27	**Total Development Approval Fees:**			$ 1,171,500
28				
29	**Carrying Costs**			
30	Property tax	$ 90,000		
31	Insurance costs	$ 36,000		
32	Interest on mortgage	$ 840,000		
33				
34	Total Carrying Costs:			$ 966,000
35				
36	**Total Capital Required**			$ 11,641,925
37				
38	**Mortgage:**	60.13%	6.00%	$ 7,000,000
39	**Dr. Bernstein:**	19.94%		$ 2,320,963
40	**Ron and Norma Walton:**	19.94%		$ 2,320,963

	A	B	C
1		**Investor Return**	
2			
3	Equity:		$4,641,925.00
4			
5	Cash out date:		By June 30, 2014
6			
7	Projected Profits:		$2,423,075.00
8			
9	Total Return on Investment:		52.20%
10			
11	Compounded annual return:		23.40%
12			
13	Total investment period:		24 months
14			

TAB 37

This is Exhibit "37" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015



Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, June 21, 2012 12:21 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1450 Don Mills Road

Dear Stan,

We have been diligently negotiating the purchase of 1450 Don Mills Road and it appears within the next 24 to 48 hours that we will have secured it.

It is over 4 acres and the building is approximately 145,000 SF over three levels. It is quite beautiful inside with an interior courtyard – atrium and large floor plates. We are buying for $24 million; they are leasing back for 18 months at $15.25 PSF net to us; we will need to arrange financing; and we close September 28, 2012. Depending on the cost of financing, it should be cash flow positive for those first 18 months. It has 27,600 volts of electricity if you can imagine.

The plan is as follows:

1. We have arranged to meet Fred Darvish who owns The Liberty Group the week of July 2nd. He wants to pursue a joint development with 1450 Don Mills Road because he wants access to Don Mills Road from his Upjohn / York Mills site. He owns that new restaurant mall on York Mills just west of Don Mills. We have an architect in common named Wayne Long who facilitated the introduction. Fred is very keen to partner with us on the property. He proposed partnering with Post Media but they are public and not in the business of developing real estate so could not accommodate his request. We are anticipating that could be a very interesting meeting.
2. We are meeting with Ehvert Engineering because they have a number of U.S. Data Centre clients who would be interested in locating at 1450 Don Mills Road because of the tremendous amount of power available. A Data Centre, if we could land one, would pay over-market rents due to the electricity that the building offers. Hence we may be able to secure $20 net x 145,000 SF = $2.9 million a year in net rent. That would equate to a building value of between $35 and $40 million if you can imagine and would be a complete home run.
3. We will put the offering out to our regular crew of brokers to see what tenants they can bring us to the building. We anticipate we will secure $15 to $18 net rents, meaning $2.175 million to $2.61 million in net income, equating to a value of $29 to $35 million once leased. Again, all good.

We would love for you to partner with us on this site. Given the above, we are confident it will be a profitable endeavour. If you still wish to partner with us, if you could set aside about $675,000 to pay for ½ of the deposit, tenant marketing and sales commission, and due diligence costs that will be expended between now and closing, that would be marvelous. The cheque would be payable to The Rose and Thistle Group Ltd. at this point regarding 1450 Don Mills Road as we don't yet have a new company incorporated to own the property.

This is shaping up to be a very interesting property!

Regards,
Norma

TAB 38

This is Exhibit "38" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Friday, August 17, 2012 11:27 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1450 Don Mills Road
Attach: capital required aug 17, 12.xls

Dear Stan,

Thank you for both your message and your email. It is a pleasure being your partner. We leave for Washington DC tomorrow morning for a week then are up at Deerhurst for the last week of August.

As promised, I am just working on our cash flow projections for the next few months and in doing so am preparing the draft spreadsheets for the properties we are purchasing together.

For 1450 Don Mills Road:

1. We close that purchase on October 12, 2012;
2. We are firm;
3. We have Trez Capital as first mortgagee, terms as follows:
   a. Principal amount: $18 million;
   b. Interest rate: 8.5% (we thought we had them convinced at 7.75% but their board rejected it);
   c. Mortgage fee: 1.5% (they were at 1.75% but when they came back at 8.5% interest we negotiated the fee down); and
   d. Term of 18 months, with option to renew for another 6 months for additional $85,000 fee.

The plan is as follows:

1. Close the purchase;
2. While Post Media is in occupancy secure another tenant, whether it be a data centre or a regular full building tenant;
3. While Post Media is in occupancy sell a roadway right of way to Liberty Group who need access to Don Mills Road over our property;
4. While Post Media is in occupancy, meet with Liberty Group and other condominium developers to determine how they value the existing parking lot for Post Media, with the objective of potentially selling that parking lot to them in exchange for them providing replacement parking underground once they've built their condominium building (issue is where to park the tenant's cars during construction – may be able to shift over to 1500 for two years or to Liberty Group's parking lot if they purchase – working on those details);
5. Do our tenant improvement work for the new tenant after Post Media vacates;
6. Move our new tenant in on or prior to April 30, 2015;
7. Refinance and pay out most of our respective equity through refinancing; and
8. Enjoy a cash flow positive building with long term tenant for the subsequent 20 years. ☺

Should be a very interesting 30 months!

The excel spreadsheet is attached showing financial projections for the next 30 months. You've already provided the sum of $982,500 and would need to provide a further $5,527,813 just before October 12th. We project a return of over 50% straight line within 30 months assuming we find a new tenant and sell a right of way to liberty Group. The wild card is the condominium developer. If we were able to strike a deal with them that would dramatically increase the return. All good possibilities!

The holding company for 1450 is called Global Mills Inc. Tom will incorporate DBDC Global Mills Inc. if agreeable and prepare your minute book as usual. He will also issue 6,510,313 shares to DBDC for you from Global Mills Inc.

As always, it is fun to buy properties with you.

Regards,
Norma

	A	B	C
1	**Anticipated Profit**		
2			
3	**Building Value:**		**$ 35,538,462**
4			
5	**Plus payment from Liberty Group for right of way to access Don Mills Road**		**$ 2,000,000**
6			
7	**Less Project Cost:**		**$ 31,020,625**
8			
9	**Projected Profit:**		**$ 6,517,837**
10			

	A	B	C	D
1	1450 Don Mills Road			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	24,000,000		
6	Mortgage fee	270,000		
7	Lender's legal fee	30,000		
8	Ontario Land Transfer Tax	420,000		
9	Municipal Land Transfer Tax	420,000		
10	Other fees and disbursements	50,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 25,190,000
16				
17	**New tenant improvement costs**			
18	Assume $25 PSF x 165,000 SF	$ 4,125,000		
19	Project management fee	$ 412,500		
20				
21	**Total Tenant Improvement Costs:**			$ 4,537,500
22				
23	**Tenant Rent, months 1 to 18**			
24	Net Rent	$ (3,316,875)		
25	Mortgage carrying costs	$ 2,380,000		
26				
27	**Carrying Costs, months 19 to 30**			
28	Property tax	$ 310,000		
29	Interest on mortgage	$ 1,530,000		
30	Utilities and maintenance	$ 330,000		
31	Insurance	$ 60,000		
32				
33	**Total Net Carrying Costs:**			$ 1,293,125
34				
35	**Total Capital Required**			$ 31,020,625
36				
37	**Mortgage, Trez Capital:**	58.03%	8.50%	$ 18,000,000
38	**Dr. Bernstein:**	20.99%		$ 6,510,313
39	**Ron and Norma Walton:**	20.99%		$ 6,510,313

	A	B	C	D
1		**Projected Net Income**		
2				
3	Expected net revenues:			
4				
5	New tenant, 165,000 SF x $14 net		$2,310,000	
6	Parking included		$0	
7				
8	Projected net income:			$2,310,000
9				
10				
11		**Projected Building Value**		
12				
13				
14	6.5% capitalization rate:		$35,538,462	

[illegible]

TAB 39

This is Exhibit "39" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, June 21, 2012 12:47 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1500 Don Mills Update

Dear Stan,

Good evening! We anticipate we'll be entering into an Agreement of Purchase and Sale to buy 1500 Don Mills Road in accordance with the non-binding LOI we've already agreed upon. My sense of timing is that will happen early next week. See email below.

1500 Don Mills Road is over 6 acres and the building is approximately 227,000 SF over eight levels. It is almost fully leased right now, with only about 8,500 SF of vacancy. BBM and Rothmans have renewed until 2024 and 2020 respectively. The property generates about $2.75 million of net income at this point, going up in 2013 and each year thereafter. We are buying for $43 million, being a 6.4% cap rate; they are providing a $9 million VTB and have agreed that we can increase the first mortgage currently at $21.3 million up to a principal amount such that the financing represents 80% loan to value if the first mortgagee will agree; and we close late September, early October 2012. In the first five years we will utilize all free cash flow generated by the property to invest in capital expenditures that are required to update the building. Once those repairs are completed, the property should be cash flow positive in a fairly significant way, generating a healthy return on investment.

When 1500 was built, it was intended by Marathon Realty to build a second building so they installed duplicate systems in 1500. We have no doubt we'll put those duplicate systems to work in some capacity as we develop the balance of the site.

The plan is as follows:

1. We will investigate parking options for the site with a view to building either underground parking or a parking deck over the next few years to free up the five acres for development.
2. We will meet with Fred Darvish (see email about 1450 for context) the week of July 2nd. He's interested in pursuing a joint development with 1500 Don Mills Road because he likes the concept of his proposed 2 million square feet having frontage on Don Mills instead of Upjohn. He owns that new restaurant mall on York Mills just west of Don Mills. We are anticipating that could be a very interesting meeting.
3. We will put the offering out to our regular crew of brokers to see what retail, institutional and commercial proposals they come up with to develop the additional 5 acres on the site. We have no doubt there will be some incredibly interesting ideas, all of which would permit us to increase density on the site and thus increase revenues and values.

As always, we would love for you to partner with us on this site. We expect it will be a profitable development. If you still wish to partner with us, if you could set aside about $1,250,000 to pay for ½ of the deposit and due diligence costs that will be expended between now and closing, that would be marvelous. The cheque would be payable to The Rose and Thistle Group Ltd. once we confirm we have 1500 Don Mills Road under contract.

We love the thought of owning over 10 acres on this corner with you.

Cheers,
Norma

P.S. The owner of 1470 wants $8.5 million for his property whereas we value it in the $7 to $7.5 million range. Hence we have offered him $6.75 million at this point, which he is not happy with. We are going to let him sit for a while as we don't need his site and hate to overpay for any property. In our view the opportunities are in the acreage of 1500 and 1450. Although having all properties contiguous would be attractive, it is not essential and we cannot justify overpaying by over $1 million at this point. Our view may change as we see what development opportunities come our way, but for now we'll let him sit.

From: Mark Goldberg
Sent: Wednesday, June 20, 2012 5:00 PM
To: Norma Walton; Ron Walton
Subject: 1500 Don Mills Update

Just FYI
Regards
Mark

From: Dror Duchovny <dduchovny@eladcanada.com>
Date: Wed, 20 Jun 2012 20:46:58 +0000
To: Mark Goldberg (mgoldberg@roseandthistle.ca)<mgoldberg@roseandthistle.ca>
Cc: Oren Barak<obarak@eladcanada.com>
Subject: Update

Hi Mark,

We are working on the APS and will get it to you as soon as we can. It is already with us for comments, as of today.

I'll keep you updated,
Dror

Dror Duchovny, LLB
Analyst, Investments
Elad Canada Operations Inc.
5001 Yonge Street, Suite 1405
Toronto, ON M2N 6P6
Tel: 416-223-4403 ext. 301
Cell: 416-455-1983
Fax: 416-223-0075
Site address: www.eladcanada.com

TAB 40

This is Exhibit "40" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Friday, August 17, 2012 1:52 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1500 Don Mills Road
Attach: capital required aug 17, 12.xls

Dear Stan,

You're going to be doing a lot of reading this afternoon!

For 1500 Don Mills Road:

1. We close that purchase on October 9, 2012;
2. We will be firm later this month and are pretty much done our due diligence review right now;
3. We have OTERA as first mortgagee, terms as follows:
   a. Principal amount: $30.1 million;
   b. Interest rate: 5.5%;
   c. Mortgage fee: 2%;
   d. Amortization period: 25 years; and
   e. Term of 5 years.
4. We have ELAD as second mortgage, terms as follows:
   a. Principal amount: $4.3 million
   b. Interest rate: 9.5%
   c. Mortgage fee: none
   d. Interest only; and
   e. Same term as first.

The four-year plan is as follows:

1. Close the purchase;
2. Start rezoning reports and applications to change the zoning from employment lands to mixed use with the objective of severing off and selling part of the property to a developer within four years of buying. 3 acres x 500,000 SF of residential density = $15 million value to a developer;
3. Invest money to update the existing building systems (regular capital replacements and repairs given the building's age);
4. Determine how to best incorporate parking closer to the existing building then build new parking garage. That will leave three acres to sell to a third party developer while keeping the office building as a viable commercial property going forward;
5. Sell the surplus re-zoned land to a developer;
6. Refinance the existing building given that its value will have risen due to contracted rental increases in place.
7. Pay out all equity; and
8. Enjoy a cash flow positive building with long term tenants for the subsequent 20 years, with a 0 equity base. ☺

We are looking forward to developing this corner property. It already feels like a winner!

The excel spreadsheet is attached showing financial projections for the next four years. You've already provided the sum of $1,551,000. We are seeking another $375,000 payable to The Rose and Thistle Group Ltd. sometime next week, if possible, to cover 50% of the second deposit required upon firming up this month. That would take your equity up to $1,926,000. Hence you would ideally need to provide a further $9,285,954 just before October 9th. We project a return of over 67% straight line within 4 years assuming we track to plan, with us being able to extract all of our equity out at the end of four years plus some extra cash. And again the wild card is the condominium developer. I have been conservative as to the density I believe we can achieve (estimate 500,000 SF) and the price per square foot we can achieve ($30 PSF). If we do better, it is all gravy!

The holding company for 1500 is called Donalda Developments Ltd. Tom will incorporate DBDC Donalda Developments Inc. if agreeable and prepare your minute book as usual. He will also issue 11,211,954 shares to DBDC for you from Donalda Developments Ltd.

More to come...

Cheers,
Norma

	A	B
1	**Anticipated Profit**	
2		
3	**Building Value:**	
4		
5	**Plus payment from developer for part of land ($30 per buildable foot x 500,000 SF)**	
6		
7	**Less Project Cost:**	
8		
9	**Projected Profit:**	
10		

853

	C
1	
2	
3	$ 56,923,077
4	
5	$ 15,000,000
6	
7	$ 56,823,908
8	
9	$ 15,099,169
10	

	A	B	C	D
1	1500 Don Mills Road			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	43,000,000		
6	Mortgage fee	602,000		
7	Lender's legal fee	40,000		
8	Ontario Land Transfer Tax	0		
9	Municipal Land Transfer Tax	0		
10	Other fees and disbursements	60,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 43,702,000
16				
17	**Capital Improvements to building years 1 to 4**			
18	Assume $20 PSF x 235,000 SF	$ 4,700,000		
19	Parking garage construction	$ 6,000,000		
20	Project management fee	$ 1,070,000		
21				
22	Total Capital Improvement Costs:			$ 11,770,000
23				
24	**Development Approval Costs**			
25	Change zoning from employment lands to mixed use			
26	Planning reports, consultant's fees, lobbying costs			
27	Severance and sale of part of land to developer	$ 1,500,000		
28				
29	Total Development Approval Costs			$ 1,500,000
30				
31	**Tenant Rent Receipts**			
32	Net Rent	$ (2,761,328)		
33	First mortgage carrying costs	$ 2,204,736		
34	Second mortgage carrying costs	$ 408,500		
35				
36	Total Net Carrying Costs:			$ (148,092)
37				
38	**Total Capital Required**			$ 56,823,908
39				
40	**Mortgage, OTERA**	52.97%	5.50%	$ 30,100,000
41	**Mortgage, ELAD**	7.57%	9.50%	$ 4,300,000
42	**Dr. Bernstein:**	19.73%		$ 11,211,954
43	**Ron and Norma Walton:**	19.73%		$ 11,211,954

	A	B	C	D
1		**Projected Net Income**		
2				
3	Expected net revenues:			
4				
5	Contracted rental revenues in year 4		$3,350,000	
6	Parking revenues		$350,000	
7				
8	Projected net income:			**$3,700,000**
9				
10				
11		**Projected Building Value**		
12				
13				
14	6.5% capitalization rate:		**$56,923,077**	

	A	B	C
1	**Projected Investor Return**		
2	**Formula for Profit Division**		
3			
4	Dr. Bernstein's investment:	$11,211,954.00	
5	Ron and Norma Walton's investment:	$11,211,954.00	
6			
7	Sale of part of property:	On or before October 30, 2016	
8			
9	Projected profits:	$15,099,168.92	
10			
11	Refinance property once severed portion sold:		
12			
13	First mortgage of 75% of end value:	$42,692,307.69	
14	Plus proceeds of sale from severance	$15,000,000.00	
15		$57,692,307.69	
16			
17	Less OTERA mortgage:	$30,100,000.00	
18	Less ELAD mortgage:	$4,300,000.00	
19		$34,400,000.00	
20			
21	Total monies available:	$23,292,307.69	
22			
23	To fully reimburse Bernstein capital:	$11,211,954.00	
24	To fully reimburse Walton capital:	$11,211,954.00	
25			
26	Surplus cash after refinancing and sale:	$868,399.69	
27			
28	Bernstein:	$434,199.85	
29	Waltons:	$434,199.85	
30			
31	Value of equity remaining in property after refinancing and sale:		
32			
33	Bernstein:	$7,115,384.62	
34	Waltons:	$7,115,384.62	
35			
36	Percentage total return on investment from October 12, 2012 to October 31, 2016:		
37	Dr. Bernstein:	67.34%	
38	Ron and Norma Walton:	67.34%	
39			
40	Total investment period:	4 years	
41			
42	An investment of $100,000 on October 12, 2012 is projected to be worth $167,340 on October 31, 2016		

TAB 41

This is Exhibit "41" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Saturday, November 10, 2012 2:15 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Cc: Tom Trklja <ttrklja@roseandthistle.ca>
Subject: 0 Trent Updated Plans
Attach: Approx remaining portion of 2 Kelvin building following severance.pdf; 2 KELVIN - ST CLAIR - R.pdf; 12-219-R01(sever)-26oct2012.pdf; updated spreadsheets for city parcel nov 10, 12.xls

---

Dear Stan,

Despite our best efforts, we have been unable to bring the Legion Hall on side to swap their property at 9 Dawes Road for our property at 0 Trent. Everything was going well until late in the negotiations they demanded 70 parking spaces all to themselves on the new property, which takes up far too much land to make our original plan workable. As a result, we have wished them well and bid them adieu while amending our plan for 0 Trent.

We own a property at 2 Kelvin just east of 0 Trent that is 1.7 acres in size. It has an industrial building on the property. Of the 1.7 acres, 1.2 acres is contaminated with vinyl chloride, tri-cloryl-ethlyne and other nasty substances in the groundwater while the other ½ acre is clean. Happily the clean ½ acre site is adjacent to the 0.4 acre city-owned parcel we are buying at 0 Trent. Hence we have recently begun marketing a site measuring just under an acre at 0 Trent to the brokerage community and are generating a fair amount of enquiries and interest. Thus far we have a storage operator interested in the site along with a dance school. A 0.9 acre parcel in that location should sell for at least $2.15 million and it is frankly tough to find an environmentally clean one acre parcel of land in the city. Couple that with our plans to improve 14 Trent and I have no doubt it will sell over the next 24 months.

I am attaching the updated excel spreadsheet along with the severance plans. We negotiated a good price from the city for the 0.4 acre site and I have used the exact same metric to determine the value of the severed 0.5 acre site we plan to merge with 0 Trent to create the almost one acre parcel. We originally bought the 1.7 acres for $1.8 million and the price I am using is also in line with that metric as well, particularly when you consider the ½ acre is clean whereas the 1.2 acre remaining on 2 Kelvin is not.

We anticipate an investment by each of us of just under $400,000 this week will result in a profit being generated within two years of just over $200,000, being a 51% return or 23% compounded annually. Please confirm the new plan makes sense to you.

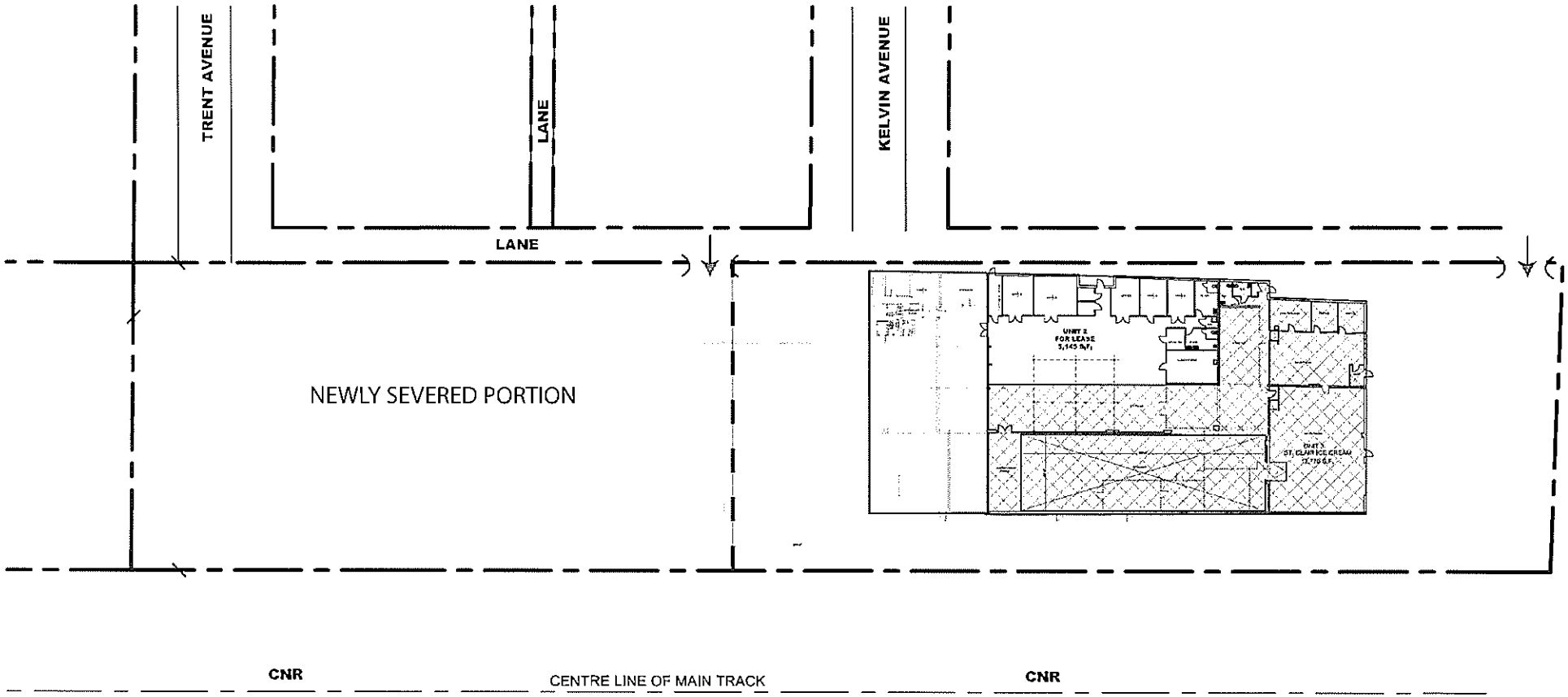
Assuming it does, we close the purchase of 0 Trent this Thursday. Our capital requirements as of closing have changed somewhat, such that instead of equity of $718,817 plus $390,000 in debt you would need to provide $398,392 in equity plus $390,000 in debt on closing, plus an additional $487,500 in debt once the severed section is merged with 0 Trent within the next six months. I have copied Tom on this email so the share documents and deal terms can be amended accordingly.

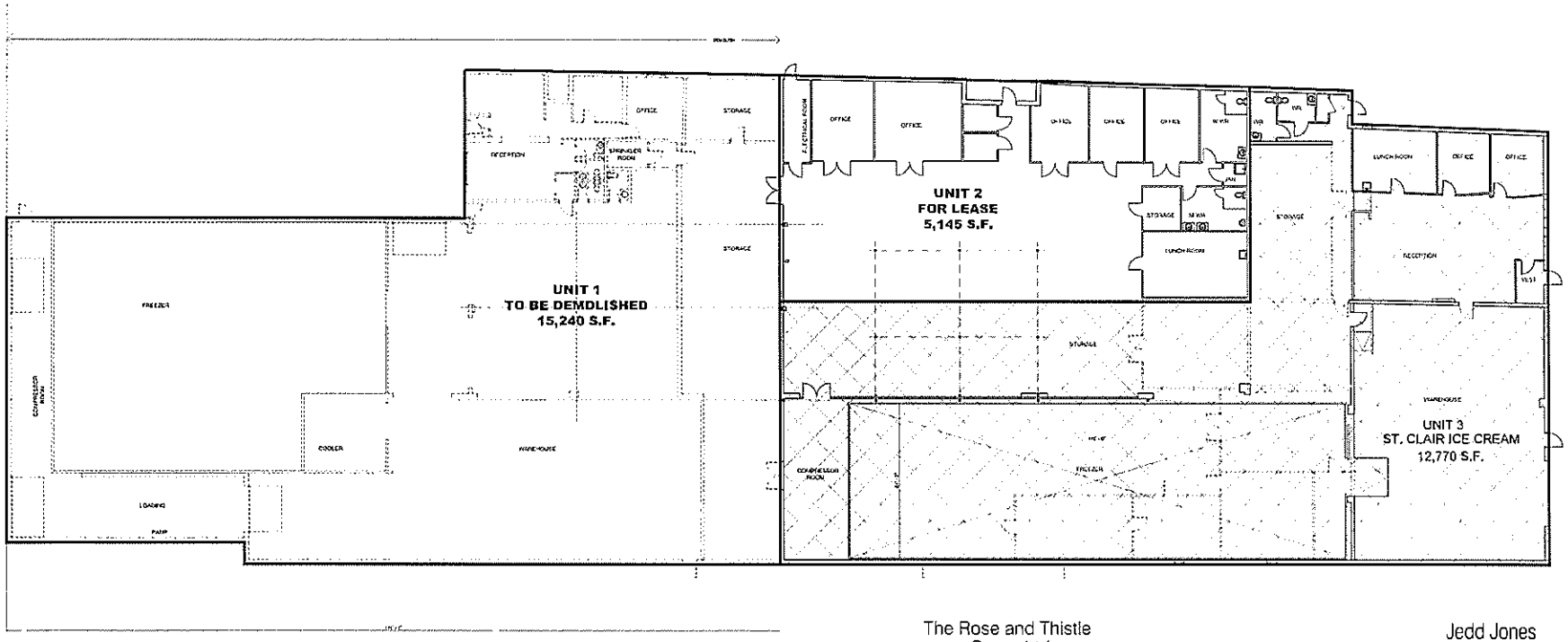
Assuming all is agreeable we would request the following cheques from you at your convenience:
1. To Devry Smith Frank LLP in trust, $382,200, being your $390,000 first mortgage less 2% (I'll certify this cheque on Thursday morning); and
2. To Salmon River Properties Ltd. for $318,392, being $398,392 less the $80,000 you have already provided.

Once we have successfully severed off and merged the additional ½ acre into 0 Trent likely within the next six months, we will request the remaining acquisition mortgage amount of $487,500. Clear as mud?

We look forward to completing another successful project together!

Regards,
Norma


TRENT AVENUE
LANE
LANE
KELVIN AVENUE
NEWLY SEVERED PORTION
UNIT 2
FOR LEASE
CNR
CENTRE LINE OF MAIN TRACK
CNR



The Rose and Thistle
Group Ltd.

2 Kelvin Avenue
Toronto, Ontario

ISSUED MAY 11 2012

Jedd Jones
Architect Ltd.

203 Dundas Blvd
Toronto, Ontario M4P 2S3
Telephone (416) 423-0229
Fax (416) 423-9163

PLAN OF SURVEY OF PART OF LOT 2 CONCESSION 1, FROM THE BAY CITY OF TORONTO

SCALE 1:300

RADY-PENTEK & EDWARD SURVEYING LTD. O.L.S.

METRIC

DISTANCES AND COORDINATES SHOWN ON THIS PLAN ARE IN METRICS AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0.3048.

SURVEYOR'S CERTIFICATE

I CERTIFY THAT:

1. THIS SURVEY AND PLAN ARE CORRECT AND IN ACCORDANCE WITH THE SURVEYS ACT, THE SURVEYORS ACT AND THE LAND TITLES ACT AND THE REGULATIONS MADE UNDER THEM.
2. THE SURVEY WAS COMPLETED ON THE ____ DAY OF _____, 2012

DATE _____, 2012

C. MAMBA
ONTARIO LAND SURVEYOR

I REQUIRE THIS PLAN TO BE DEPOSITED UNDER THE LAND TITLES ACT.

DATE _____ 2012

C. MAMBA O.L.S.

PLAN 66R–

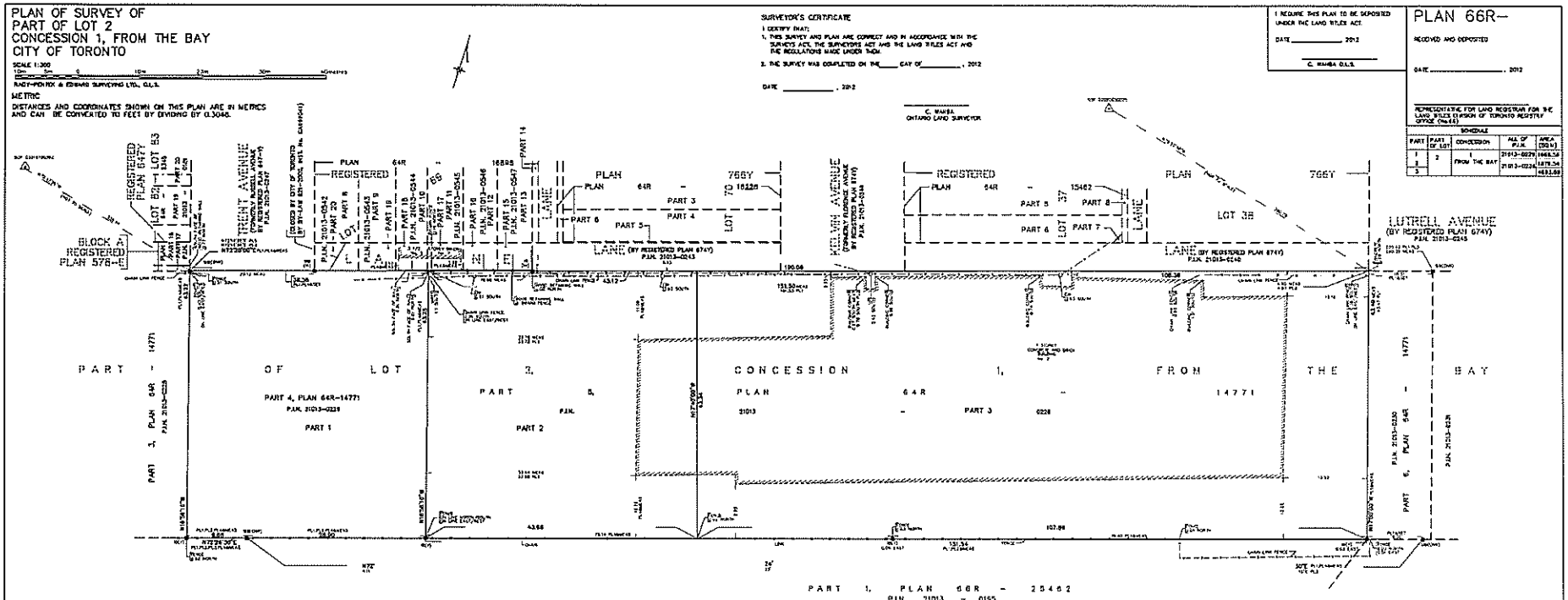
RECEIVED AND DEPOSITED

DATE _____, 2012

REPRESENTATIVE FOR LAND REGISTRAR FOR THE LAND TITLES DIVISION OF TORONTO REGISTRY OFFICE (No.66)

SCHEDULE

PART	PART OF LOT	CONCESSION	ALL OF P.I.N.	AREA (SQ.M.)
1	2	1 FROM THE BAY	21013-0229	1668.54
2			21013-0228	1878.54
3				483.88



NOTES

■	DENOTES MONUMENT FOUND
□	DENOTES MONUMENT SET
⊠	DENOTES IRON BAR
●	DENOTES IRON PIPE
SIB	DENOTES STANDARD IRON BAR
SSIB	DENOTES SHORT STANDARD IRON BAR
(HI)	DENOTES HOT MACADAMIABLE
PL1	DENOTES PLAN 64R-14771
PL2	DENOTES PLAN 66R-25462
PL3	DENOTES PLAN 64R-16318
PL4	DENOTES SURVEYOR'S REAL PROPERTY REPORT BY CITY OF TORONTO, DATED OCTOBER 2, 2003 (REFERENCE NUMBER 03SS-0198-1)
PL5	DENOTES PLAN 64R-16898
(T)	DENOTES YATES & YATES LIMITED, O.L.S.
-W-	DENOTES OVERHEAD WIRES
UP	DENOTES UTILITY POLE
SCP	DENOTES SPECIFIED CONTROL POINTS

BEARING NOTE

BEARINGS ARE NTM GRID, DERIVED FROM SPECIFIED CONTROL POINTS 02010700362 AND 02020000028, NTM ZONE 10, NAD83 (CSRS).

COORDINATES ARE NTM ZONE 10, NAD83 (CSRS), TO URBAN ACCURACY PER SEC. 14 (3) OF O.REG. 216/10, AND CANNOT, IN THEMselves, BE USED TO RE-ESTABLISH CORNERS OR BOUNDARIES SHOWN ON THIS PLAN.

POINT ID	NORTHING	EASTING
SCP 02010700362	4836776.754	320957.909
SCP 02020000028	4838626.072	331106.637

DISTANCES ARE GROUND AND CAN BE CONVERTED TO GRID BY MULTIPLYING BY THE COMBINED SCALE FACTOR OF 0.999666.

RADY-PENTEK & EDWARD SURVEYING LTD.
ONTARIO LAND SURVEYORS
C.A.S. Chisholm Road, Suite 7
Woodbridge, Ontario L4L 8A3
Tel.(416)635-5000 Fax (416)635-5001
Tel.(905)264-0851 Fax (905)264-2059
Website: www.r-pe.ca

DRAWN: E.C. CHECKED: C.W.
JOB No. 12-219 CAD FILE No.12-219R01(sewer)

Oct 26, 2012 10:03:14

	A	B	C
1	Anticipated Profit		
2			
3			
4	Sell one acre site at 0 Trent (39,000 x $55)		$ 2,145,000
5	Less realty fees (3%):		$ 64,350
6	Less Project Cost:		$ 1,674,284
7			
8	Projected Profit:		$ 406,366

863

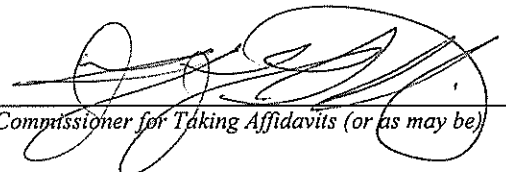
	A	B	C	D
1	0 Trent Avenue			
2	CAPITAL REQUIRED			
3	**Purchase Costs**			
4	Purchase Price of city-owned parcel	487,800		
5	Purchase Price of parcel severed off 2 Kelvin	609,750		
6	Mortgage fee	7,800		
7	Lender's legal fee	7,500		
8	Ontario Land Transfer Tax on city-owned parcel	7,317		
9	Municipal Land Transfer Tax on city-owned parcel	7,317		
10	Other fees and disbursements	10,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14	**Total Purchase Price**			$ 1,137,484
15				
16	**Demolish part of 2 Kelvin on property**			
17	15,000 SF x $20 PSF	$ 300,000		
18	Construction Management Fee:	$ 30,000		
19			$ 330,000	
20				
21	**Soft Costs:**			
22	Consultant's fees and city fees to merge properties	$ 100,000		
23			$ 100,000	
24				
25	**Total Demolition and Development Charges:**			$ 430,000
26				
27	**Carrying Costs**			
28	Property tax, utilities, insurance, maintenance, etc.	$ 60,000		
29	Interest on mortgage	$ 46,800		
30				
31	**Total Carrying Costs:**			$ 106,800
32				
33	**Total Capital Required**			$ 1,674,284
34				
35	**Acquisition Mortgage for city-owned parcel:**	23.29%	8.00%	$ 390,000
36	**Acquisition Mortgage for severed parcel:**	29.12%	8.00%	$ 487,500
37	**Dr. Bernstein equity:**	23.79%		$ 398,392
38	**Ron and Norma Walton equity:**	23.79%		$ 398,392

	A	B	C
1	Projected Investor Return		
2			
3	Equity shareholders:		
4	Dr. Bernstein capital investment	$398,392	
5	Ron and Norma Walton capital investment	$398,392	
6			
7	Cash out date:	On or before November 30, 2014	
8			
9	Projected profits:	$406,366	
10			
11	Profit - Dr. Bernstein	$203,183	
12	Profit - Ron and Norma Walton	$203,183	
13			
14	Straight-line return:	51.00%	
15	Compounded annual return:	23.00%	
16			
17	Total investment period:	24 months	

A-E

TAB 42

This is Exhibit "42" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015



Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Friday, August 31, 2012 1:56 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1, 9-11 Cityview Drive
Attach: severance plan aug 17, 12.pdf; capital required aug 31, 12.xls

---

Dear Stan,

We have another opportunity we'd like for you to be a part of, but I wasn't sure how much available capital you had given our purchases already under contract.

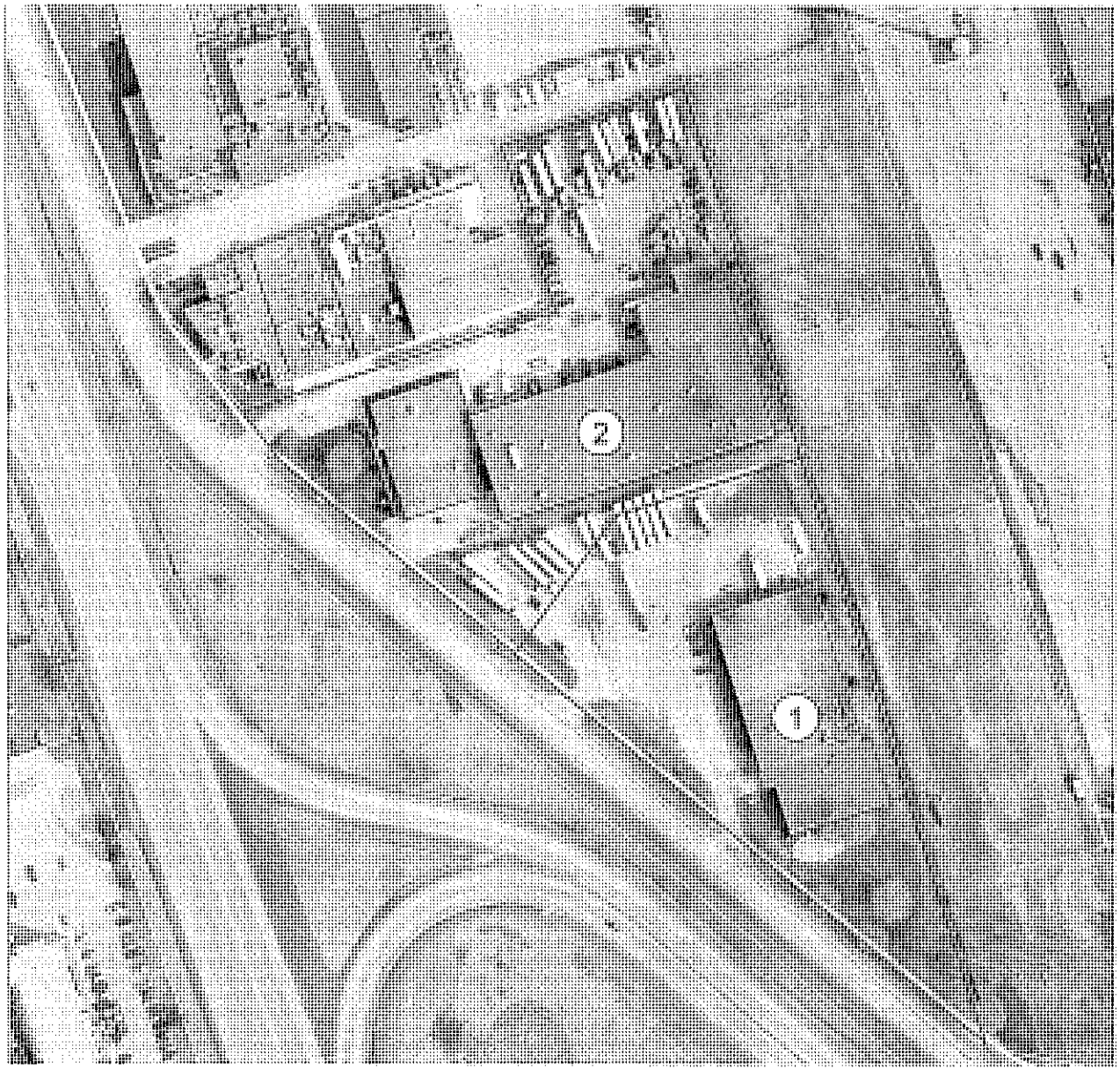
We have purchased 1, 9-11 Cityview Drive, being two industrial buildings comprising 26,000 and 50,000 SF respectively on more than 6 acres of land. They are currently all one legal parcel and our Phase II came back clean. We are buying the entire property for $5 million and since putting that under contract, we have contracted to sever off and sell 1 Cityview Drive, being the 26,000 SF building on about 2.66 acres, for $3.6 million. That deal is now firm. We anticipate that severance and sale will occur within the first twelve months of closing. That will leave us with approximately 3.4 acres and a 50,000 SF building to sell, and we are currently chatting with a prospective purchaser about him buying that parcel for a price of at least $3.6 million as well.

We are inheriting a tenant at 9-11 Cityview who occupies ½ of the building and pays $3.25 net PSF. We've contracted with them to stay subject to our right to terminate the lease with 5 months notice. That provides some cash flow while we obtain severance and negotiate the sale of 9-1 Cityview.

We anticipate an equity investment of $991,875 will provide a more than 50% return on equity within 12 months of buying. The first mortgage required is $4 million @ 8% interest only for the one year term and if you needed that money back before our Don Mills purchases close, we've obtained a commitment from Cameron Stephens for $4 million @ 7.5% and we'll arrange for them to close that mortgage before month's end. Hence you'd have your $4 million returned by September 30th if you needed it to close our Don Mills purchases.

Let me know if of interest. Obviously, as usual, we'd love to have you involved.

Thanks,
Norma



1, 9 -11 City View Dr

CONTEXT PLAN

LEGEND

Subject Lands

Lot 1:

Lot Area:	10,777.02m² (2.66 acres)
Lot Frontage:	188.90m
Front Yard:	10.93m
Rear Yard:	5.63m
Side Yard:	20.32m
Landscaping:	6m Frontage
Building Footprint:	2,426.73m²
Lot Coverage:	22.5%
Parking Lot Setback:	7.84m

Lot 2:

Lot Area:	13,732.07m² (3.39 acres)
Lot Frontage:	113.42m
Front Yard:	10.82m
Rear Yard:	5.47m
Side Yard:	8.91m
Landscaping:	6m Frontage
Building Footprint:	4,769.19
Lot Coverage:	34.7%
Parking Lot Setback:	7.84m

DATE: August 16, 2012

SCALE: 1 : 1,250

MHBC PLANNING URBAN DESIGN & LANDSCAPE ARCHITECTURE

867

	A	B	C
1		Anticipated Profit	
2			
3	Sale of 1 Cityview Drive		$ 3,600,000
4			
5	Sale of 9-11 Cityview Drive		$ 3,600,000
6			
7	Less Project Cost:		$ 5,983,750
8			
9	Less Realty Fees:		$ 216,000
10			
11	Projected Profit:		$ 1,000,250
12			

869

	A	B	C	D
1	**1, 9-11 Cityview Drive**			
2	**CAPITAL REQUIRED**			
3				
4	**Purchase Costs**			
5	Purchase Price	5,000,000		
6	Mortgage fee	80,000		
7	Lender's legal fee	15,000		
8	Ontario Land Transfer Tax	87,500		
9	Municipal Land Transfer Tax	87,500		
10	Other fees and disbursements	40,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 5,310,000
16				
17	**Development Approval Costs**			
18	Planning reports, consultant's fees,			
19	Severance into two legal parcels	$ 235,000		
20				
21	**Total Development Approval Costs**			$ 235,000
22				
23	**Carrying Costs**			
24	Net Rent	$ (81,250)		
25	First mortgage carrying costs	$ 320,000		
26	Operating costs	$ 200,000		
27				
28	**Total Net Carrying Costs:**			$ 438,750
29				
30	**Total Capital Required**			$ 5,983,750
31				
32	**First mortgage**	**66.85%**	**8.00%**	**$ 4,000,000**
33	**Dr. Bernstein:**	**16.58%**		**$ 991,875**
34	**Ron and Norma Walton:**	**16.58%**		**$ 991,875**

	A	B	C
1	Projected Investor Return		
2	Formula for Profit Division		
3			
4	Dr. Bernstein's investment:	$991,875.00	
5	Ron and Norma Walton's investment:	$991,875.00	
6			
7	Sale of part of property:	On or before September 7, 2013	
8			
9	Projected profits:	$1,000,250.00	
10			
11	After sale:		
12			
13	Percentage total return on investment from September 7, 2012 to September 7, 2013		
14	Dr. Bernstein:	50.42%	
15	Ron and Norma Walton:	50.42%	
16			
17	Total investment period:	1 year	
18			
19	An investment of $100,000 on October 12, 2012 is projected to be worth $150,420 on September 7, 2013		

TAB 43

This is Exhibit "43" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Tuesday, September 11, 2012 6:04 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: RE: 355 Weston Road
Attach: capital required sept 11, 12.xls; side view.doc; aerial view.doc

---

Dear Stan,

I hope you had a marvelous weekend.

We closed the purchase of Cityview on Friday and Dupont in escrow on Friday, registering Monday morning. I'll arrange to get you keys for Cityview and Dupont. We also sold 86 Parliament and cashed out your mortgage there.

As I had mentioned, we have another opportunity for your consideration. In addition to Cityview and Dupont, on Friday we closed in escrow the purchase of 355 Weston Road, with registration Monday morning. I did not want to propose you invest with us until I knew that Parliament had cashed out for you. Also, Hazelton is now tracking to cash out in October so that also gave me comfort you'd have sufficient cash available for our Don Mills purchases in addition to the attached. You are always our first choice as a partner but we never want you to feel stretched for cash.

355 Weston Road is a huge three storey plus full basement industrial / office building with 75,000 SF above grade and 25,000 SF in the basement. It was built by Silvano Imaging in the early 1980s, built by the late Silvano personally and it is significantly overbuilt, with more concrete than any other building we currently own. The loads it can support are massive; it has 12 foot ceilings on all floors including the basement; and it has the same amount of power as 1450 – 28 megawatts - even though the building is only ½ the size.

After Silvano died two years ago, this property was the subject of an estate dispute and the estate determined that the property has environmental issues with heavy metals in the soil to be removed and ground water on a small part of the site that needs to be treated so that it fully meets MOE guidelines. We know of at least two offers that were received two years ago for between $7 and $8 million to purchase the property, which offers were rejected by the estate as premature at the time. We were able to hang in there with the estate and were not scared away by the environmental challenges as for us they are easily manageable. Hence ultimately we were able to purchase the property for $5 million and we were able to negotiate a vendor take back mortgage of $4 million for 15 months at 5.69% interest only while we tenant the property.

The plan over the next 15 months is thus to update the property, find a tenant concurrent with addressing the environmental issues, and refinance the property thereafter such that most of our equity is repaid and the property is cash flow positive going forward. We love the price per pound we were able to negotiate. We also notice that the area to the south of this property is rapidly gentrifying with significant retail investment occurring as you head to St. Clair Avenue. The excel spreadsheet for the property is attached. We anticipate we'll each realize a 40% return on a $2.1 million equity investment within 15 months of investment.

There is also an outside shot that we will be able to sell the property for a fairly immediate lift of about $1.5 to $2 million before year end as we have a Virginia-based data centre interested in potentially purchasing the property and we are nurturing that interest along. As I always say, never a dull moment!

Let me know if the attached is of interest. We'd love to have you involved. It is already looking like another good one!

Cheers,
Norma

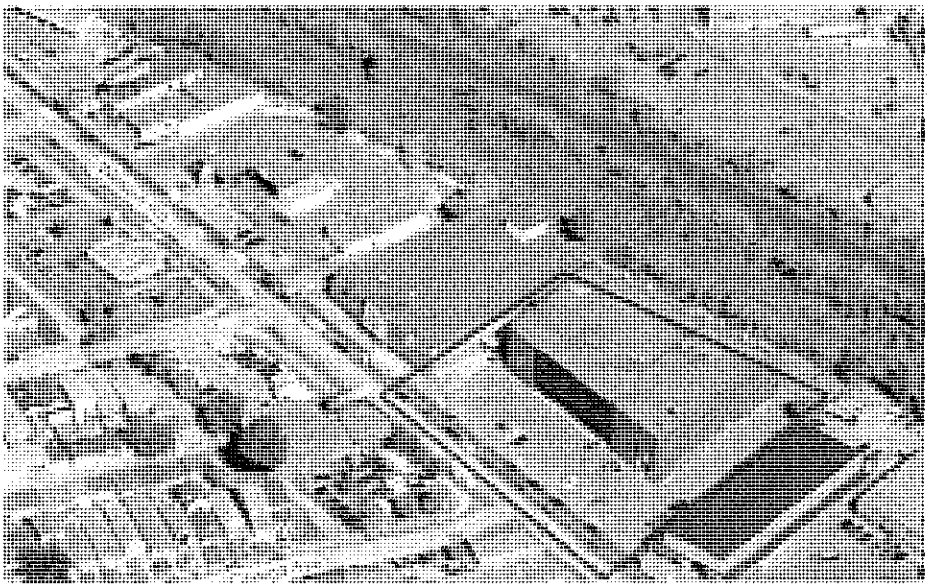
	A	B	C	D
1		**Projected Net Income**		
2				
3	Expected net revenues:			
4				
5	Basement, $5 net PSF (no additional rent)		$125,000	
6	First floor, $10 net PSF		$250,000	
7	Second floor, $7.50 net PSF		$187,500	
8	Third floor, $7.50 net PSF		$187,500	
9				
10	Projected net income:			$750,000
11				
12				
13		**Projected Building Value**		
14				
15				
16	7.5% capitalization rate:		$10,000,000	

	A	B	C
1		**Anticipated Profit**	
2			
3	**Building Value:**		**$ 10,000,000**
4			
5	**Less Project Cost:**		**$ 8,270,750**
6			
7	**Projected Profit:**		**$ 1,729,250**
8			

	A	B	C	D
1	355 Weston Road			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	5,000,000		
6	Mortgage fee	0		
7	Lender's legal fee	10,000		
8	Ontario Land Transfer Tax	75,000		
9	Municipal Land Transfer Tax	75,000		
10	Other fees and disbursements	20,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 5,180,000
16				
17	**New tenant improvement costs**			
18	Assume $25 PSF x 75,000 SF plus $5 PSF x 25,000	$ 2,000,000		
19	Project management fee	$ 200,000		
20				
21	**Environmental Remediation costs**			
22	Assume soil removal and ground water treatment	$ 250,000		
23	Project management fee	$ 25,000		
24				
25	Total Tenant Improvement and Environmental Remediation Costs:			$ 2,475,000
26				
27	**Carrying Costs, months 1 to 15**			
28	Property tax	$ 106,250		
29	Interest on mortgage	$ 284,500		
30	Utilities and maintenance	$ 187,500		
31	Insurance	$ 37,500		
32				
33	Total Net Carrying Costs:			$ 615,750
34				
35	**Total Capital Required**			$ 8,270,750
36				
37	**Mortgage, Vendor Take Back:**	48.36%	5.69%	$ 4,000,000
38	**Dr. Bernstein:**	25.82%		$ 2,135,375
39	**Ron and Norma Walton:**	25.82%		$ 2,135,375

[illegible]


TGT-9707



TAB 44

This is Exhibit "44" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Monday, September 24, 2012 3:35 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: RE: 65 Heward - Investment Opportunity

Dear Stan,

We are, as usual, just delighted you are going to join us in Heward.

If you wanted to prepare a cheque payable to Double Rose Developments Ltd. for $3,325,875 dated October 1st that would be perfect. In the meantime, I'll have Tom incorporate DBDC Double Rose Developments Ltd. and issue shares accordingly.

Always fun!
Norma

From: Dr. Stanley Bernstein [mailto:drb@drbdiet.com]
Sent: Monday, September 24, 2012 8:38 AM
To: Norma Walton
Subject: RE: 65 Heward - Investment Opportunity

Dear Norma,
Yes, I am available anytime for lunch.
Please call me or email me where and when.

Regards,
Stan

From: Norma Walton [nwalton@roseandthistle.ca]
Sent: September-23-12 8:48 PM
To: Dr. Stanley Bernstein
Subject: RE: 65 Heward - Investment Opportunity

Dear Stan,

That is one way to interpret it. Another perspective is that we are able to buy a property for $9.5 million, which is under its market value, and we are provided with $1.5 million at 2% which is basically cost of living money while we re-position the property. We only have to share 30% with Sam Reisman once we have fully paid ourselves back and demonstrated that the property is both profitable and worth more than its cost base. He does not share in any of the expenses, other than providing the $1.5 million and selling it to us under market value, but he also does not share in any upside until we are fully paid back. Further his 30% of the upside is characterized as debt, not equity, for the purposes of his RRSP mortgage. Hence we will own the property 50/50 as equity partners, with an obligation to share with him 30% of the upside when it occurs.

Given all the changes occurring in that area; the interest we are already attracting from prospective tenants; the Global TV contract to make us cash flow neutral while we re-position; and the environmental remediation already underway that is going well, we are confident that 65 Heward will be a profitable endeavour. If him keeping 30% of the upside is the cost of owning a great property, in our view it is worth it. Also, Sam is going to hold the mortgage in his RRSP which forces him to be a passive investor merely seeking a return.

That is my perspective on 65 Heward.

I'd love to treat you to lunch tomorrow somewhere near your offices and we can walk through Leslie, Heward and whatever else in our portfolio you wanted to discuss. There is a lot going on! Let me know if you are free.

Cheers,
Norma

From: Dr. Stanley Bernstein [mailto:drb@drbdiet.com]
Sent: Sunday, September 23, 2012 8:41 AM
To: Norma Walton
Subject: RE: 65 Heward - Investment Opportunity

Dear Norma,
the real price is $9.5 million for 70% of the property, and the 70% ownership carries all the expenses.
is the $9.5 fair for a 70% ownership vs a 100% ownership?
will the 30% share in any losses? (not that we expect any)

just a few thoughts.

Cheers,
Stan

From: Norma Walton [nwalton@roseandthistle.ca]
Sent: September-22-12 9:24 PM
To: Dr. Stanley Bernstein
Subject: 65 Heward - Investment Opportunity

Dear Stan,

I hope you are having a marvelous weekend.

We have contracted to purchase 65 Heward, closing October 1st. It is three buildings comprising 76,000 SF of rentable area, with the back building comprising the two full movie studios, one of which you were in on Friday. Sam Reisman from Rose Corporation currently owns it and when we first started negotiating with him a number of months ago, he wanted $20 million for the property. It has been used as movie studios for the past ten years, and in the good years it made $1.5 million plus net income a year. Happily for us in the past few years the income has been much less as the film business has been depressed. Hence we were able to negotiate to purchase it from him for $9.5 million on condition for our benefit that he provide a vendor take back second mortgage of $1.5 million at 2% interest and on condition for his benefit he share in 30% of the upside down the road once all capital is fully paid back.

What we like about 65 Heward is
(1) the size of the buildings on site, being 76,000 SF;
(2) the size of the lot, being 4 acres;
(3) the activity in the area (the Weston lands on the northwest corner are being re-developed into mixed-use residential/commercial, which will dramatically change the look of that corner. Mitch Goldhar is re-developing the lands to the east into commercial - retail) such that the area is gentrifying and changing rapidly;
(4) we can reposition the property by reducing its dependence on movies and TV productions by shifting over the use of the front two buildings to a car dealership (we have four interested already) or a general commercial tenant who will pay regular rent under a ten year lease without the incredible revenue swings of the movie and TV business. We will likely leave the back building as studios for now and monitor the money that is being made on them knowing that we can always convert them to regular commercial tenancies as well down the road if desired;
(5) there are environmental problems that we are in the process of fixing and we are on track to obtain a record of site condition in the next two to five years. Once fixed, this always significantly increases value;
(6) since we put the property under contract, we have secured a Global TV series that will occupy both studios full-time from this Monday, September 24th through to March 24th and will pay us $1 million for that period of time. This makes the property cash flow neutral for the first twelve months while we re-position it and tenant the front buildings permanently and monitor the film and TV business in back.

We are on track to cash you out of Hazelton in October. I don't know what other cash you currently have available given our commitments to purchase 1450 and 1500 Don Mills, but if you are able to swing it, we'd love for you to partner with us on this property. We project an investment of just over $3.3 million will be worth over $5.4 within four years, being a 63% return. We also expect the property will become cash flow positive on equity sometime in year two assuming things track

to plan. Long term we see the property continuing to increase in value as the area around it continues to regenerate, change and gentrify, becoming more residential in nature.

Let me know if of interest. I promised it would never be dull...☺

Regards,
Norma

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Monday, September 24, 2012 3:37 PM
To: Tom Trklja <ttrklja@roseandthistle.ca>
Cc: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 65 Heward
Attach: capital required sept 22, 12.xls

Dear Tom,

Please see attached spreadsheet. Dr. Bernstein is going to own 50% of the equity in Double Rose Developments Ltd. through his company, DBDC Double Rose Developments Ltd. See attached excel spreadsheet. If you could prepare draft deal terms for my review and incorporate his company to hold same, I'd appreciate it.

Thanks,
Norma

	A	B	C
1		Anticipated Profit	
2			
3	Building Value:		$ 20,671,429
4			
5	Less Project Cost:		$ 14,651,750
6			
7	Projected Profit:		$ 6,019,679
8			

	A	B	C	D
1	65 Howard			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	9,500,000		
6	Mortgage fee	130,000		
7	Lender's legal fee	included below		
8	Ontario Land Transfer Tax	154,375		
9	Municipal Land Transfer Tax	154,375		
10	Other fees and disbursements	35,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 9,973,750
16				
17	**Renovation Costs**			
18	50,000 SF @ $50 PSF	$ 2,500,000		
19	Project management fee	$ 250,000		
20	Total Renovation Costs:			$ 2,750,000
21				
22	**Environmental Remediation Costs**			
23	Continue program to obtain RSC within 5 years	$ 1,000,000		
24	Apply for and obtain RSC, including consultant's fees	$ 200,000		
25	Total Environmental Remediation Costs			$ 1,200,000
26				
27	**Professional Fees**			
28	Tenant Leasing Commissions	$ 608,000		
29	Architectural plans	$ 50,000		
30	Engineering fees	$ 25,000		
31	Interior design fees	$ 15,000		
32	Surveyor's fees	$ 15,000		
33	Permit fees	$ 15,000		
34	Total Professional Fees:			$ 728,000
35				
36	**Carrying Costs**			
37	Rental income from TV and movie contracts	$ (1,000,000)		
38	Property tax	$ 152,000		
39	Interest on mortgage	$ 520,000		
40	Utilities and maintenance	$ 304,000		
41	Insurance	$ 24,000		
42				
43	Total Carrying Costs:			$ -
44				

	A	B	C	D
45	Total Capital Required			$ 14,651,750
46				
47	First Mortgage from Dr. Bernstein:	44.36%	8.00%	$ 6,500,000
48	Second Mortgage from Sam Reisman:	10.24%	2.00%	$ 1,500,000
49	Dr. Bernstein equity:	22.70%		$ 3,325,875
50	Ron and Norma Walton equity:	22.70%		$ 3,325,875

	A	B	C	D
1		**Projected Net Income**		
2				
3	Expected net revenues:			
4				
5	Building A (25,000 SF) $19 net		$475,000	
6	Building B (25,000 SF) $16 net		$400,000	
7	Building C (26,000 SF) $22 net		$572,000	
8				
9	Projected net income:			**$1,447,000**
10				
11				
12		**Projected Building Value**		
13				
14				
15	7% capitalization rate:		**$20,671,429**	

	A	B	C	D	E
1	Projected Investor Return				
2	Formula for Profit Division				
3					
4	Dr. Bernstein's investment:	$3,325,875.00			
5	Ron and Norma Walton's Investment:	$3,325,875.00			
6					
7	Cash out date:	On or before October 1, 2016			
8					
9	Projected profits:	$6,019,678.57			
10					
11	Refinance property once fully tenanted:				
12					
13	First mortgage of 75% of end value:	$15,503,571.43			
14	Less Bernstein mortgage:	$6,500,000.00			
15	Less Reisman mortgage:	$1,500,000.00			
16					
17	Total monies available:	$7,503,571.43			
18					
19	To reimburse Bernstein capital:	$3,325,875.00			$5,432,762.50
20	To reimburse Walton capital:	$3,325,875.00			
21					
22	Surplus:	$851,821.43			
23	Division of surplus:				
24	To Dr. Bernstein, 35%:	$298,137.50			
25	To Ron and Norma Walton, 35%:	$298,137.50			
26	To Sam and Rose Reisman, 30%:	$255,546.43			
27					
28	Value of equity in property:				
29	To Dr. Bernstein, 35%:	$1,808,750.00			
30	To Ron and Norma Walton, 35%:	$1,808,750.00			
31	To Sam and Rose Reisman, 30%:	$1,550,357.14			
32					
33	Percentage total return on investment from October 1, 2012 to October 1, 2016:				
34	Dr. Bernstein:	63.35%			
35	Ron and Norma Walton:	63.35%			
36					
37	Total investment period:	48 months			
38					
39	An investment of $100,000 on October 1, 2012 is projected to be worth $163,350 on October 1, 2016				

TAB 45

This is Exhibit "45" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Sunday, January 6, 2013 2:27 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 115, 117 and 119 Skyway and 30 and 34 Meridian
Attach: capital required jan 6, 13.xls; Meridian - Skyway R.pdf

---

Dear Stan,

Hope you are having a super weekend. We have another opportunity we'd like for you to be a part of if of interest.

We have purchased 115, 117 and 119 Skyway and 30 and 34 Meridian Drive, being two industrial buildings comprising 17,000 and 30,000 SF respectively on 2 acres of land. They are currently all one legal parcel and our Phase II came back clean. We are buying the entire property for $3.5 million. These properties are just around the corner from our Cityview property and were sold to us by the same real estate broker from the same ownership group as Cityview.

Since putting that under contract, we have contracted to sever off and sell 115, 117 and 119 Skyway Drive, being the 17,500 SF building on an acre, for $2 million. That deal is now firm. We anticipate that severance and sale will occur within the first twelve months of closing. In addition, the existing tenant at Skyway who is there until July 31, 2013 has an obligation to restore the premises to their original condition at a cost of about $450,000 to $500,000. Our purchaser wants Skyway as is so we will negotiate to release the tenant from that obligation to restore the premises in exchange for a payment of around $350,000. We are meeting with him next week to negotiate that arrangement. Hence Skyway should generate $2.35 million less realty commission of $80,000, for a net of $2.27 million.

That will leave us with approximately one acre and a 30,000 SF building to sell or lease. We intend to sever that building into two legal parcels because the 30,000 SF is divided into two 15,000 SF spaces right down the middle. We are currently chatting with the current tenant of 30 Meridian about him buying his space, being 15,000 SF on ½ an acre for $1.2 million. He is interested.

The properties are tenanted while we arrange to sever, providing some cash flow while we obtain severance and negotiate the two remaining sales.

We anticipate an equity investment of $752,650 will provide a more than 20% return on equity within 12 months of buying. The first mortgage required is $2.8 million @ 8% interest only for the one year term with 2% mortgage placement fee.

Let me know if of interest. Obviously, as usual, we'd love to have you involved. If not of interest no worries

If of interest, cash would flow as follows:

1. $100,000 towards the deposit this week, payable to Skyway Holdings Ltd.;
2. The remaining $652,650 on closing January 28th, also payable to Skyway Holdings Ltd.; and
3. $2.744 million ($2.8 less 2%) certified cheque payable to Devry Smith Frank LLP in trust on January 28th.

Tom will incorporate for you DBDC Skyway Holdings Ltd. and arrange the paperwork from our end if of interest. Just let me know.

Hope you have a nice end of the weekend.

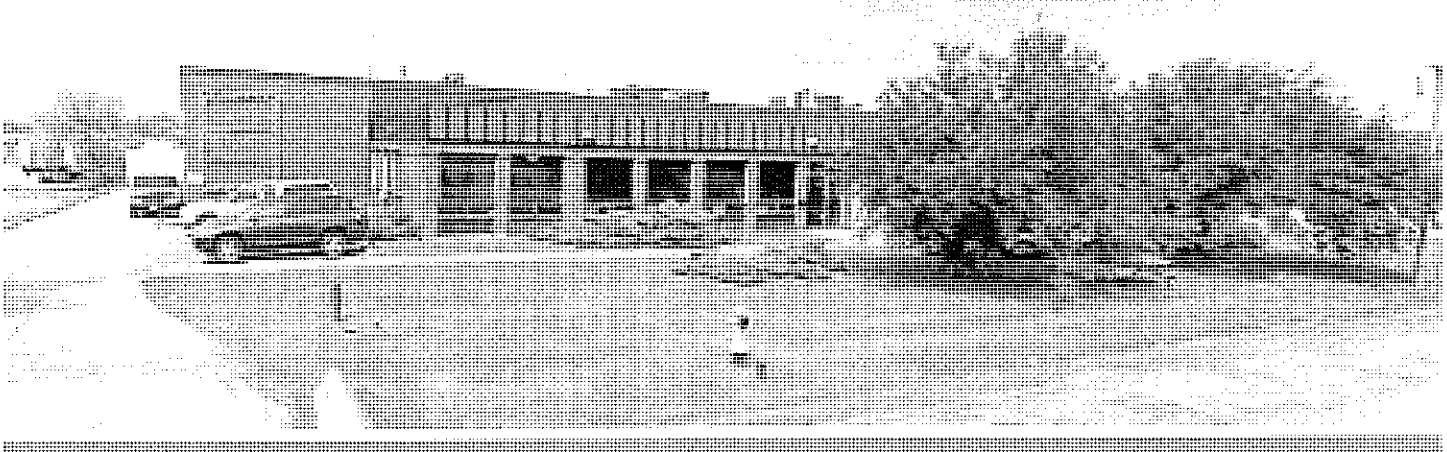
Regards,
Norma

	A	B	C
1	Anticipated Profit		
2			
3	Sale of 115, 117 and 119 Skyway (firm sale already negotiated)		$ 2,000,000
4			
5	Sale of 30 and 34 Meridian		$ 2,400,000
6			
7	Monies due from Skyway tenant		$ 350,000
8			
9	Less Project Cost:		$ 4,305,300
10			
11	Less Realty Fees:		$ 140,000
12			
13	Projected Profit:		$ 304,700
14			

892

	A	B	C	D
1	**115, 117 and 119 Skyway and 30 and 34 Meridian**			
2	**CAPITAL REQUIRED**			
3				
4	**Purchase Costs**			
5	Purchase Price	3,500,000		
6	Mortgage fee	56,000		
7	Lender's legal fee	15,000		
8	Ontario Land Transfer Tax	61,250		
9	Municipal Land Transfer Tax	61,250		
10	Other fees and disbursements	40,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 3,733,500
16				
17	**Development Approval Costs**			
18	Planning reports, consultant's fees,			
19	Severance into three legal parcels	$ 300,000		
20	Project Management fee	$ 30,000		
21				
22	Total Development Approval Costs			$ 330,000
23				
24	**Carrying Costs**			
25	Net Rent	$ (118,500)		
26	First mortgage carrying costs	$ 224,000		
27	Operating costs	$ 136,300		
28				
29	Total Net Carrying Costs:			$ 241,800
30				
31	**Total Capital Required**			$ 4,305,300
32				
33	**First mortgage**	**65.04%**	**8.00%**	$ 2,800,000
34	**Dr. Bernstein:**	**17.48%**		$ 752,650
35	**Ron and Norma Walton:**	**17.48%**		$ 752,650

	A	B	C
1	Projected Investor Return		
2	Formula for Profit Division		
3			
4	Dr. Bernstein's investment:	$752,650.00	
5	Ron and Norma Walton's investment:	$752,650.00	
6			
7	Sale of part or all of property:	On or before January 7, 2014	
8			
9	Projected profits:	$304,700.00	
10			
11	After sale:		
12			
13	Percentage total return on investment from January 2013 to January 2014		
14	Dr. Bernstein:	20.24%	
15	Ron and Norma Walton:	20.24%	
16			
17	Total investment period:	1 year	
18			
19	An investment of $100,000 on January 7, 2013 is projected to be worth $120, 240 on January 7, 2014		



Investment / Redevelopment Opportunity

30-34 Meridian Road
115, 117 & 119 Skyway Avenue
Etobicoke, ON

Partnership. Performance.

AVISON YOUNG
Intelligent
Real Estate Solutions

The Opportunity

To acquire a portfolio of industrial properties. The properties may be acquired individually or as a portfolio.

Location/Site

30-34 Meridian Road & 115, 117 & 119 Skyway Avenue

- Two industrial buildings on 2 acres, with tremendous Highway #27 exposure.

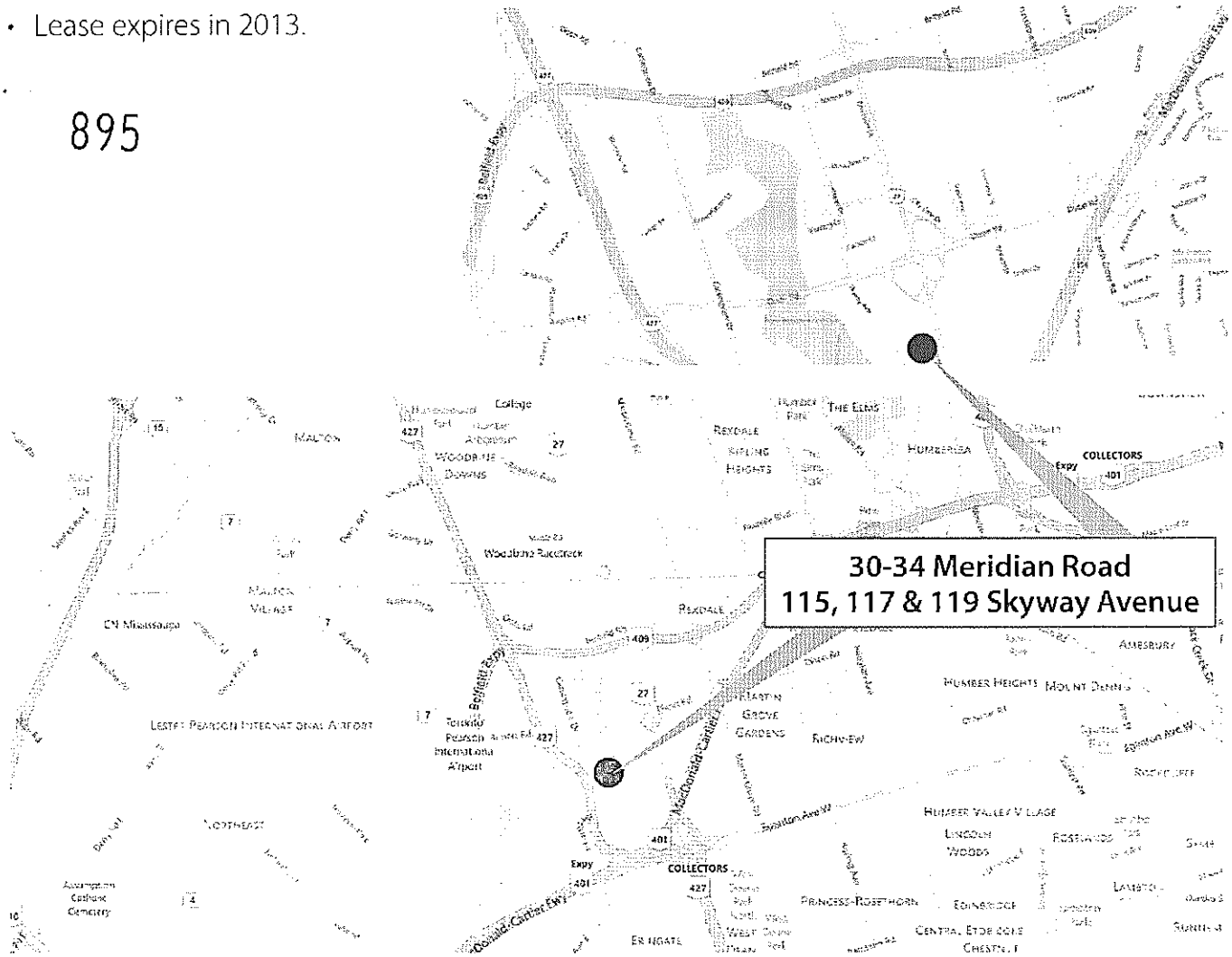
30-34 Meridian Road

- 29,950 sf freestanding building, divided into two tenancies of 14,975 sf each. The building has four truck level doors and one drive-in door. Both tenants lease on a month-to-month basis and would consider remaining for a longer period of time.

115, 117 & 119 Skyway Avenue

- One industrial building on a portion of 2 acres.
- 17,500 sf freestanding building, occupied by one tenant.
- Lease expires in 2013.

895



Site Description

30-34 Meridian & 115, 117 & 119 Skyway Avenue

This 2-acre property is situated on a well located site. With immediate access to Highway #27 and easy access to Pearson International Airport.

Assessment & Taxes

30-34 Meridian Road $65,750.30 (2011)

115, 117 & 119 Skyway Avenue $75,052.90 (2011)

Legal Description

PT LT 20 CON 3 FTH ETOBICOKE AS IN TB248262; S/T EB361656; S/T EXECUTION 94-01170, IF ENFORCEABLE; S/T EXECUTION 95-00958, IF ENFORCEABLE; TORONTO (ETOBICOKE); CITY OF TORONTO

Vendor

BLJ Acker Holdings Inc.; Wenview Investments Inc.; Bursa Investments Limited

ELLSBIRCH LIMITED; METRO ULTRASOUND INC.; WENVIEW INVESTMENTS INC.; ST. CLAIR ALLERGY SERVICES LTD.;

Price

$5,950,000.00

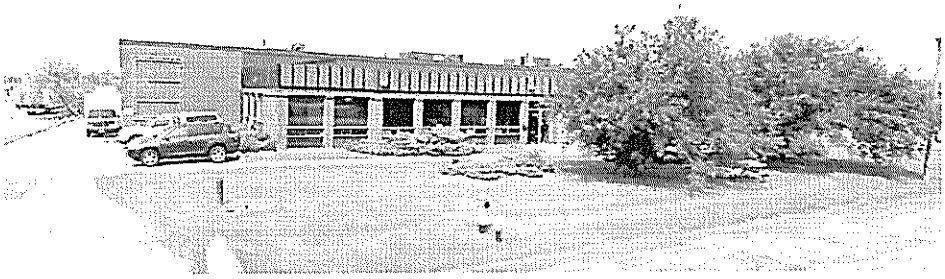
Lease Summary

30-34 Meridian Road

Leased to 2 tenants of 14,975 sf each on a month-to-month basis at $3.75 psf.

115, 117 & 119 Skyway Avenue

17,500 sf leased at $9.00 psf. Lease expires in July 2013.



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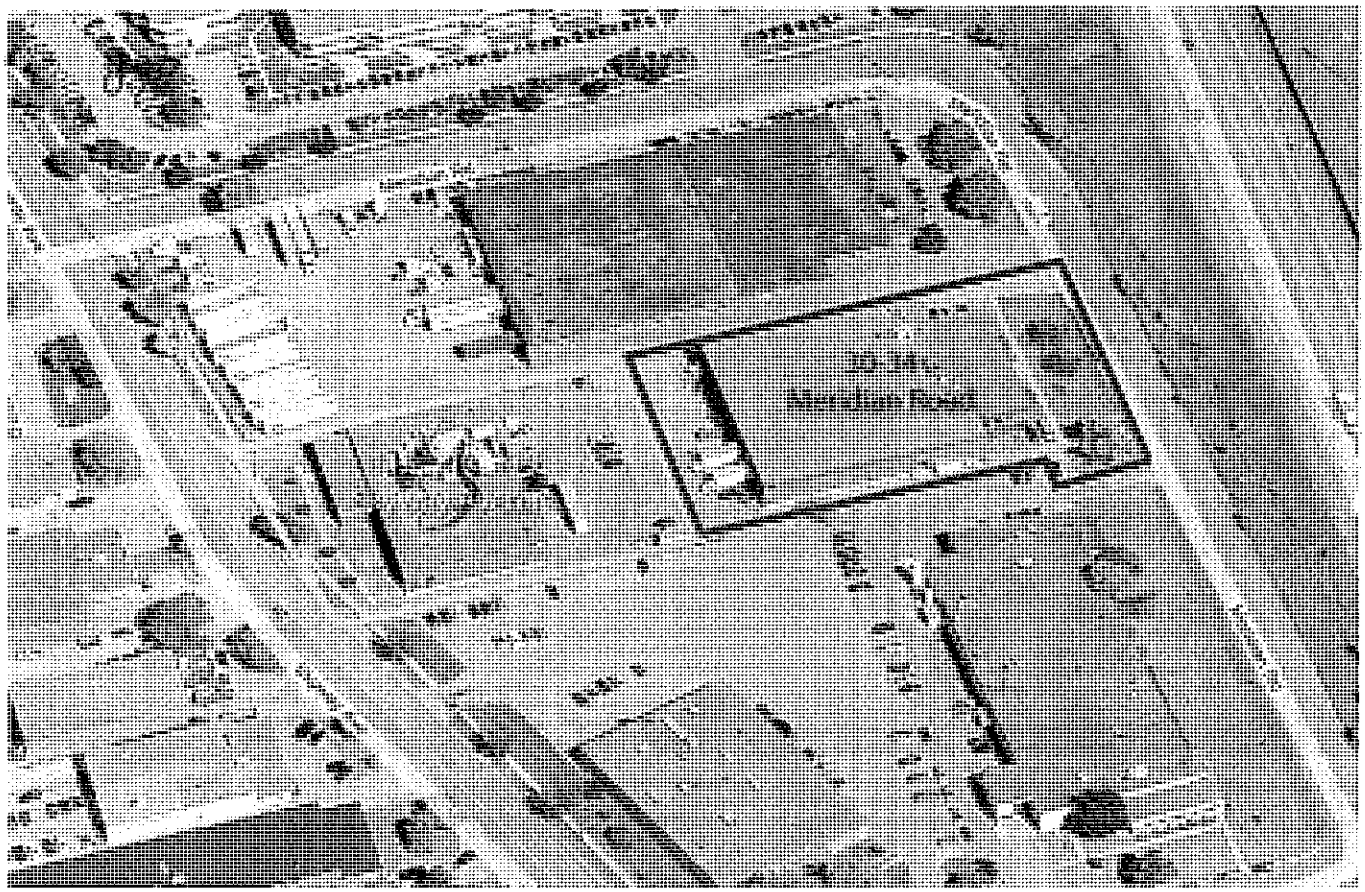
Real Estate Solutions

Aerial View
(Approximate, not to scale)



For more information, please contact:

Peter De Guerre* **416.673.4004**
peter.deguerre@avisonyoung.com

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Avison Young is Canada's largest independently-owned commercial real estate services company. Headquartered in Toronto, Ontario, Avison Young is also the largest Canadian-owned, principal-managed commercial real estate brokerage firm in North America. Comprising more than 800 real estate professionals in 25 offices across Canada and the U.S., the full-service commercial real estate company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.

AVISON YOUNG Intelligent Real Estate Solutions

Canada's 50 BEST MANAGED COMPANIES

*Sales Representative

TAB 46

TAB 46

This is Exhibit "46" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Friday, January 25, 2013 11:50 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: Skyway and Meridian closing

Dear Stan,

It is always great to see you!

We are closing the purchase of Skyway and Meridian on Monday. As such, if you could prepare a cheque for $652,650 payable to Skyway Holdings Ltd. for the balance of your equity, that would be great. Also if you could kindly certify a cheque payable to Devry Smith Frank LLP in trust for $2,744,000, being your $2.8 million mortgage less 2% bonus interest that would be great. We are meeting with Todd Holmes at 9:30 am Monday morning to sign all documents so as long as he had your mortgage funds before 1 pm on Monday that would work well. I can retrieve the equity cheque Monday morning if that suits you...?

27 properties together...wow!!

Regards,
Norma

TAB 47

This is Exhibit "47" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, January 3, 2013 4:15 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 291-295 The West Mall
Attach: 295 West Mall 1.jpg; 295 West Mall 2.jpg; 295 West Mall 3.jpg; 295 West Mall 4.jpg; 295 West Mall 5.jpg; 295 West Mall 6.jpg; 295 West Mall 7.jpg; 295 West Mall 8.jpg; 295 West Mall 9.jpg; 295 West Mall 10.jpg; spreadsheet january 2013.xls

---

Dear Stan,

Hope you are feeling better. The kids and I are starting to feel better slowly but surely.

As promised, we have a couple of new opportunities for your consideration.

The first property we have under contract is 291-295 The West Mall. This property comprises approximately 1.5 acres just west of Highway 427 in the city of Toronto, on the corner of Bloor and The West Mall. It has two buildings situated on it, the first being a seven storey office building with underground parking originally built in 1978 and renovated in 2005 and the second being a freestanding Keg restaurant building. A few photos are attached to give you some visual context. The total square footage is about 92,500 with approximately 8,100 SF being The Keg and 84,400 being in the office building.

The basic plan is to purchase the property for $15.5 million closing February 14th. With current income in place of approximately $1.085 million, we are buying at a 7% cap rate. We have convinced the vendor, H & R REIT, to give us a vendor-take-back mortgage of 62.5% of value at 4% interest only for two years. We are arranging a second for another 12.5% loan to value to bring our total loan to value up to 75%. We have three different lenders interested in providing us with a second mortgage at 10% interest only for two years. Hence we'd have total debt on the property of $11.625 million being 75% loan to value.

An investment of $2.85 million in equity would generate annual cash flow of $159,000 or $13,268 per month, being a 5.6% cash return on equity. Hence during the two year period post-closing, the property would be cash flow positive.

During that two year time frame we would arrange to sever off and sell the ½ acre part of the site that currently houses The Keg restaurant. In the pro forma, attached in excel, I am assuming we will need to rezone and development-approve the site to achieve our proposed purchase price of $4 million. That being said, we may be pleasantly surprised and find that The Keg restaurant may want to purchase that site from us as-is for a good price, subject only to severance. If not, there are numerous seniors housing developers who would love to purchase a half acre site in that area for high-rise seniors housing and we are confident we can sever and sell it off without losing any significant value off the main seven-storey building with underground and surface parking.

Using the income approach, The Keg property is worth $1 million and the seven storey office building is worth $14.5 million. Where we extract value is if we sever the property, we suspect we can sell the ½ acre Keg property for around $4 million instead of $1, generating a nice return on equity without diminishing in any way the value of 295 The West Mall. Hence that is the plan.

We project that an investment of $2.85 million made in January 2013 will generate an annual cash return of 5.6% paid via monthly post-dated cheques for the next two years and that at the end of the two year period, we will have created additional profits of another $623,000 each due to the severance and sale of the ½ acre site. That comprises an estimated compounded annual return of 15.5%.

In 2015, we can refinance 295 The West Mall and pay off both mortgages with a new first mortgage. At that point the property should remain cash flow positive going forward for as long as we wish to retain it in our joint portfolio, while at the same time the mortgage is being paid off via rent over the ensuing 20 to 25 years.

We have negotiated the deal, secured the property, provided the first deposit, completed our due diligence and firmed up the purchase. We'd love to have you as a partner in this project, as always. If that is of interest, there are a couple of options for you to consider:

1. You would provide $2.85 million of equity, being $600,000 now and another $2.25 million on February 14th when we close, all payable to West Mall Holdings Ltd., the company we've incorporated to own the property; and
2. If you wished to, you could also provide the second mortgage of $1,937,500 paying 10% interest only for two years with a 2% placement fee. That is completely optional and up to you as we have three other lenders – Atrium, Trez

and Harbour – who are also happy to provide that second. That money would need to be available February 14th payable to Devry Smith Frank LLP in trust.

As mentioned above, we have incorporated the company West Mall Holdings Ltd. to hold the property. If you wish to partner with us, Tom will prepare all of your corporate documentation for DBDC West Mall Holdings Ltd.

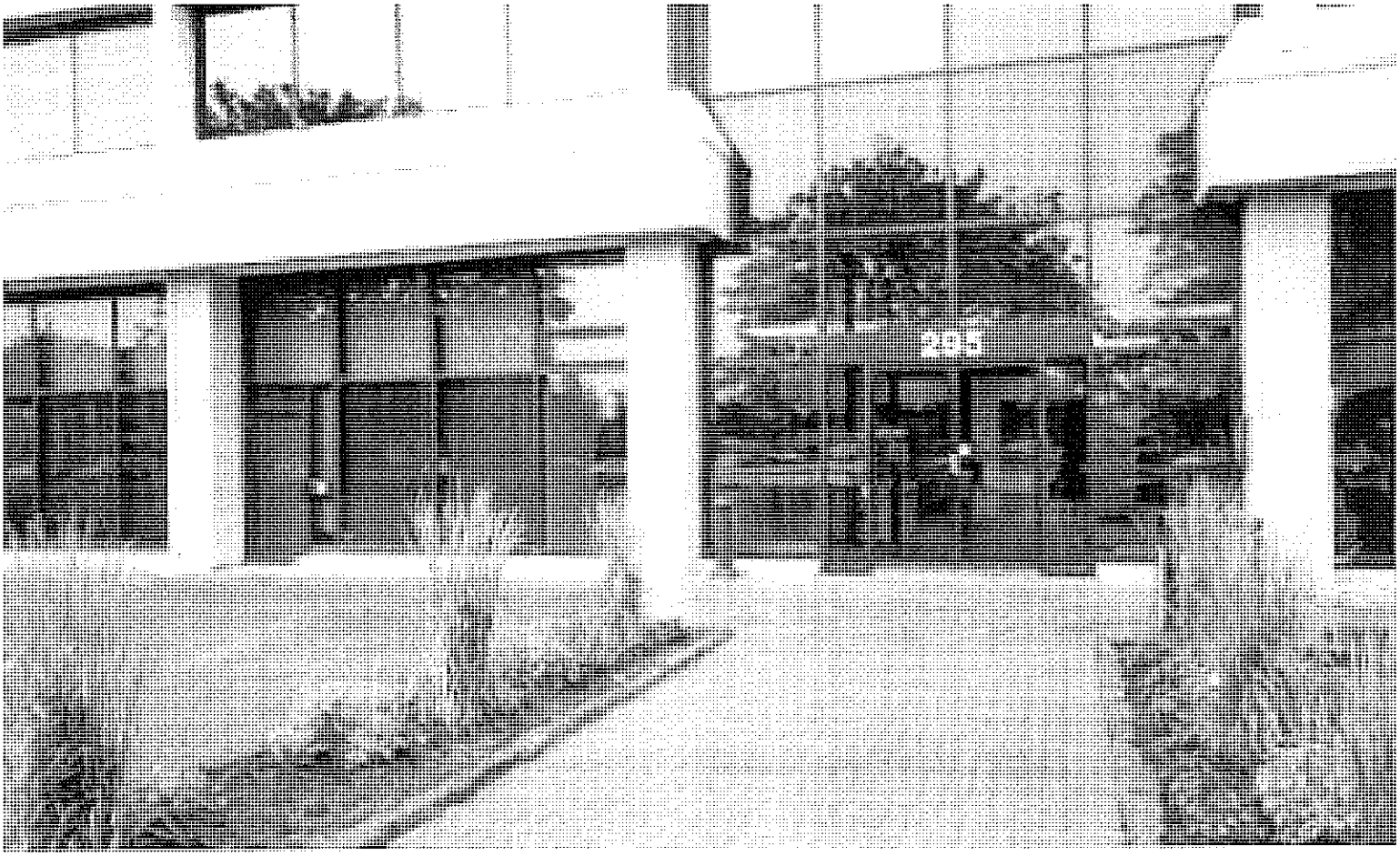
Take a look and let me know. It is always a pleasure!

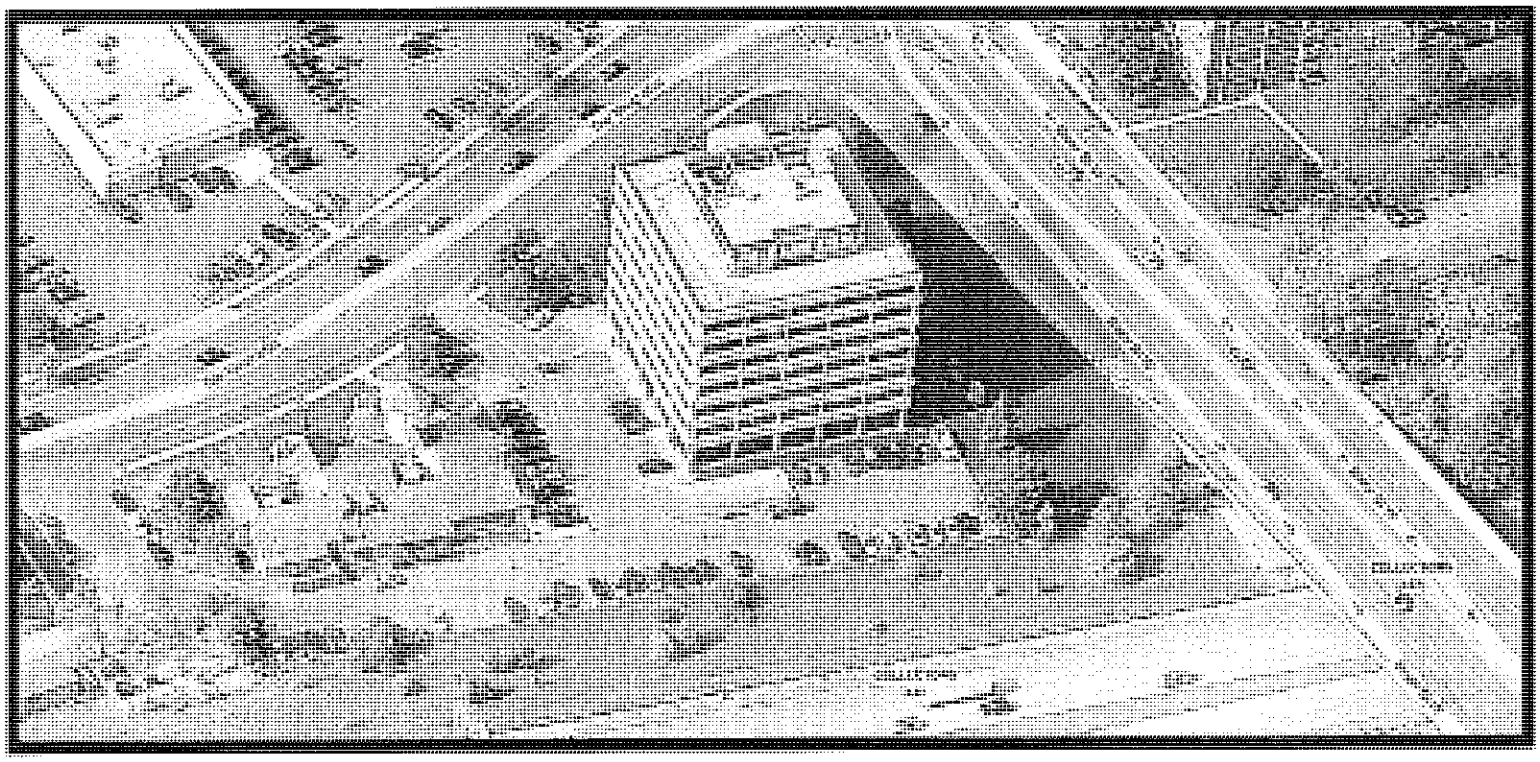
Regards,
Norma

Norma Walton B.A., J.D., M.B.A.
THE ROSE AND THISTLE GROUP LTD.
30 Hazelton Avenue
Toronto, Ontario, Canada M5R 2E2
Tel: (416) 489-9790 Ext. 103
Fax: (416) 489-9973

www.roseandthistlegroup.com

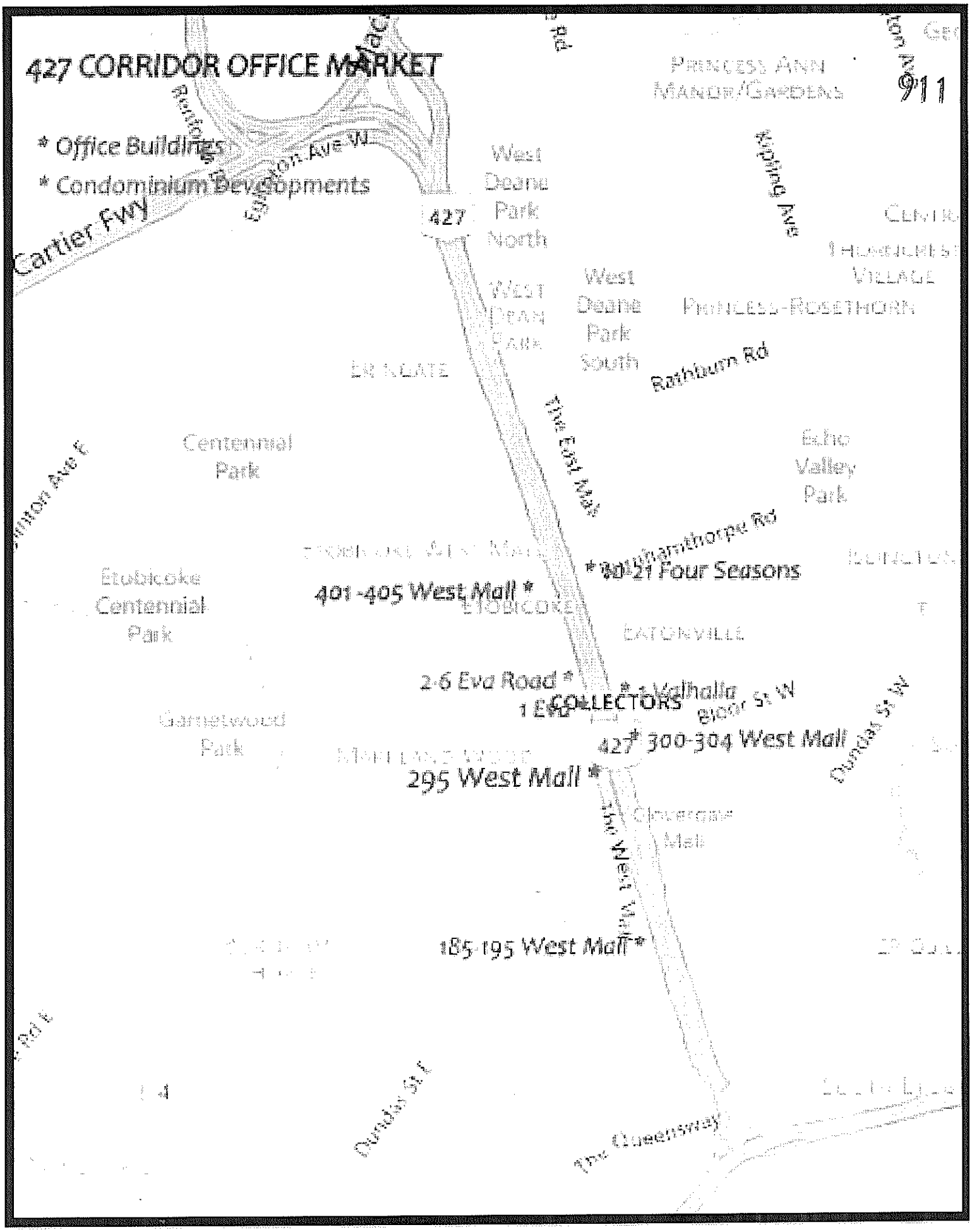
The Rose and Thistle Group Ltd. is a privately held asset management company that is the parent company of Rose and Thistle Properties, Rose and Thistle Construction, Rose and Thistle Homes, Rose and Thistle Media, Plexor Plastics Corp., Handy Home Products Inc., Palmer Productions Inc., Corporate Communications Interactive Inc., Urban Amish Interiors Inc., Loft Raum Inc. and is affiliated with the law firm of Walton Advocates.

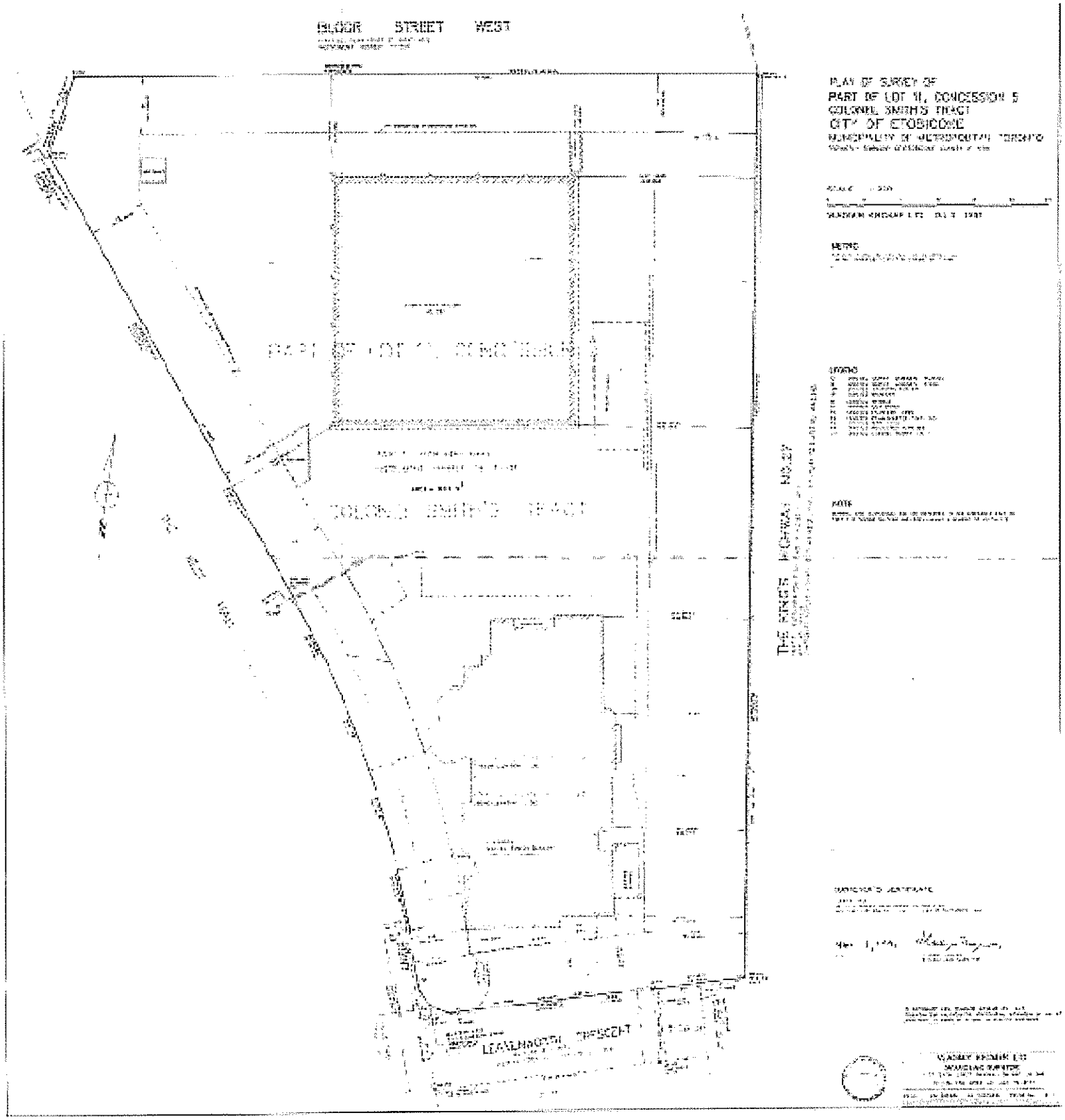




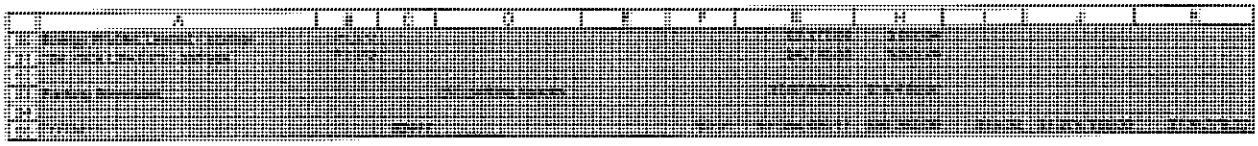
427 CORRIDOR OFFICE MARKET

* Office Buildings
* Condominium Developments




BLOOR STREET WEST
PLAN OF SURVEY OF
PART OF LOT 11, CONCESSION 5
COLONEL SMITH'S TRACT
CITY OF ETOBICOKE
MUNICIPALITY OF METROPOLITAN TORONTO
THE KINGS HIGHWAY NO. 27
LEADENHALL STREET

	A	B	C	D
1	291-295 The West Mall, Toronto			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	15,500,000		
6	Mortgage fee	135,625		
7	Lender's legal fee	40,000		
8	Ontario Land Transfer Tax	271,250		
9	Toronto Land Transfer Tax	271,250		
10	Other fees and disbursements	60,000		
11	for appraisal report, Phase One			
12	Environmental Reports, Building Condition			
13	Assessment fees, and municipal enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 16,278,125
16				
17	**Costs to sever off and sell 1/2 acre parcel of land**			
18	Planning reports, consultant's fees,			
19	Development approval applications,			
20	Severance into two legal parcels	$ 950,000		
21	Project management fee	$ 95,000		
22				
23	**Total Severance Costs:**			$ 1,045,000
24				
25	**Total Capital Required**			$ 17,323,125
26				
27	**Mortgage, Vendor**	55.92%	4.00%	$ 9,687,500
28	**Mortgage, Second**	11.18%	10.00%	$ 1,937,500
29	**Dr. Bernstein:**	16.45%		$ 2,849,063
30	**Ron and Norma Walton:**	16.45%		$ 2,849,063



	A	B	C	D
1	**Cash Flow Statement:**			
2				
3	Receipts:			
4				
5	Net Rent:	$1,084,585		
6	Additional Rent:	$1,274,115		
7				
8	Total Receipts:		$2,358,700	
9				
10	Total Disbursements:			
11				
12	Interest payments on first mortgage	$387,500		
13	Interest payments on second mortgage	$193,750		
14	Capital reserve for replacements:	$184,894		
15	Property taxes:	$535,022		
16	Utilities:	$274,245		
17	Property management fees:	$94,348		
18	Repairs and maintenance:	$250,000		
19	Cleaning expenses and supplies:	$100,000		
20	Insurance:	$20,500		
21				
22				
23	Total Disbursements:		$2,040,259	
24				
25	Cash available after payment of all disbursements and retaining of a capital reserve:			$318,441

	A	B	C	D
1	**Property Value - February 1, 2013**			
2				
3	Net Income before interest (includes both 291 and 295):	$1,084,585		
4				
5	7% capitalization rate:	$15,494,073		
6				
7				
8	**Property Value - February 1, 2015**			
9				
10	291 The West Mall - sell severed 1/2 acre parcel	$4,000,000		
11				
12	295 The West Mall - remainder one acre parcel with building			
13				
14	Net Income before interest	$1,019,825		
15				
16	7% capitalization rate:	$14,568,930		
17				
18	Total Value of both parcels:	$18,568,930		
19				
20	**Projected Increase in Property Value:**	**$3,074,857**		

920

	A	B	C
1		**Investor Return**	
2			
3			
4	Investment made January 2013	$2,849,063	
5			
6	Cash return on equity:		
7	Year 1	$159,221	
8	Year 2	$159,221	
9			
10	Plus anticipated profits:	$622,903	
11			
12	Total profits received:	$941,344	
13			
14	Total investment period:	2 years	
15			
16			
17	**Yearly cash return on equity:**	**5.59%**	
18			
19	**Anticipated compounded annual return:**	**15.50%**	

TAB 48

This is Exhibit "48" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Friday, March 8, 2013 6:32 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 1 and 20 Royal Gate and 1 Regalcrest Boulevard, Vaughan
Attach: capital required mar 8, 13.xls; 02 2013 Rent_Roll - Royal Gate (APPROVED).pdf; Legal Survey.PDF; proposed severance AS-01 7Jun12.pdf; DA.12.053 - Approval Letter.pdf

---

Dear Stan,

Good morning! You had asked me about the logic of paying out your $9.6 million Wynford mortgage with a new mortgage facility that was basically on the same terms and conditions as your mortgage. I had promised you that we could together put the money to better use pursuing some more lucrative equity opportunities. The below is the first proposed equity proposal in pursuit of that objective.

We have 1 Royal Gate, 20 Royal Gate and 1 Regalcrest Boulevard in Vaughan under contact of sale, closing early April. It is a 383,793 SF industrial facility sitting on 14.25 acres with an adjacent parking lot on another 1.43 acres a stone's throw from our 5770-5780 Highway 7 property. We are paying $23 million for it, which is $60 PSF and under market because the pension fund that owns it wanted a discreet sale without any fanfare so a broker we deal with brought it to us and we snapped it up. In addition, since putting it under contract of sale we have obtained approval to sever off a portion of it, making it even more valuable because the smaller square footage sells for more per square foot. Since putting it under contract:

1. We have completed all environmental testing and it is clean;
2. We have obtained city approval for the severance of 1 Regalcrest from 1 and 20 Royal Gate. That has created tremendous value as we have a buyer already interested in purchasing the severed 71,500 SF property from us once we effect the severance at a price per square foot of $85 to $95 PSF, much higher than we are paying for the larger facility. That space is currently vacant;
3. The balance of the property is leased and one of the larger tenants with good covenant wants to exit their lease early – they currently rent 106,000 SF - giving us an opportunity to charge them a significant lease break fee once we have new tenants in hand;
4. Trez Capital has agreed to provide to us a $16 million first mortgage at 8.5% interest only until we sever and sell the 71,500 SF;
5. We have negotiated a VTB of $3 million at 3% interest only until we sever and sell the 71,500 SF; and
6. Once we sever off and sell the 71,500 SF and once we replace the existing tenant who wants to exit with new tenants, we will refinance with long term debt and should be left with a cash flowing property that is worth more than what we are paying for the entire property.

The property is well located in Vaughan, in an area with low vacancy rates that is ever improving as the transit system improves and the new city centre is built. It should make a solid portfolio buy and hold once the severed portion is sold and we've refinanced, making it cash flow positive and stable, similar to our Highway 7 property.

We anticipate an equity investment of $4.96 million will turn into $6.55 million inside of 18 months, representing a 32% straight line return and a 20.3% compounded annual return.

I am attaching the excel spreadsheet, the rent roll, the survey, the site plan showing proposed severed portion, and the approval letter. We intend to have the property severed and sold inside of nine months and the balance leased to new tenants within 18 months.

If you wish to partner with us on this property, we would request a cheque for $1.5 million to defray the deposit, due diligence and severance expenses we've incurred to date. If you could make that cheque payable to The Rose and Thistle Group Ltd., that would be perfect as we have not yet incorporated a holding company to own the property. If of interest to you, Tom will incorporate our holding company at the same time as yours and we'll send over deal terms and minute books, etc. before closing.

It is tracking to be another fun and profitable project!

Cheers,
Norma

	A	B	C
1	Anticipated Profit		
2			
3	Sale of Severed Portion, 71,500 SF, $85 PSF		$ 6,077,500
4			
5	Value of remaining 300,000 SF @ $5.50 net, 6.5% cap rate		$ 25,384,615
6			
7	Monies due from tenant of 106,000 SF who wants to exit lease early		$ 848,000
8			
9	Less Project Cost:		$ 28,925,913
10			
11	Less Realty Fees on sale of severed portion:		$ 212,713
12			
13	Projected Profit:		$ 3,171,490
14			

	A	B	C	D
1	1 Royal Gate Boulevard and 1 Regalcrest Boulevard			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	23,000,000		
6	Mortgage fee	336,000		
7	Lender's legal fee	50,000		
8	Ontario Land Transfer Tax	402,500		
9	Other fees and disbursements	50,000		
10	for appraisal, reliance letters for			
11	environmental reports, municipal			
12	enquiries and fees, etc.			
13				
14	**Total Purchase Price**			$ 23,838,500
15				
16	**Construction Costs**			
17	To demolish portion of building to sever	$ 850,000		
18	Regrade surface to accommodate parking	$ 100,000		
19	Tenant improvements to newly leased space	$ 1,500,000		
20	Project management fee	$ 245,000		
21				
22	**Severance Approval Costs**			
23	Planning reports, consultant's fees,			
24	Surveyor's fees, city fees to			
25	sever the property into two legal parcels	$ 475,000		
26	Project Management fee	$ 47,500		
27				
28	**Soft Costs**			
29	Leasing fees to obtain tenant for 150,000 SF	$ 750,000		
30	Building permit costs for demolition	$ 50,000		
31	Engineering fees to draw and supervise demolition	$ 50,000		
32	Cost consultant for lender to monitor demolition	$ 50,000		
33	Project management fee	$ 90,000		
34				
35	Total Construction, Severance Approval and Soft Costs			$ 4,207,500
36				
37	**Carrying Costs**			
38	Net Rent	$ (2,138,837)		
39	First mortgage carrying costs	$ 2,040,000		
40	Second mortgage carrying costs	$ 135,000		
41	Carrying costs for vacant space	$ 843,750		
42				
43	Total Net Carrying Costs:			$ 879,913

	A	B	C	D
44				
45	**Total Capital Required**			**$ 28,925,913**
46				
47	**First mortgage**	**55.31%**	**8.50%**	**$ 16,000,000**
48	**VTB mortgage**	**10.37%**	**3.00%**	**$ 3,000,000**
49	**Dr. Bernstein:**	**17.16%**		**$ 4,962,957**
50	**Ron and Norma Walton:**	**17.16%**		**$ 4,962,957**

	A	B	C
1	Projected Investor Return		
2	Formula for Profit Division		
3			
4	Dr. Bernstein's investment:	$4,962,956.60	
5	Ron and Norma Walton's investment:	$4,962,956.60	
6			
7	Sale of part or all of property:	On or before October 31, 2014	
8			
9	Projected profits:	$3,171,489.68	
10			
11	After sale:		
12			
13	Percentage total return on investment from April 2013 to October 2014		
14	Dr. Bernstein:	31.95%	
15	Ron and Norma Walton:	31.95%	
16			
17	Total investment period:	18 months	
18			
19	Anticipated compounded annual return:	20.30%	
20			
21	An investment of $100,000 on April 1, 2013 is projected to be worth $131,690 on October 31, 2014		

Detail Rent Roll

Royal Gate

Report Date: 02/01/2013

Suite No.	Tenant Name **********Lease Terms********** Commencement Date | End Date	Current Term (Months)	Rentable Square Footage	Prorata Share	Monthly Base Rent	Annual Rate/SF	Lease Type	Expense Stop	**********Other Charges********** Description	Monthly	Per Sf	*****Future Rent Increase***** Date	Monthly Amt.	Annual Per Sf	Current Term Rent Abatement	Security Deposit
CURRENT LEASES & VACANT SPACES																
A	ALL STICK LABEL LIMITED	121.00	54,502.00		23,844.63	5.25	Net		HST Billed	5,182.40	1.14	1/1/14	26,115.54	5.75		25,000.00
									Operating Expense Rec	9,353.00	2.06					
	01/01/2009 02/28/2019								Real Estate Tax Recovery	6,667.00	1.47					
										21,202.40	4.67					
B	SILICOR MATERIALS (CANADA) INC.	85.00	106,542.00		53,271.00	6.00	Net		HST Billed	10,787.14	1.21					168,343.35
									Operating Expense Rec	16,676.00	1.88					
	05/01/2008 06/30/2015								Real Estate Tax Recovery	13,032.00	1.47					
										40,495.14	4.56					
B1MEZZ	CALISOLAR INC. (1,610 SQ. FT.)	86.00	0.00			0.00	Net									0.00
	04/01/2008 06/30/2015															
B2MEZZ	CALISOLAR INC. (5,148 SQ. FT.)	85.00	0.00			0.00	Net									0.00
	05/01/2008 06/30/2015															
B3	SILICOR MATERIALS (CANADA) INC.	47.00	19,796.00		9,898.00	6.00	Net		HST Billed	2,004.21	1.21					18,129.50
									Operating Expense Rec	3,098.00	1.88					
	07/01/2011 06/30/2015								Real Estate Tax Recovery	2,421.00	1.47					
										7,523.21	4.56					
C	GUILLEVIN INTERNATIONAL CO.	71.00	16,280.00		8,479.17	6.25	Net		HST Billed	1,698.34	1.25	10/1/13	8,818.33	6.50		0.00
									Operating Expense Rec	2,594.00	1.91					
	10/01/2008 09/30/2014								Real Estate Tax Recovery	1,991.00	1.47					
										6,283.34	4.63					
CMEZZ	GUILLEVIN INTERNATIONAL CO. (2,653 SQ FT)	71.00	0.00			0.00	Net									0.00
	10/01/2008 09/30/2014															
D	VCI CONTROLS INC.	65.00	7,047.00		5,578.88	9.50	Net		Electric Charges	881.00	1.50	9/1/13	6,459.75	11.00		4,814.60
									HST Billed	839.78	1.43					
	09/01/2009 02/28/2015									1,720.78	2.93					
E	LINK-LINE CONTRACTORS LTD.	59.00	8,460.00		9,870.00	14.00	Net		HST Billed	1,420.06	2.01					10,760.40
									Parking Revenue	636.90	0.90					
	01/01/2009 12/31/2013								Signage	416.67	0.59					
										2,473.63	3.51					
F	MIKE AND MIKES INC.	60.00	21,009.00		10,241.89	5.85	Net		HST Billed	2,100.79	1.20	5/1/13	0.00			14,787.50
									Operating Expense Rec	3,348.00	1.91	5/1/15	10,767.11			
	04/15/2008 04/30/2013								Real Estate Tax Recovery	2,570.00	1.47					
										8,018.79	4.58					
G	METROLAND MEDIA GROUP LTD.	71.00	9,075.00		10,587.50	14.00	Net		HST Billed	1,376.38	1.82					9,897.34
	01/01/2009 12/31/2014															
H	DILESH BHULLAR	63.00	7,940.00		6,616.67	10.00	Net		Electric Charges	827.00	1.25					6,944.00
									HST Billed	967.68	1.46					
	01/01/2010 04/30/2015									1,794.68	2.71					
I	VACANT		127,861.00													
IMEZZ	VACANT		0.00													

927

Detail Rent Roll

Report Date: 02/01/2013

Royal Gate

Suite No.	Tenant Name **********Lease Terms********** Commencement Date	End Date	Current Term (Months)	Rentable Square Footage	Prorata Share	Monthly Base Rent	Annual Rate/SF	Lease Type	Expense Stop	**********Other Charges********** Description	Monthly	Per Sf	*****Future Rent Increase***** Date	Monthly Amt.	Annual Per Sf	Current Term Rent Abatement	Security Deposit
J	BELNOR ENGINEERING INC>		65.00	5,307.00		4,201.38	9.50	Net		Electric Charges	663.00	1.50	8/1/13	4,864.75	11.00		3,420.19
										HST Billed	632.37	1.43					
	08/01/2009	01/31/2015									1,295.37	2.93					
LOBBY	VACANT			1,821.00													
PARK	VACANT			0.00													
ROOF	VACANT			0.00													
TELE	TERAGO NETWORKS INC.		35.00	0.00			0.00	Net									0.00
	12/01/2010	11/30/2013															
Total				385,640													
FUTURE LEASES																	
F	MIKE AND MIKES INC.		35.00	21,009.00		10,241.89		Net					5/1/13	0.00		05/01/13 - 05/31/13	0.00
						(10,241.89)							5/1/15	10,767.11			
	05/01/2013	04/30/2016				0.00											

Total for Property cig20506

Physical Occupancy		
Occupied SqFt:	66.37%	255,958
Vacant SqFt:	33.63%	129,682
Total SqFt:	100.00%	385,640

Leased Occupancy		
Leased SqFt:	66.37%	255,958
Available SqFt:	33.63%	129,682
Total SqFt:	100.00%	385,640

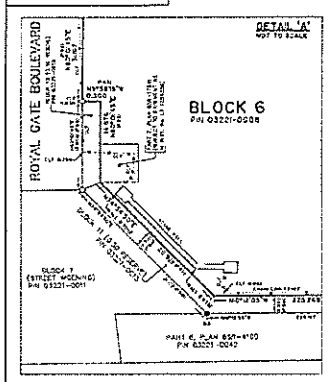
Total Other Charges Rent		
Operating Expense Rec	35,069.00	9.09
HST Billed	27,009.15	7.00
Signage	416.67	0.11
Real Estate Tax Recovery	26,681.00	6.92
Electric Charges	2,371.00	0.61
Parking Revenue	636.90	0.17
	92,183.72	23.90

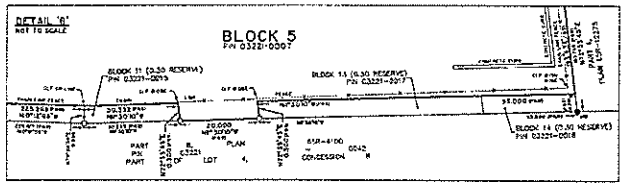
Total Security Deposit	
Total Security Deposit	262,096.88

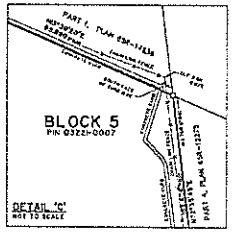
Total Monthly Base Rent	
Base Rent	142,589.12
Total Monthly Base Rent	142,589.12

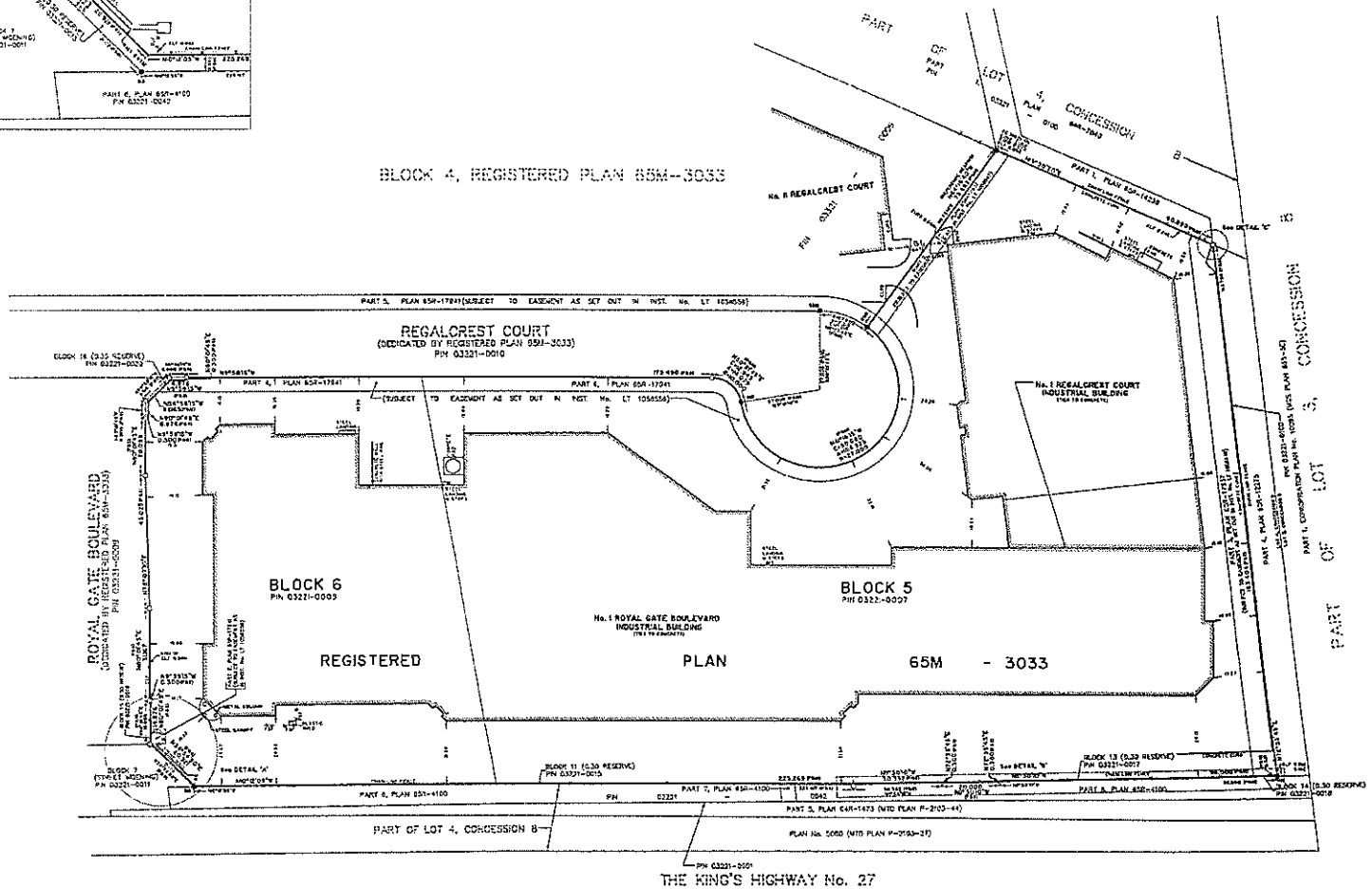
928

METRIC: DISTANCES SHOWN ON THIS PLAN ARE IN METRES AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0.3048.









SURVEYOR'S REAL PROPERTY REPORT
PART 1
PLAN OF SURVEY OF

BLOCKS 5 AND 6
REGISTERED PLAN 65M-3033
CITY OF VAUGHAN
REGIONAL MUNICIPALITY OF YORK

SCALE 1:750

SURVEYOR'S REAL PROPERTY REPORT
PART 2

THIS PLAN MUST BE READ WITH SURVEYOR'S REAL PROPERTY REPORT DATED JANUARY 30, 2007.

NOTES

O	DENOTES	PLANTED MONUMENT
W	"	FOUND MONUMENT
SIB	"	STANDARD IRON BAR
SIBW	"	SHORT STANDARD IRON BAR
IB	"	IRON BAR
PC	"	CUT CROSS
	"	SET MONUMENT PLAN 65M-3033
P22	"	SCHAEFFER & DZALDOV LIMITED, O.L.S.
PRC	"	POINT OF REVERSE CURVE
CLF	"	CHAIN LINK FENCE
PLF	"	PLASTIC BOARD FENCE
M	"	MEASURED
R	"	REC

ALL PLANTED MONUMENTS ARE SBW's UNLESS NOTED OTHERWISE.
ALL FOUND MONUMENTS ARE MARKED 922.

BEARINGS ARE ASTRONOMIC AND ARE REFERRED TO THE NORTHEASTERLY LIMIT OF BLOCK 5 AS SHOWN ON REGISTERED PLAN 65M-3033, HAVING A BEARING OF N44°16'40"W.

THIS REPORT WAS PREPARED FOR ROSANSKE HOLDINGS LIMITED AND OTHER APPLICABLE PARTIES TO CURRENT TRANSACTIONS ONLY, AND THE UNDERSIGNED IS NOT LIABLE FOR ANY FUTURE TRANSACTIONS.

SURVEYOR'S CERTIFICATE

I CERTIFY THAT :

1. THIS SURVEY AND PLAN ARE CORRECT AND IN ACCORDANCE WITH THE SURVEYS ACT, THE SURVEYORS ACT, THE LAND TITLES ACT AND THE REGULATIONS MADE UNDER THEM.
2. THE SURVEY WAS COMPLETED ON 5th DAY OF DECEMBER, 2006.

DATE: JANUARY 31, 2007.

SCHAEFFER & DZALDOV ONTARIO LAND SURVEYOR

ASSOCIATION OF ONTARIO LAND SURVEYORS
PLAN SUBMISSION FORM
1512597
THIS PLAN IS NOT VALID UNLESS IT IS AN ORIGINAL COPY SIGNED BY THE SURVEYOR IN INDELIBLE INK

PLAN UPDATED FEBRUARY 9, 2007 TO SHOW CORRECTED TIE TO NORTHEAST CORNER OF No. 1 REGALCREST COURT

SCHAEFFER & DZALDOV LIMITED
ONTARIO LAND SURVEYORS
64 JARDIN DRIVE CONCORD, ONTARIO L4K 3P3 TEL(416)367-6511

DRAWN JC/CC/LV	CHECKED DY/RAP	SCALE 1:750	JOB NO. 06-229-6

929

930

EXISTING LOT SITE STATISTICS:

EX. LOT AREA:	57,685.6 m2
EX. BUILDING AREA:	32104 m2
EX. TOTAL GFA:	38036 m2
EX. BREEZEWAY TO BE REMOVED:	1366 m2.

Note:
* Mezzanine area excluded from GFA for parking requirement calculations.

FIRE TRUCK ROUTE CENTERLINE

SEVERANCE LOT (1 REGALCREST COURT) SITE STATISTICS:

PROPOSED LOT AREA:	12270.4 m2
MIN LOT AREA REQUIRED:	3000 m2
PROPOSED FRONTAGE:	88.9 m
REQUIRED FRONTAGE:	60m
BUILDING AREA:	6504 m2
SITE COVERAGE:	53%
LANDSCAPED AREA:	1500 m2 (12.2%)
PROVIDED	>5% required
GROUND OFFICE AREA:	447 m2
2nd FL OFFICE AREA:	447 m2
WAREHOUSE AREA:	6057m2
TOTAL GFA :	6951 m2
REQUIRED PARKING:	109

(894m2@ 2/100m2 =18 FOR OFFICE AREA
6057m2 @ 1.5/100m2= 91 FOR INDUSTRIAL USE)

PROPOSED PARKING:	101

(2 accessible parking required, 2 provided)

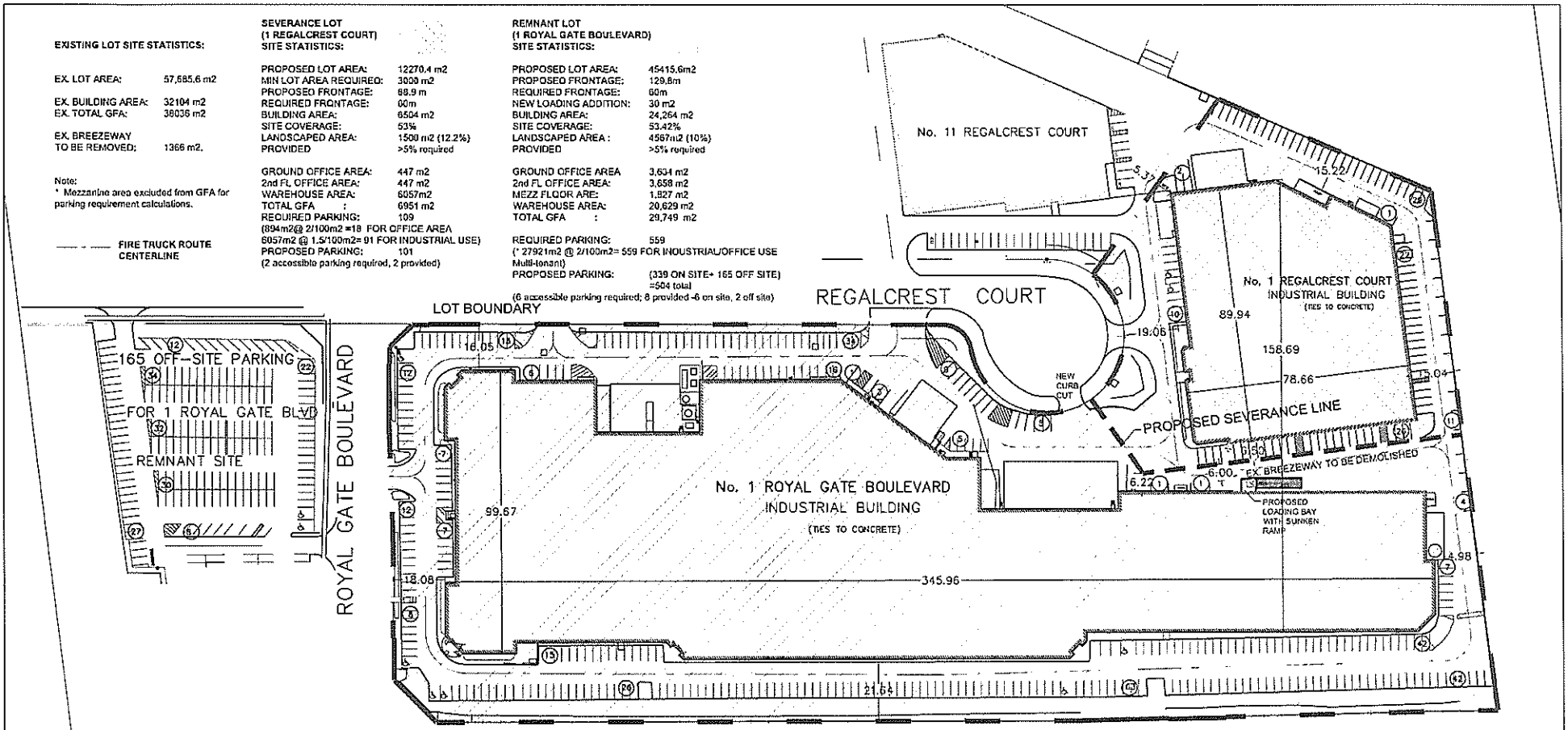
REMNANT LOT (1 ROYAL GATE BOULEVARD) SITE STATISTICS:

PROPOSED LOT AREA:	45415.6m2
PROPOSED FRONTAGE:	129.8m
REQUIRED FRONTAGE:	60m
NEW LOADING ADDITION:	30 m2
BUILDING AREA:	24,264 m2
SITE COVERAGE:	53.42%
LANDSCAPED AREA :	4567m2 (10%)
PROVIDED	>5% required
GROUND OFFICE AREA	3,634 m2
2nd FL OFFICE AREA:	3,658 m2
MEZZ FLOOR ARE:	1,827 m2
WAREHOUSE AREA:	20,629 m2
TOTAL GFA :	29,749 m2

REQUIRED PARKING: 559
(* 27921m2 @ 2/100m2= 559 FOR INDUSTRIAL/OFFICE USE Multi-tenant)

PROPOSED PARKING:	(339 ON SITE+ 165 OFF SITE) =504 total

(6 accessible parking required; 8 provided -6 on site, 2 off site)



THE KING'S HIGHWAY No. 27

Revision:	Project:	Dwg Title:	Date:	Scale:	Prepared by:
1. 16MAY12 2. 7JUN12	PROPOSED SEVERANCE AT 1 REGALCREST COURT/ 1 ROYAL GATE BLVD, VAUGHAN	PROPOSED SITE PLAN	APR 13, 2012	1=4000	**Heman Shih** ARCHITECT INC 26 Trish Drive Richmond Hill ON L4E 5C5 T 905.773.8304 F 905.773.2716 heman@hemanshih.ca
			Project No: 11092	Sheet No: AS-01	

VAUGHAN

March 6, 2013

Attn: Heman Shih
c/o Heman Shih Architect Inc.
26 Trish Drive
Richmond Hill, Ontario L4E 5C5
Sent via email: heman@hemanshih.ca

Dear Mr. Shih,

RE: Minor Site Development File: DA.12.053
Royal Gate Nominee Inc.
1 Royal Gate Boulevard and 1 Regalcrest Court
Concession 8, Part of Lots 4 & 5
Block 5 and 6, 65M-3033

The Development Planning Department, in consultation with the Development/Transportation Engineering Department and the Building Standards Department, has approved Site Development File DA.12.053, which proposed the demolition of an existing breezeway between 1 Regalcrest Court and 1 Royal Gate Boulevard to construct a new loading addition and sunken ramp. In addition, the proposal includes the reconfiguration and addition of parking and the creation of a new driveway access and curb cut off of Regalcrest Court.

The lands are designated "Prestige Area" and "Employment Area General" by in-effect OPA #450 (Employment Area Plan), and zoned EM1 by Zoning By-law 1-88, subject to Exception 9(654E) and 9(654D). The subject lands are also designated "Prestige Area" and "General Employment" by the new City of Vaughan Official Plan 2010, which is pending approval from the Ontario Municipal Board.

The proposal conforms to the policies of the Official Plans, complies with Zoning By-law 1-88, and is considered minor in nature. No changes, other than those described in this approval letter, shall be made to the subject lands. A building permit, if required, can be obtained from the Building Standards Department in accordance with the following drawings:

Drawing Title	Drawing No.	Drawing Date	Approval Date
Site Plan Part Plan, by Heman Shih Architect Inc.	AS101	July 11, 2012	Development Planning Department - October 2, 2012
Exterior Elevations, by Heman Shih Architect Inc.	A200	June 11, 2012	Development Planning Department - October 2, 2012
Exterior Elevations, by Heman Shih Architect Inc.	A201	June 11, 2012	Development Planning Department - October 2, 2012
Key Plan, Tree Inventory and Preservation Plan	L100	September 7, 2012	Development Planning Department - October 2, 2012
Planting Plan and Details , by Vertechs Design Inc.	L101	September 7, 2012	Development Planning Department - October 2, 2012
Site Grading and Servicing Plan, by Cole Engineering	GS-01	October 19, 2012	Development/Transportation Engineering Department – November 9, 2012

VAUGHAN

Should you have any questions, please feel free to contact me at (905) 832-8585 extension 8635 or Mark Antoine, the planner managing the file at extension 8212.

Sincerely Yours,

Grant Uyeyama
Director of Development Planning
/MA

Attachments: Reductions of the above-listed plans

Copy to: Leo Grellette, Director of Building Standards
Andrew Pearce, Director of Development/Transportation Engineering

TAB 49

This is Exhibit "49" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, April 4, 2013 5:22 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 14 Dewhurst
Attach: spreadsheets apr 4, 13.xls; 14 Dewhurst - Draft.pdf

Dear Stan,

As promised, the first property we'd love for you to partner with us on is 14 Dewhurst. It is just north of Danforth between the Pape and Donlands subway stations. It is a former church property that measures 20,229 rentable square feet over three levels. The lower level is mostly above grade. We have it under contract of purchase for $2.8 million and we have negotiated a leaseback by the church for the first six months at $16,667 per month gross rent. We close April 15, 2013.

Our plan is to gut renovate the property to suit Kids & Co. daycare operations. We are negotiating with them to occupy the entire property on a long term lease and they are currently preparing space plans. We are negotiating rates with a view to entering into an offer to lease within two months of closing so we can design-build to their specifications.

Atrium Mortgages has committed to provide us with $2.1 million on closing and another $600,000 to defray the costs of the interior renovations, all at 8.5% interest only. We anticipate the property will be worth about $6.3 million once completed and occupied and we anticipate we will earn a straight line profit of approximately 27.5% within 15 months of ownership, being a 21.5% compounded annual return. Once done, this would remain in our joint portfolio and would be cash flow positive, with most of our capital being returned to us once refinanced.

I am attaching the excel spreadsheet and the draft appraisal showing anticipated value once renovated and tenanted. If of interest, we would ask that you make out a cheque payable to Dewhurst Developments Ltd. for $125,000 to defray your half of the deposit and due diligence expenses which we've already paid. You would then need another $1,286,000 on April 15th, being our closing date. Tom would incorporate your holding company and prepare draft deal terms as usual.

As always, we'd love for you to be involved if of interest and if you have the monies readily available.

Cheers,
Norma

Norma Walton B.A., J.D., M.B.A.
THE ROSE AND THISTLE GROUP LTD.
30 Hazelton Avenue
Toronto, Ontario, Canada M5R 2E2
Tel: (416) 489-9790 Ext. 103
Fax: (416) 489-9973

www.roseandthistlegroup.com

	A	B	C
1		Anticipated Profit	
2			
3	Building Value:		$ 6,297,386
4			
5	Less Project Cost:		$ 5,522,000
6			
7	Projected Profit:		$ 775,386
8			

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	A	B	C	D
1	14 Dewhurst			
2	CAPITAL REQUIRED			
3				
4	**Purchase Costs**			
5	Purchase Price	2,800,000		
6	Mortgage fee	54,000		
7	Lender's legal fee	15,000		
8	Ontario Land Transfer Tax	42,000		
9	Municipal Land Transfer Tax	42,000		
10	Other fees and disbursements	15,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 2,968,000
16				
17	**Hard Construction Costs**			
18	To design-build to tenant's specifications ($100 PSF)	$ 2,100,000		
19	Project management fees:	$ 210,000		
20	Total Hard Construction Costs			$ 2,310,000
21				
22	**Professional Fees**			
23	Architectural, engineering, interior design fees	$ 50,000		
24	Cost Consultant	$ 15,000		
25	Surveyor's and permit fees	$ 15,000		
26	**Total Professional Fees:**			$ 80,000
27				
28	**Carrying Costs**			
29	Property tax, mortgage interest, utilities, insurance	$ 264,000		
30	Less Rent from vendor	$ (100,000)		
31				
32	**Total Carrying Costs:**			$ 164,000
33				
34	**Total Capital Required**			$ 5,522,000
35				
36	**Mortgage - acquisition portion:**	38.03%	8.50%	$ 2,100,000
37	**Mortgage - construction portion:**	10.87%	8.50%	$ 600,000
38	**Dr. Bernstein equity:**	25.55%		$ 1,411,000
39	**Walton equity:**	25.55%		$ 1,411,000

	A	B	C	D
1		**Projected Net Income**		
2				
3	Anticipated net revenues:			
4				
5	Basement - 7212 SF @ $16		$115,392	
6	Ground floor - 7475 SF @ $25		$186,875	
7	Second floor - 5542 SF @ $25		$138,550	
8				
9	Projected net income:			$440,817
10				
11				
12		**Projected Building Value**		
13				
14				
15	7% capitalization rate:		$6,297,386	

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	A	B	C
1	Projected Investor Return		
2	Formula for Profit Division		
3			
4	Dr. Bernstein's investment	1,411,000	
5	Rose and Thistle's investment:	1,411,000	
6			
7	Projected profits:	775,386	
8			
9	Refinance property:		
10			
11	New mortgage (75% of new value):	4,723,039	
12	Less existing mortgage:	2,700,000	
13	Balance available:	2,023,039	
14			
15	Use balance to pay back part of investor capital:	2,023,039	
16			
17	Balance of equity invested in property after refinancing:		
18	Dr. Bernstein:	399,480	
19	Waltons:	399,480	
20			
21	Percentage return on investment:	27.48%	
22			
23	Compounded annual return:	21.50%	
24			
25	Total investment period:	15 months	
26			
27	An investment of $100,000 on April 15, 2013 is projected to be worth $127,480 on July 15, 2014		

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Colliers INTERNATIONAL

Full Narrative Appraisal

Institutional Building

14 Dewhurst Boulevard

Toronto, Ontario

March 2013

PREPARED BY:
Vicente Gamboa, B.A., AACI, P.App
Senior Associate
Valuation & Advisory Services

PREPARED FOR:
Mark Goldberg
Executive Vice President, Real Estate
The Rose and Thistle Group Ltd

940 One Queen Street East Suite 2200
Toronto, Ontario
www.colliers.com

MAIN +1 416 777 2200
FAX 416-643-3470

Our File: 13-063

April 2, 2013

The Rose and Thistle Group Ltd.
30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

Attention: Mark Goldberg
Executive Vice President, Real Estate

Dear Mr. Goldberg,

Re: Full Narrative Appraisal of Institutional Building "As Complete"
14 Dewhurst Boulevard, Toronto, Ontario

In accordance with your request, we have inspected the above property and have carried out an analysis in order to estimate its prospective market value as complete. Based on our investigations, it is our opinion that the prospective market value as complete of the leased fee interest in the property, as at March 11, 2013, was estimated to be:

Six Million One Hundred Twenty Thousand Dollars
$6,120,000 (rounded)

The above value estimate is predicated on an exposure period of three to six months assuming the basis of a transaction involving cash to the vendor. This report describes the methods and approaches to value in support of the conclusion and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

DRAFT

Vicente Gamboa, B.A, AACI, P. App.
Senior Associate, Toronto

Table of Contents

Colliers INTERNATIONAL

Executive Summary

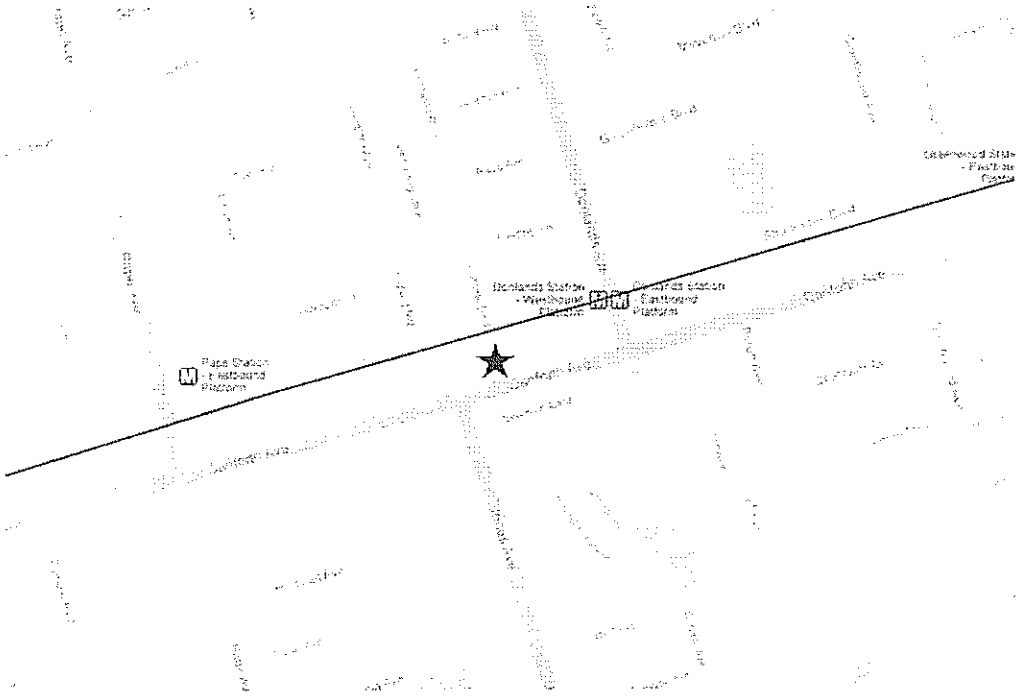
14 Dewhurst Boulevard
Toronto, Ontario

Effective Date of Appraisal	• March 11, 2013
Property Type	• Institutional Building
Rights Appraised	• Leased Fee Interest
Value Assumptions	• See Contingent and Limiting Conditions
Purpose and Intended Use	• Prospective market value as complete for financing purposes
Valuation Overview	
Final Value Conclusion	• $6,120,000
Valuation Summary	
Income Approach	
Direct Capitalization	• $6,120,000 (rounded)
Stabilized NOI	• $439,798
Overall Capitalization Rate	• 7.00%
Discounted Cash Flow	• Not Completed
Discount Rate	• Not Completed
Terminal Cap Rate	• Not Completed
Direct Comparison Approach	• $5,870,000
Cost Approach	• Not Completed
Site Dimensions	
Site Area	• 0.37 acres, as per the Municipal Property Assessment Corporation (MPAC)

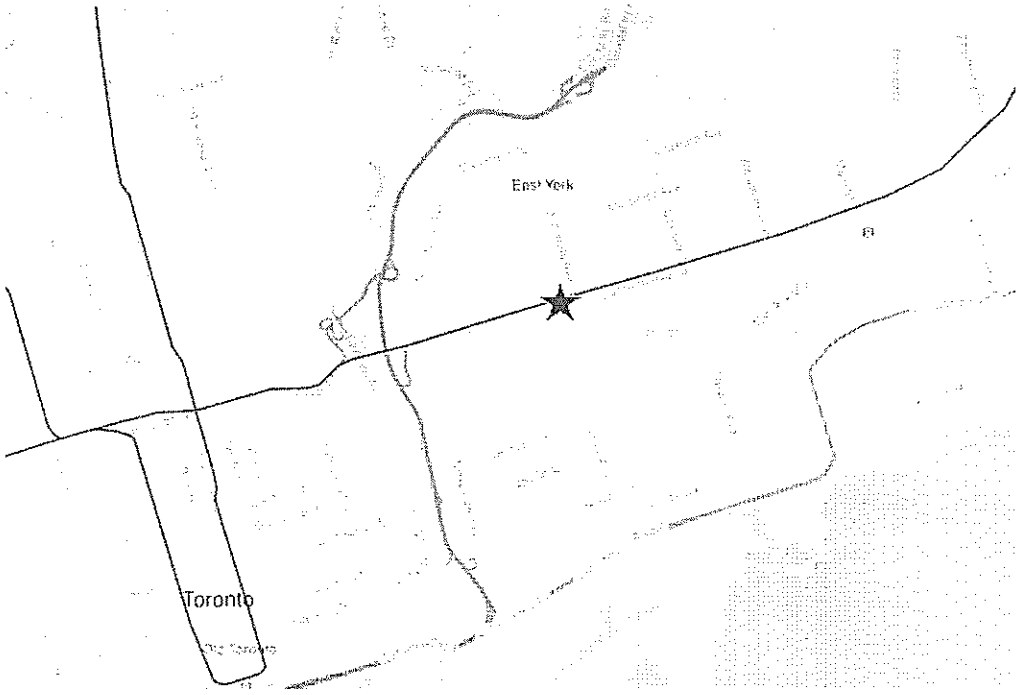
Building Description	
Area (square feet)	• 21,750 square feet (as per materials provided by the client)
Date of Construction	• The subject property was originally constructed between 1906 and 1925. As at the date of our analysis, the building will be undergoing interior renovations. It is our understanding renovation work is scheduled for completion in late 2013.
Quality/Condition	• Upon completion, the subject is assumed to be of very good quality.
Highest and Best Use	• As vacant: The highest and best use of the site as vacant is considered to be for residential development.
Property Characteristics	
Strengths	• Very good location within East Toronto. • Good access to the downtown core with direct positioning on the Bloor-Danforth subway line. • Major neighborhood amenities, including shopping, restaurants, schools, and parks.
Weaknesses	• None noted.

Maps

Locational Map

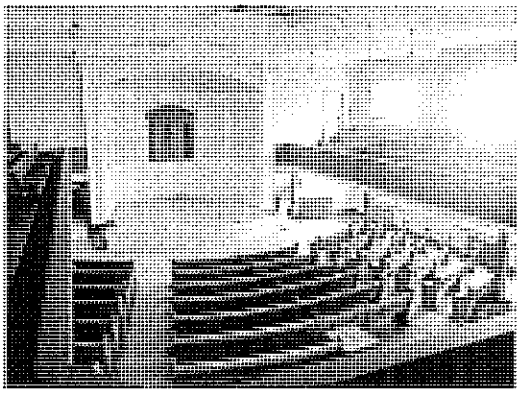


Regional Map

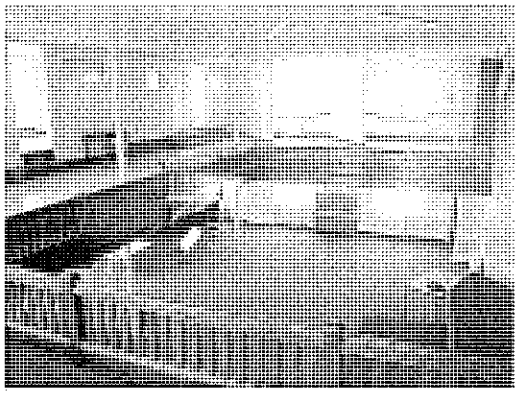


Photographs of Subject Property

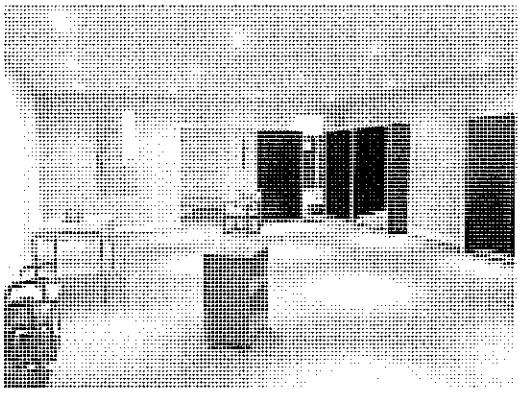
Exterior View from Dewhurst Blvd



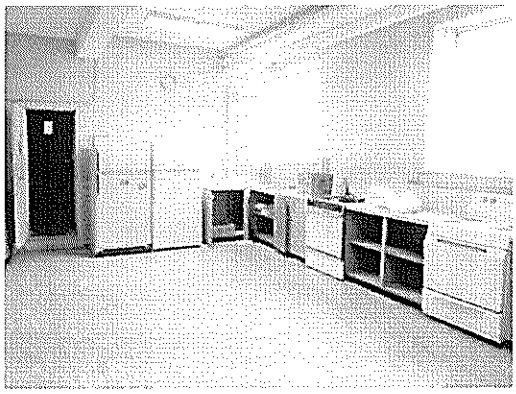
View of Ground Floor Church Space from Balcony



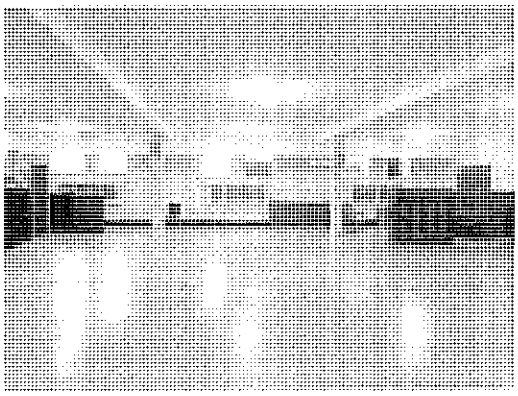
View of Ground Floor Space from Balcony



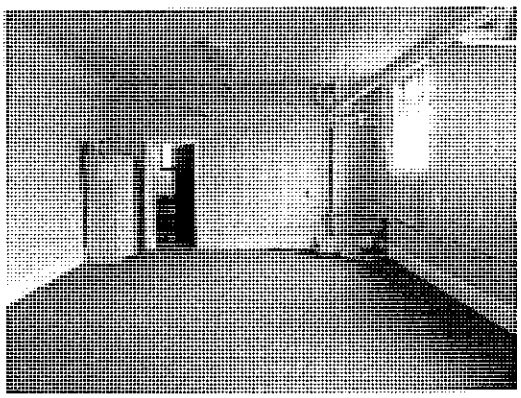
Room



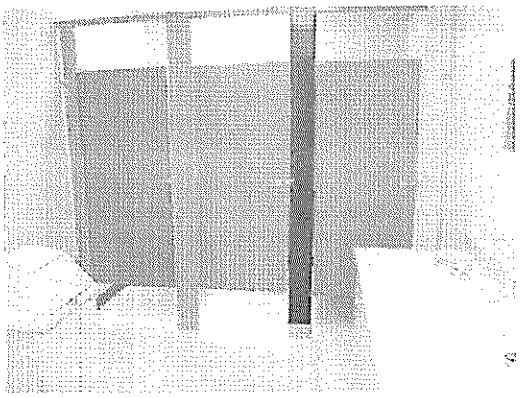
Kitchen



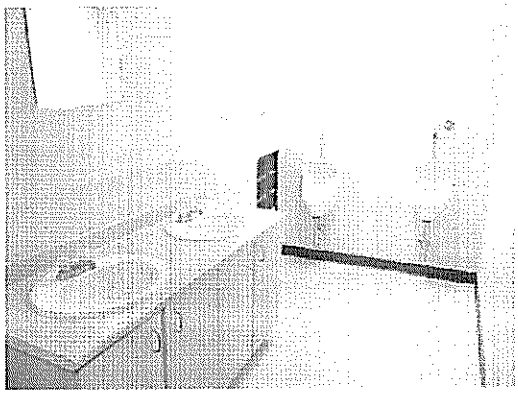
Basement Area



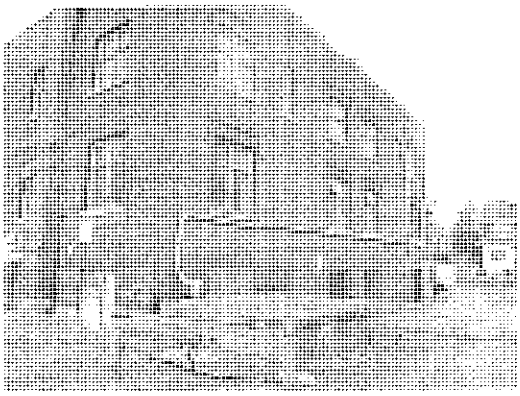
Room in basement



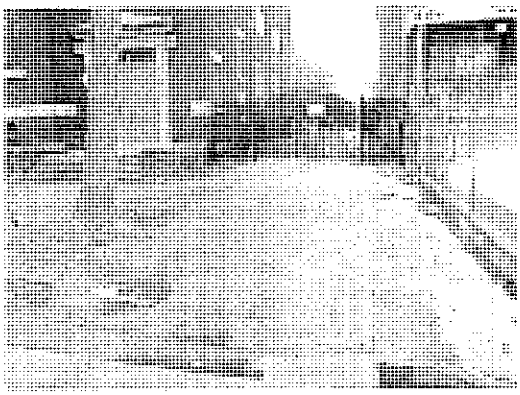
Washroom



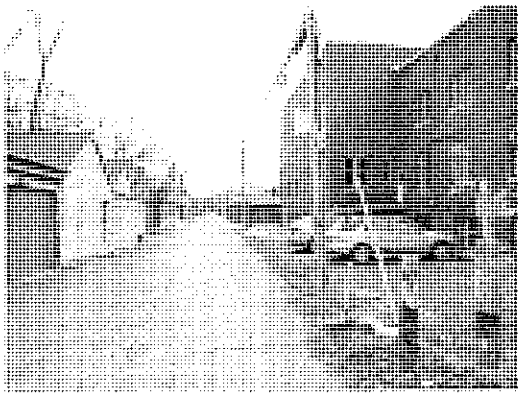
Washroom



South side of Building



North side of Building (Future Outdoor Play Area)



Alley behind Building

Terms of Reference

Purpose and Intended Use of Report	The purpose of this valuation is to estimate the prospective market value of the property as complete described herein. Mark Goldberg of The Rose and Thistle Group Ltd. has requested this report for use with respect to financing. This report has been prepared only for the party named above and for only the specific use stated. Use of this report by any other party or for any other purpose than stated herein is completely unauthorized.
Property Rights	The property rights appraised are those of the leased fee estate.
Effective Date	The effective date of this valuation is March 11, 2013
Inspection Date	An interior and exterior inspection of the subject was conducted on March 11, 2013 by Vicente Gamboa B.A., AACI, P.App.
Market Value Definition	For the purposes of this valuation, market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of the specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2010 ed., p. 55)

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Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

The market value estimated herein is predicated on an exposure period of three to six months.

Marketing Time

Marketing time is an estimate of the amount of time it most likely would require to sell an interest in real property as its estimated market value during the period immediately after the effective date of the appraisal.

Based on discussions with brokers familiar with the local market, an analysis of recent transactions, and the prevailing conditions of the local real estate market, a marketing time three to six months from the effective date of the appraisal would be required to sell the subject property at its estimated market value.

Scope of the Valuation

This is a *Full Narrative Appraisal Report* and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

During the course of preparing this valuation, the following was completed:

- A personal inspection of the property
- A review of the prospective tenant rent roll
- A review of available data regarding the local market
- Verification of current land use and zoning regulations

- A review of sales and listing data on comparable properties
- Interview(s) with market participants

Contingent and Limiting Conditions

The report is subject to the Contingent and Limiting Conditions set forth herein in addition to any specific assumptions that may be stated in the body of the report.

Extraordinary Limiting Conditions

Within the appraisal of the property referred to herein, no Extraordinary Limiting Conditions were invoked.

Extraordinary Assumptions

We have relied on information provided to us by our client with respect to the status of the tenancy and their contractual rights and obligations, physical attributes of the property and environmental condition of the site. The assumptions stated herein are critical to the value estimate contained herein and the authors of this report and Colliers International Realty Advisors Inc. reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

The value stated herein pertains to the stabilized market value of the prospective development proposed for the subject property. We have relied on plans and the projected rent roll as provided to us by our client. We have assumed this information is correct. Should this assumption prove incorrect, we reserve the right to revise our value conclusion.

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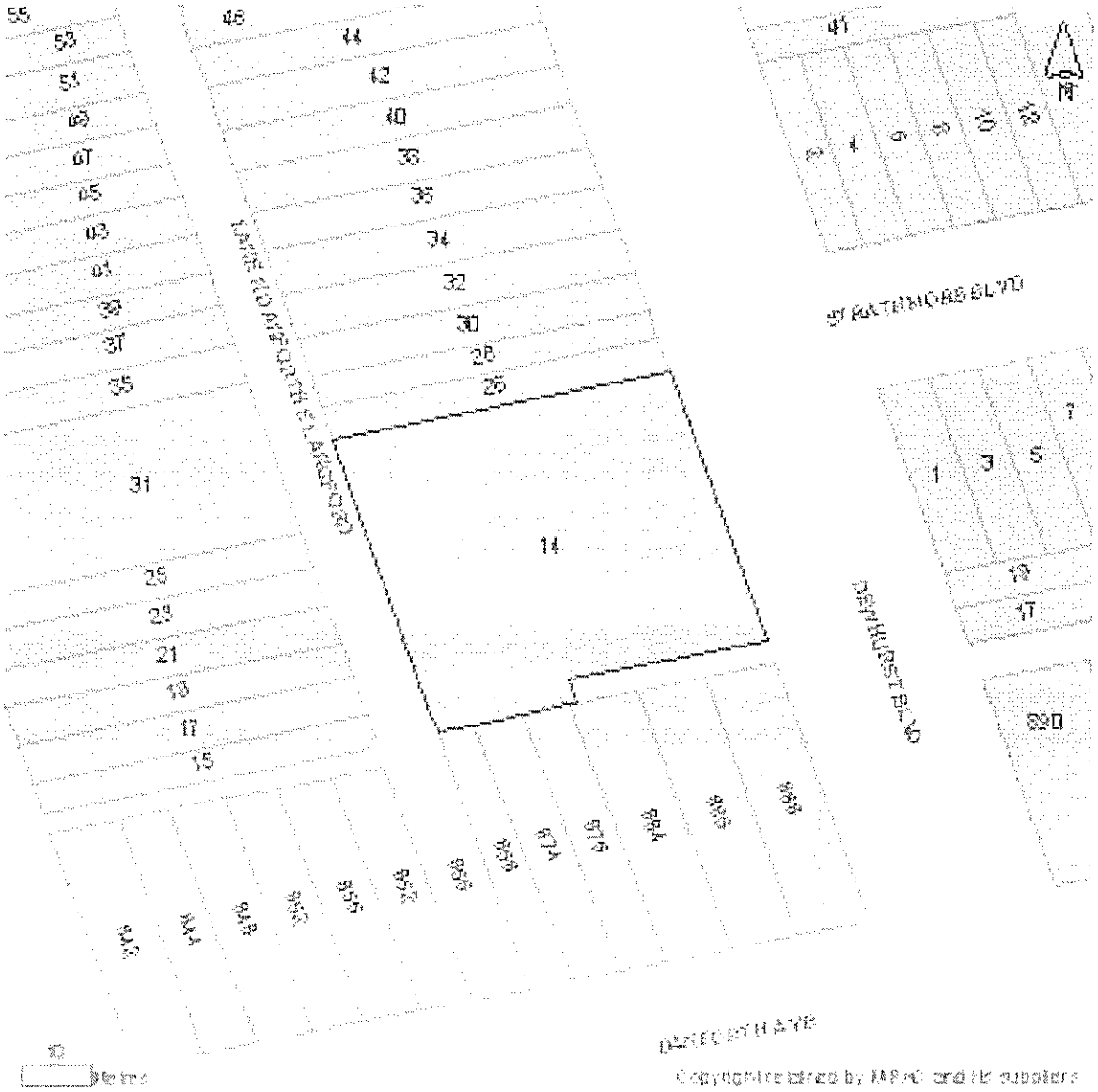
We have also assumed that the finishes of the subject will be completed in a good workmanlike manner, similar to other high quality institutional developments.

With the exception of the foregoing, there have been no other Extraordinary Assumptions employed in the preparation of this appraisal or report.

Property Data

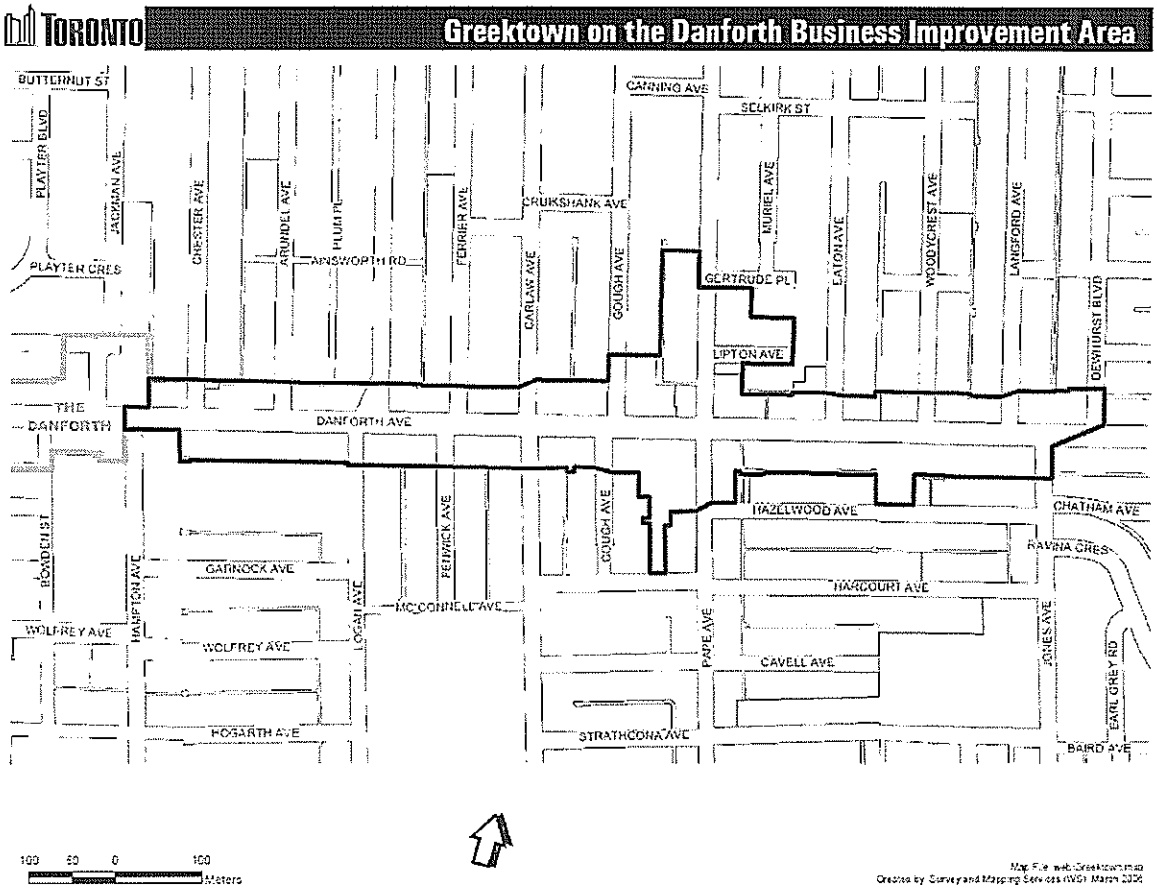


Municipal Address	14 Dewhurst Blvd, Toronto, Ontario
Legal Description	PT LT 220 PL 417E TORONTO AS IN EV533 EXCEPT CT704443; LT 221 PL 417E TORONTO; LT 222 PL 417E TORONTO; LT 223 PL 417E TORONTO; LT 224 PL 417E TORONTO; LT 225 PL 417E TORONTO; LT 226 PL 417E TORONTO; LT 227 PL 417E TORONTO; S/T EV68310; TORONTO , CITY OF TORONTO

Colliers INTERNATIONAL

Property Rights	This valuation pertains to the leased fee interest in the property described herein.
Encumbrances	For the purposes of this assignment, encumbrances are assumed not to have any effect on the marketability or market value of the property.
Ownership / Sale History	Ownership of the property last transferred on February 5, 2009. According to the information available, the current owner, Westminster Chapel, acquired the property for the reported consideration of $2. This transaction was believed to have occurred between related entities; no atypical conditions were known to have influenced the transaction. However, as at the date of our analysis, it is our understanding that the property is currently under contract for the reported consideration of $2,300,000. This transaction is believed to be occurring at arms length; no atypical conditions are known to have influenced the transaction.
Realty Taxes / Assessment	Roll Numbers: 1904084380037000000 Total Assessment: $2,465,000 per SF: $113.33 Relative to the value estimate herein, the above assessment appears to be reasonable. Notwithstanding this, we recommend a full review be conducted on the assessment to ensure both equity and accuracy.

Neighbourhood Overview



The property is situated in the eastern portion of Toronto's core. More specifically, the subject property is located on Dewhurst Boulevard, west of Donlands Avenue, on the north side of Danforth Avenue, in the neighborhood known as "The Danforth" or "Greektown". The neighborhood is mostly comprised of commercial and residential developments, with ground floor retail and office units fronting the main road systems. The property benefits from excellent access to public transit (Bloor-Danforth subway line) as well as access to amenities including shopping, restaurants, schools, and parks.

Major Arterials & Access

Access	•	Danforth Avenue
Arterials	•	Donlands Avenue
	•	Jones Avenue
	•	Pape Avenue
	•	Greenwood Avenue

Adjacent Land Uses

North:	•	Residential
South:	•	Commercial / Residential
East:	•	Commercial / Residential
West:	•	Commercial / Residential

Site Description

Area	The site comprises a total area of 0.37 acres, or 15,979 square feet, more or less (as per the Municipal Property Assessment Corporation).
Frontage	As per the Municipal Property Assessment Corporation, the frontage of the site is as follows: • Approximately 130 feet onto Dewhurst Boulevard
Configuration	The site is regular in its configuration
Land Use Classification (Zoning)	The Toronto Official Plan designates the site as a Mixed Use Area. The property is currently classified as R2 – Residential.
Density	As per the plans, once the proposed development is complete, the site will have been developed to 1.36 times density.
Services	The site is assumed to be fully serviced
Topography	The site's topography is generally level
Soil Conditions	See Extraordinary Assumptions
Summary	The site provides very good access and good exposure characteristics; no adverse influences are visually apparent. We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Land Use / Zoning

Land Use Classification	R2 – Residential
Comments	The prospective subject improvements conform to zoning allowed under the R2 – Residential district. A full list of permitted uses as well as a map of the zoning by-law can be seen in Appendix C.

Description of the Improvements (as complete)

It is our understanding the developer intends to utilize the space as a daycare upon completion. As per the information supplied by the client, the building shall be re-configured to accommodate a day care of 21,750 square feet finished with classrooms, an office, laundry room, kitchen, and an outdoor play area. It is assumed that all finishes and construction material will be of a high standard of quality and that it will be provided with full municipal services.

Market Overview

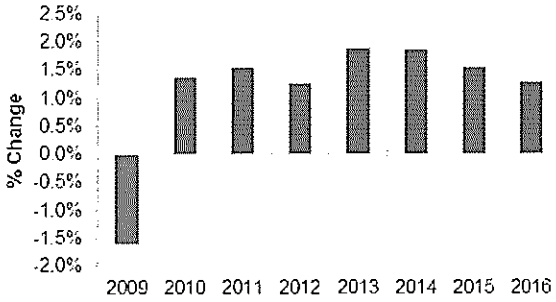
Q4 12 Canadian Economic Overview

Europe's financial woes and political tension in the United States have weighed heavily on global economic growth. Although Canada has weathered the storm in the past, recent forecasts show that while the Canadian economy is resilient, it is not completely immune. The statistics detailed below summarize current Canadian market conditions based on the most up-to-date information available from the Conference Board of Canada and Statistics Canada for 2012.

Real Gross Domestic Product (GDP)

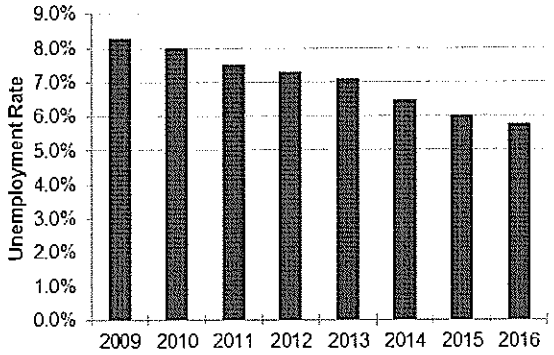
Faced with significant headwinds, global economies have lost momentum in 2012. Canada's slowdown can be attributed to weaker business investment and reduced demand for Canadian exports. Previous forecasts had a more optimistic outlook towards Canada's real GDP growth for 2012 at 2.2%. However many organizations, such as The Bank of Canada, have since revised their projections downward to 1.9% real GDP growth for 2012 and 1.8% for 2013.

Employment



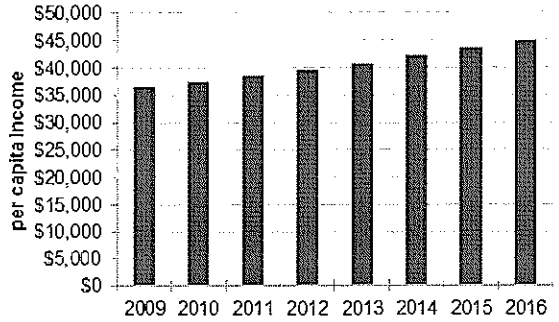
The Canadian labour market created 40,000 jobs in December 2012, on a month-over-month basis. While Canada has more than recovered its job losses experienced during the recession, employment growth in the public sector has slowed significantly due to a reduction in government spending. Most of the employment growth can be attributed to the private sector, which has outpaced the public sector for two consecutive years. Most of the job creation has been for permanent full-time positions.

Unemployment



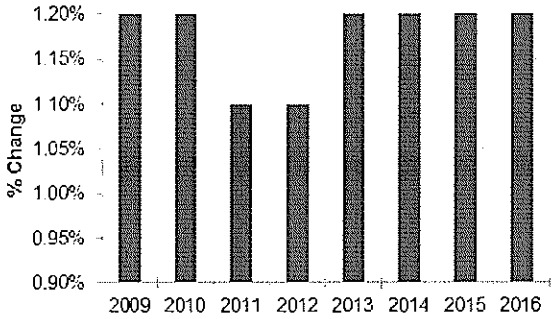
Although the Canadian unemployment rate is well above the average rate of 6.0% in 2007, before the financial crisis, it is on a downward trajectory. Fuelled by a recovering private sector, the nationwide unemployment rate dropped to 7.1%, the lowest in four years. By 2015, Canada's unemployment rate is forecast to return to pre-recession levels, at 6.0%.

Personal Income



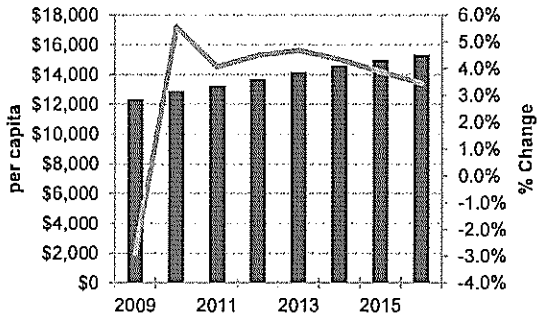
Canada's personal income per capita is estimated to be $39,591 for 2012, representing a 2.4% growth over 2011 and surpassing the 2.0% rise in CPI over the same period. Average income is anticipated to break $40,000 by 2013. By 2015, income per capita is forecast to reach $43,617.

Population Growth



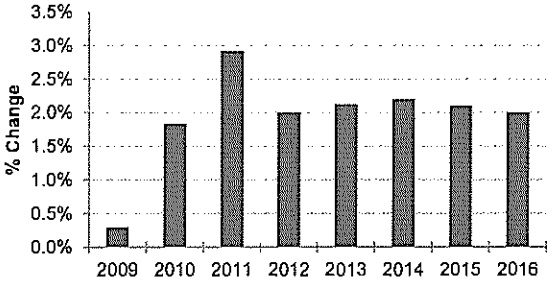
Total population in Canada is estimated to have increased to 35.002 million in October 2012. The majority of this increase can be attributed to international immigration and non-permanent residency. Population is forecast to rise consistently at 1.2% per annum in the forthcoming years, surpassing 36.000 million by 2015.

Retail Sales



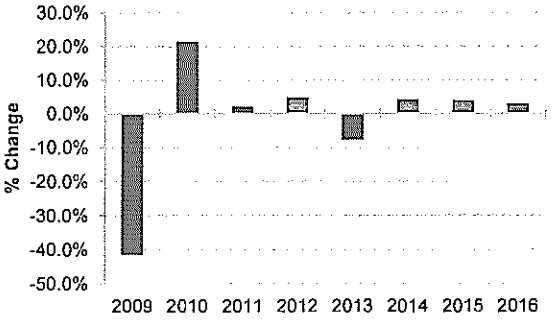
Retail sales are estimated to increase by 4.5% for 2012, surpassing the growth figure of 4.1% in 2011, as Canadian households increase spending due to ultra-low financing. Retail growth is forecast to grow over the next two years with increases of 4.7% and 4.3% respectively.

Consumer Price Index (CPI)



The consumer price index is expected to increase by 2.0% for 2012. This is a slower increase when compared to 2011, due to smaller price increases for food and gasoline. The average of the annual increases in the CPI since 1992 is 1.8%. This is forecast to remain fairly consistent over the next 3 years.

Housing Starts



Canada's housing starts slowed in December 2012, but more gradually than expected, as increases in single-family starts mitigated the effects of a slowdown in multi-family starts. Housing starts began falling in the second half of the year after the Canadian government tightened rules for mortgage lending for fear of a bubble after three years of strong growth in sales and prices.

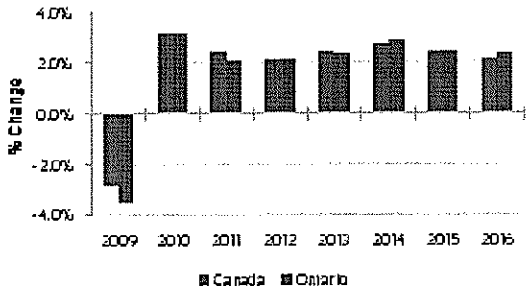
Summary

Canada's robust economy and sound banking system helped it emerge relatively unscathed from the economic crisis, however many recent economic indicators have shown signs that the economy is slowing.

Q4 12 Ontario Economic Overview

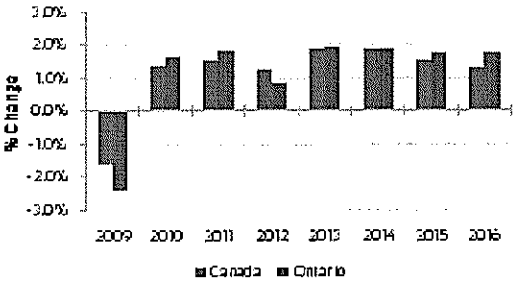
U.S. labour markets have improved greatly, which will increase exports and support Ontario's manufacturing sector, directly supporting GDP growth. The business investment outlook remains positive because of strength in residential construction. The statistics detailed below summarize current Canadian market conditions based on information provided by the Conference Board of Canada and Statistics Canada for 2012.

Real Gross Domestic Product (GDP)



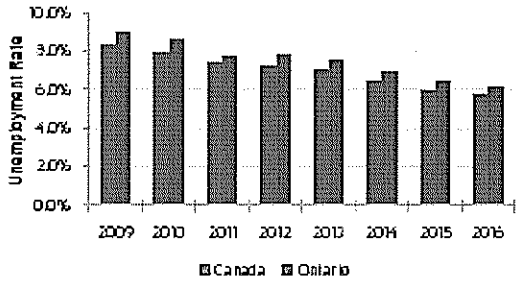
Real GDP is on pace to rise by 2.1% in 2012. In the next four years the rough average for GDP growth is estimated at 2.5%. This moderate growth is largely supported by insulation from business investment.

Employment



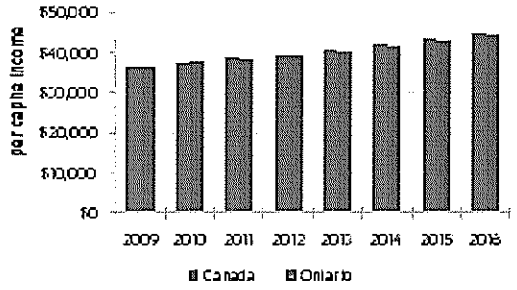
Thanks to a strong private sector and slowly recovering manufacturing and export industries, Ontario is expected to add roughly 58,000 jobs this year, which translates into a growth of 0.9% over 2012. An additional 131,000 jobs are estimated to be created in 2013, representing a growth of 1.9%. Employment figures are not due to experience recovery in the medium term, as provincial and federal governments downsize to try and reduce their deficits.

Unemployment



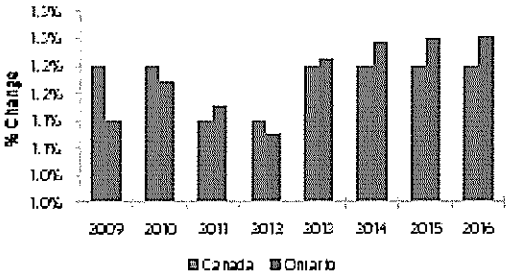
Unemployment in Ontario has been on a steady decline since peaking in 2009. The figure is expected to register at 7.9% this year, 0.1% higher than 2011's figure. The labour market is anticipated to tighten further in the upcoming four years, falling to 7.6% in 2013 before levelling off at roughly 6.8% in the medium term.

Personal Income



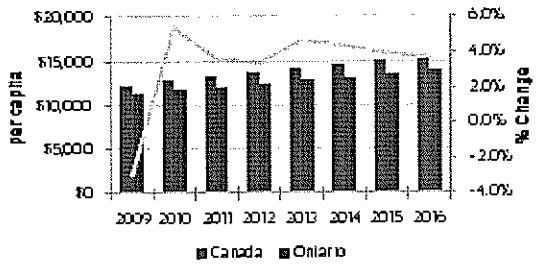
As the labour market tightens over the next few years, personal income per capita is set to rise accordingly. Income is estimated to rise roughly by 1.6% this year, largely consistent with the national average and slightly behind the growth of Consumer Price Index in the same period. Average personal income in Ontario is expected to exceed $40,000 in 2013.

Population Growth



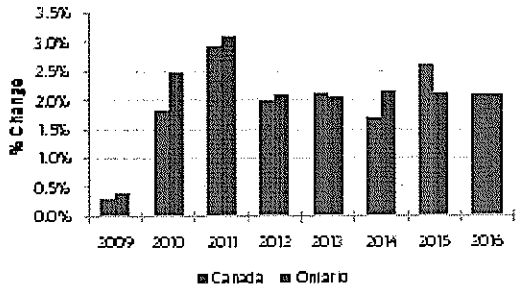
Population in Ontario is forecast to experience a steady growth over the medium term, starting with a 1.1% rise this year. By the end of 2012, the Province will be home to roughly 13.5 million people. Over the subsequent four years, Ontario's population growth will outpace the national average at a rising speed.

Retail Sales



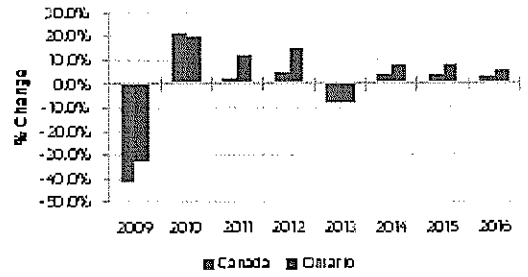
Retail sales are on pace to post a 3.4% growth over 2012, which translates into more than $167 billion spent on consumer goods and services. Overall consumer confidence is poised to growth over the next few years as both the labour market and personal income experience steady upward strides.

Consumer Price Index (CPI)



Provincial CPI is projected to increase by 2.1% in 2012, which is 1.0% less than last period's growth. Between 2013 and 2016, CPI is estimated to increase at an annual rate of 2.1%, consistently behind rise in personal income.

Housing Starts



Total housing starts in Ontario are expected to see an increase of 15.3% in growth during 2012, with 78,241 housing starts projected for this period. In years 2013 through 2016 housing starts will see a rough average annual growth of 3.3%, as the economy recovers.

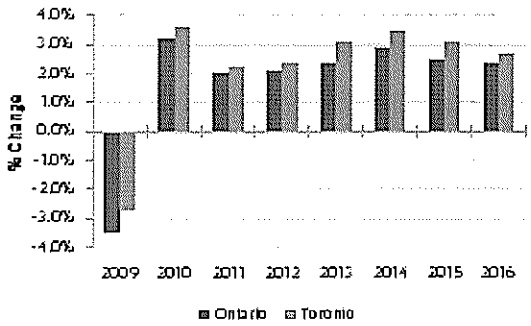
Summary

Ontario's economy has another year of moderate economic growth ahead, because of external and internal issues. GDP growth will suffer because of a lack of growth in the domestic economy and government fiscal restraint. This overcast is expected to clear up in 2013, as forecast predicts a GDP growth of 2.3%.

Q4 2012 Toronto Economic Overview

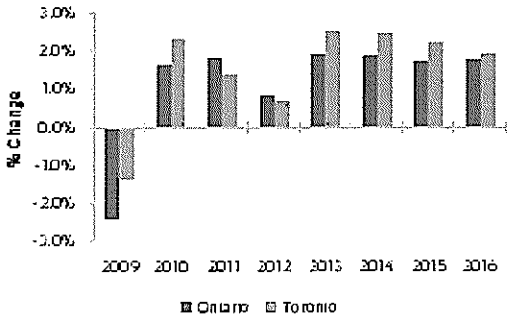
Many industries experienced slow growth in 2011, caused by an uncertain global outlook. In the current year gains are going to be witnessed in the manufacturing and construction industries as well as the retail sector. The statistics detailed below summarize current Canadian market conditions based on information provided by the Conference Board of Canada and Statistics Canada for 2012.

Real Gross Domestic Product (GDP)



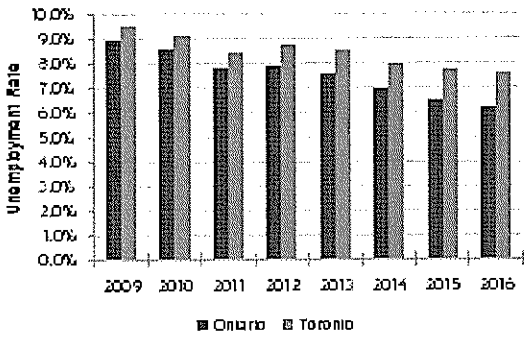
Following a 2.2% growth in 2011, real GDP output is expected to increase slightly this year to a 2.3%. This is largely due to the gains made in the manufacturing and construction sector. The medium term outlook for Toronto paints a picture of gradual but steady economic growth. GDP is forecast to rise by 3.1% in 2013 and by 3.5 % in 2014.

Employment



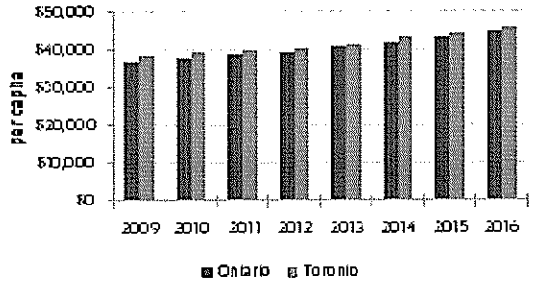
The City's labour force is expected to expand at a moderate rate of 0.7%, largely consistent with earlier predictions. Employment in 2013 is expected to witness a 2.5% increase. From 2013 to 2016, Toronto's labour force is expected to expand an annual average growth of 2.2%.

Unemployment



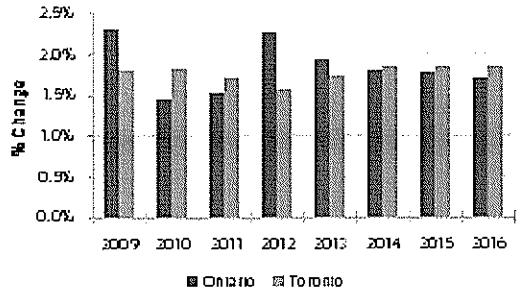
Toronto suffered from high unemployment throughout the recession. However, since peaking in 2009, the figure has been on a consistent decline, partly due to strong government stimulus initiatives introduced during this period. At the end of 2012, unemployment rate in the City is expected to reach 8.7%, a slight increase from 2011. By 2016, this figure is anticipated to return to levels seen prior to the recession.

Personal Income



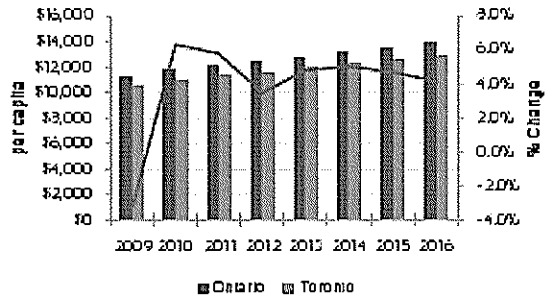
Personal income per capita is expected to rise by an estimated 1.2% in 2012, exceeding $40,000. Personal income for 2013 is due to witness a 3.3% increase.

Population Growth



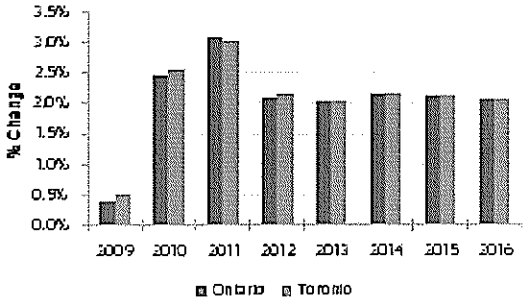
Population in metropolitan Toronto is expected to exceed 5.9 million in 2012, representing a 1.6% increase over 2011. Of the total growth, almost 100% are expected to be international migrants. Interprovincial migration is forecast to register no growth while intercity migration continues to remain negative.

Retail Sales



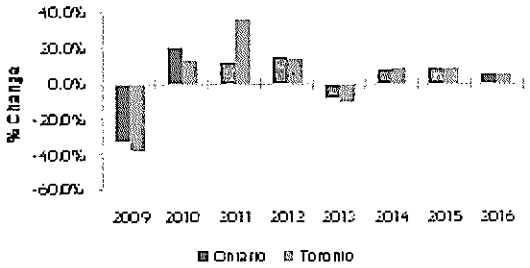
The Province is on pace to see a 3.5% growth in retail spending this year, significantly less compared to last year. Retail sales are estimated to grow by 4.6% next year before quickening its pace in 2014.

Consumer Price Index (CPI)



CPI in metropolitan Toronto is on pace to grow by 2.2% this year, 0.8% higher than the figure predicted last quarter and exceeding growth in average personal income. CPI is expected to stabilize at an estimated annual rate of 2.0% between 2013 and 2015.

Housing Starts



Toronto's housing market has behaved erratically in recent years, defying expert forecasts and creating its own rules. In 2012 Toronto is due to experience a 14.1% increase in housing starts. The forecast for 2013 is expected to experience a significant drop of 10.8%, and hover around this increase for the medium term.

Summary

Despite a strong recovery in the first half of 2010, the subsequent slowdown in the global recovery has so far hampered growth in many sectors of the City's economy in 2011 and 2012. An increase of 2.3% in GDP is expected for 2012. A full recovery in subsequent years is imminent under a continuously improving economy for which Toronto is solidly equipped for.

Valuation

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

> "The reasonably probable and legal use of vacant land of an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productive."

Analysis

Legal Permissibility	The prospective use is a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property. There are no known private or other restrictions negatively impacting use of the property. Therefore the current use is legally permissible.
Physical Possibility	At 0.37 acres, the site is situated on Dewhurst Boulevard in east Toronto and is of a size/configuration that would accommodate the construction of an institutional development such as the subject.
Financial Feasibility	Of the permitted uses, an institutional development such as proposed would be feasible and marketable, based on the subject's location, site size, shape and land use patterns.
Maximum Productivity	Given the location of the subject, the planned institutional development would most likely generate the highest returns to a potential investor, as compared to other uses.
Conclusion	
As vacant	The highest and best use of the site as vacant is considered to be for a residential development.
As improved	As improved, it is our proffessional opinion that the highest and best use of the site would be the completion of current renovation works for the development of an institutional space.

Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

1) The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

2) The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

3) The Income Approach to value is utilized to estimate real estate value of income-producing or investment properties.

   The Direct Capitalization Method is based on the conversion of current earnings directly into an expression of market value. The net income for the current or forthcoming fiscal year is capitalized with an overall rate, which reflects the investment characteristics offered by the asset.

   The capitalization rate used is based on the analysis of sales and interviews with people active in the market.

   Discounted Cash Flow Analysis allows the appraiser to account for the anticipated growth or decline in income over the term of a prescribed holding period.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables; and
- An overall capitalization rate used in estimating reversionary value of the asset.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions.

Selection of Relevant Methodology

As-complete, the property would be an income producing asset. Purchasers would analyze the property on the basis of its income generating capability. For this reason, we have valued the property using the Income Approach. While the Direct Comparison Approach is most appropriate when valuing owner-occupied properties, we have included it herein as supporting analysis to the Direct Capitalization Technique of the Income Approach. Investors or analysts do not typically use the Cost Approach to value properties such as the subject. The inherent difficulties in accurately estimating developer's profit and all forms of depreciation restrict the reliability of this approach.

Overall Income Capitalization

Revenue and Expense Analysis

To estimate the market value of a property by the Income Approach, the main criteria for the measurement of value is the property's ability to generate income. To this end, an analysis of the potential income and the probable expenses associated with maintaining this income stream is undertaken in order to estimate the net operating income the property is capable of producing.

The net operating income is then converted into an expression of market value through the application of an appropriate technique. The most commonly utilized method for valuing real estate such as the subject is the *Overall Income (Direct) Capitalization* technique; this method has been included in our analysis.

Tenancy Summary and Profile

Area Measurement	The total Gross Leasable Area, as complete, is 21,750 square feet, more or less (as per materials provided by the client).
Tenant Profile	The tenant, Kids & Company, is considered to offer very good tenancy strength and income stability. Kids & Company is a corporate-sponsored child-care provider offering flexible and unique child care options to its corporate client's employees. Located in 20 cities across Canada, with 7 locations in Toronto, the company continues to quickly grow and expand.
Leasing Practice/Status	We have stabilized the leasing within the property on a net basis.
Occupancy	As of January 1, 2014, 100% of the subject property will be leased (as per the rent roll provided by the client). We have stabilized the subject at 100% occupancy, utilizing rental rates within the prospective lease agreement as outlined by the client.
Tenancy Schedule	The projected rent roll for the property is presented below. The vendor (Westminster Church) had entered into a sale-leaseback agreement for one half of the building area for six months effective April 15, 2013 at a gross rent of $16,667 per month.

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970

Projected Rent Roll 14 Dewhurst Boulevard

Tenant	AREA	Comm. Date	Expiry Date	Min.Rent p.s.f.	Annual Min. Rent	Monthly Min. Rent	Tax/Op rent p.s.f.	Annual Tax/Op	Monthly Tax/Op	TOTAL RENT
Kids & Company Ltd.	21,750	1-Jan-14	31-12-29	$20.00	$435,000.00	$36,250.00	$10.00	$217,500.00	$18,125.00	$652,500.00
	21,750			**$20.00**	**$435,000.00**	**$36,250.00**		**$217,500.00**	**$18,125.00**	**$652,500.00**

Market Lease Survey

In order to determine how the subject's contract and projected rents compare to market levels, a lease survey has been conducted. We have researched leases of similar uses within the subject's neighborhood. The results of this survey are summarized in the tables below.

Local Leasing Activity					
Item	Address	Closing Date	Area (sf)	Rent ($/sf)	Comments
1	585 Cranbrooke Avenue Totonto	Current Listing	8,000	$22.50 (gross)	A two-storey building that can be used as a school or daycare facility. The property is located 12.6 km north west of the subject in the Lawrence Manor neighborhood.
2	310 Danforth Avenue Toronto	TBC	TBC	$30.00 (gross)	An older brick building used as a church and school of similar physical characteristics to the subject. Located approximately 1.2 km west of the subject, on the north side of Danforth Avenue, west of Jackman Avenue, the property has been considered to be similar to the subject in its locational characteristics.
3	815 Danforth Avenue Toronto	TBC	25,600	$24.00 (gross)	A retail unit with main frontage on Danforth Avenue currently utilized by a community organization, located 160 m from the subject. The property has been considered to be similar to the subject in its locational characteristics.
4	1090 Queen Street West Toronto	Dec-10	2,400	$29.00 (net)	An older brick building formerly used as a church with main frontage on Queen Street West located in the Trinity-Bellwoods area. The site is currently zoned as commercial/residential, allowing for a variety of uses.

Market Rent	Based on the foregoing survey, we are of the professional opinion that contractual rental rate shown within the projected rent roll is suitable for the subject. Based on the foregoing, we have stabilized the subject property assuming a net rental rate of $20.00 per square foot.
Projected Base Rent	Based on the projected rent roll, as provided by the client, base rental revenue is projected to be $435,000 in Year One.
Recovery Revenue	The leasing within the subject development is assumed to be on a fully net basis. Based on the nature of leases within the projected rent toll, Year One Recovery Revenue is estimated at $228,375.
Total Potential Gross Income	Adding all the sources of revenue described above results in a Year One Potential Gross Income forecast of $663,375.
General Vacancy	A vacancy allowance is not intended to reflect the actual vacancy rate of a property as of a specific date. Rather, it is intended to reflect the potential for lost rent/recoveries over the longer term holding of the property. Within in our analysis we have incorporated a stabilized vacancy allowance equal to 0.0% of the Potential Gross Income.
Effective Gross Income	Deducting the Vacancy Allowance above from the Potential Gross Income forecast results in a Year One Effective Gross Income estimate of $663,375.

Expense Analysis

Operating Expense Summary	Operating costs are estimated based on the lease agreement provided by the client. Taxes are estimated using the 2013 assessed value and the city's current commercial tax rate. We have forecast Operating Costs and Realty Taxes to be $217,500 within Year One.
Management Fee	A recoverable management fee equal to 2.5% of Base Rental Revenue has been deducted within our projections. This amounts to $10,875 in Year One.
Contingency/Structural Allowance	In addition to the operating expenses above, investors typically include an allowance for structural repairs or other non-recoverable expenses. As such, a Contingency Allowance equal to 1.0% of Effective Gross Revenue has been deducted within our projections. This amounts to $6,634 in Year One.
Total Expenses	Adding the expenses as described above results in forecast Year One Operating Expenses in an amount equal to $235,009.
Net Operating Income	Based on the foregoing, Year One Net Operating Income is projected at $428,366.
Pro Forma Income Statement	Based on the foregoing, a Pro Forma Income statement for the property is presented on the following page.

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Pro Forma Income Statement

14 Dewhurst Boulevard, Toronto

Revenue			
Base Rental Revenue		$435,000	
Recovery Revenue		$228,375	
Other Revenue		$0	
Potential Gross Income			$663,375
Less: General Vacancy Allowance @	0.0% EGI		$0
Effictive Gross Income			$663,375
Operating Expenses			
Taxes		$74,300	
Operating Costs		$143,200	
Management Fee @	2.5% Base Rental Revenue	$10,875	
Structural Allowance @	1% EGI	$6,634	
Total Operating Expenses			$235,009
Net Operating Income			**$428,366**

Note: No vacancy deduction for single tenant building as it is either fully leased or vacant. Risk is reflected in the capitalization rate.

Operating expenses are estimated.

Significant Investment Characteristics of Subject

The following summarizes the major investment attributes of the property that potential investors would consider when determining an appropriate return and yield when making a purchase decision.

Location	The property offers a very good overall location with very good access and good exposure characteristics. Overall, the subject location is considered very desirable due to its close proximity to Toronto's downtown core in an established residential/commercial neighborhood.
Physical Attributes	The subject is currently undergoing substantial interior renovations, but upon completion the improvements to the property are expected to provide very good functional utility.
Operational	We have assumed stabilized occupancy within our analysis, utilizing rental rates as per the prospective lease agreement. The budgeted operating expenses are generally consistent with those of competitive properties. There are no apparent atypical risks associated with the forecast income of the property.
Market	The subject is located in an established residential and commercial neighborhood.
Conclusions	
Positive Aspects	Upon completion of current renovation works, the subject shall provide high quality institutional space within Toronto's desirable Danforth/Greektown neighborhood. The subject property is located in an established residential/commercial neighborhood.
Negative Aspects	The market for institutional investment properties has a smaller pool of potential investors due to the unique characteristics of the property.

Investment Analysis

Investment Alternatives

Following are current investment yields with respect to various alternative investments.

Investment Alternatives	Current
Prime Rate	3.00%
Long Term Canada Bond	2.51%
REIT Units (CREIT)	3.35%
REIT Units (RioCan)	5.17%

Source: TD Bank, Bank of Canada, Globe Investor

Real Estate Surveys

Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates.

Q4 2012 Investment Parameters - Toronto		
Investment Type	**Overall Capitalization Rates**	**Discount Rates**
Industrial		
Single	5.75% - 7.00%	6.50% - 8.50%
Multi	6.50% - 7.50%	6.50% - 8.75%
Office		
Downtown - Class 'AA'	5.00% - 5.75%	5.50% - 7.50%
Suburban - Class 'A'	6.25% - 7.25%	6.75% - 7.75%
Retail		
Regional/Power	5.25% - 6.50%	6.25% - 8.25%
Strip Plaza	5.50 - 8.00%	6.75% - 8.00%

Source: Colliers International Realty Advisors, Altus InSite

Comparable Transactions

The most appropriate method of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.

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Investment Transactions

	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Single Tenant Institutional	Multi Tenant Office & Retail	Multi Tenant Office	Single Tenant Institutional	Single Tenant Office	Single Tenant Office
Address	14 Dewhurst Boulevard	231-235 King Street East	220 King Street West	2454 Bayview Avenue	133 Lowther Avenue	312-314 Dundas Street West
	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario
Transaction Price	---	$4,500,000	$12,800,000	$8,000,000	$2,495,000	$2,875,000
Trasaction Date	---	October-12	August-12	December-11	May-11	March-11
Transaction Status	---	Closed	Closed	Closed	Closed	Closed
Property Type	Institution	Retail/Office	Office	Institution	Office	Office
Rentable Area	21,750 SF	14,400 SF	27,500 SF	18,600 SF	5,176 SF	6,742 SF
Actual Occupancy	100 (stabilized)%	100.0%	80.0%	100.0%	100.0%	100.0%
Overall Capitalization Rate	---	6.70%	5.00%	8.10%	5.80%	6.30%
Price / SF	---	$313/SF	$465/SF	$430/SF	$482/SF	$426/SF
Transaction & Other Adjt		**Description**	**Description**	**Description**	**Description**	**Description**
Property Rights Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Financing	-----	TBC	TBC	TBC	TBC	TBC
Conditions of Sale	-----	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Market Conditions (Time)	11-Mar-13	131 days	193 days	446 days	661 days	734 days
Location	Very Good	Very Good	Very Good	Good	Very Good	Very Good
Access	Very Good	Very Good	Very Good	Good	Very Good	Very Good
Physical Characteristics						
Site						
Size	15,979 SF	4,792 SF	6,970 SF	28,314 SF	6,098 SF	6,970 SF
Topography	Level	Level	Level	Level	Level	Level
Configuration	Regular	Regular	Regular	NA	Regular	Regular
Density	136%	301%	395%	66%	85%	97%
Excess Density		None	None	None	None	None
Zoning/Land Use	R2 - Residential	CRE - Commercial/Residential/Employment	CRE - Commercial/Residential/Employment	C1 - Commercial	CR - Commercial/Residential	MCR - Commercial/Residential
Improvements						
Size	21,750 SF	14,400 SF	27,500 SF	18,600 SF	5,176 SF	6,742 SF
Design / Layout	Good	Very Good	Very Good	Good to V. Good	Good	Good
Year Built	1906	1970	n/a	1930	1903	1888
Quality	Good to V. Good	Good	Very Good	Good to V. Good	Good to V. Good	Good to V. Good
Condition	Good to V. Good	Good	Very Good	Good to V. Good	Good to V. Good	Good to V. Good
Economic Characteristics						
Income Growth Potential	Good to V. Good	Very Good	Very Good	Good to V. Good	Very Good	Very Good
Tenancy Strength	Good to V. Good	Very Good	Very Good	Good to V. Good	Very Good	Very Good
Income Stability	Good to V. Good	Very Good	Very Good	Good to V. Good	Very Good	Very Good
Non-Realty	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a
Overall Comparability & Adjust.		**Superior**	**Superior**	**Inferior**	**Superior**	**Superior**
Conclusion		**Higher Than 6.70%**	**Higher Than 5.00%**	**Lower Than 8.10%**	**Higher Than 5.80%**	**Higher Than 6.30%**

Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity.

The selected transactions pertain to activity that occurred between March 2011 and December 2012. The investment sales are located within the same market, and reflect a range of commercial product. The properties vary in size from 5,176 square feet to 27,500 square feet and were originally constructed between 1870 and 1930. These transactions represent capital investments that range from a low of $2,495,000 to $12,800,000 at the upper end of the range. The overall capitalization rates indicated by these transactions range from a low of 5.00% to a high of 8.10%.

Index No. 1, 231-235 King Street East, pertains to the sale of a three storey office building with 14,400 square feet of leasable area, including 4,800 square feet of retail space. The property comprises an older brick building constructed in 1870 and sold in October 2012 for a consideration of $4,500,000, indicating a stabilized overall capitalization rate of 6.7%. The property has main frontage on King Street East, located east of Jarvis Street. At the time of the sale, the building was vacant and it is our understanding that major capital expenditures were required.

Index No. 2, 220 King Street West is a five storey multi-tenant office building. The building has a total leasable area of 27,500 square feet. This index sold in August of 2012 for a consideration of $12,800,000, indicating a stabilized overall capitalization rate of 5.0%. The property has main frontage on King Street West, located west of University Avenue. At the time of sale the building was 80% occupied.

Index No. 3, 2454 Bayview Avenue is a two storey single tenant retail building with a total leasable area of 18,600 square feet including a full height gymnasium. The property sold in December of 2011 at a price of $8,000,000, reflecting an overall capitalization rate of 8.1%. At the time of sale the property was fully occupied by a private school. The building was built in 1930 and is located North York, on the west side of Bayview Avenue, south of York Mills road. A downward adjustment to the comparable's cap rate is considered appropriate due to changing market conditions since the date of sale, its inferior location and economic characteristics.

Index No. 4, 133 Lowther Avenue, a two storey office building that also includes an attic and basement and contains a total leasable area of 5,176 square feet. This index sold in May 2011 for a consideration of $2,495,000, indicating a stabilized overall capitalization rate of 5.8%. The property was built in 1903 and lies on Lowther Avenue, north of Bloor Street West, west of Avenue Road. At the time of sale the building was fully occupied by a local business.

Index No. 5, 312-314 Dundas Street West, pertains to a sale at a price of $2,875,000, and suggesting a capitalization rate of 6.3%. Built in 1888, the building comprises a three story single tenant office building with a total leasable area of 6,472. The property has frontage on Dundas Street West and is located in downtown West Toronto, east of Spadina Avenue.

Indices 1,2,4,5 pertain to office investment sales located within Toronto's core ranging from 5.00%-6.70%. Overall, these indices are considered superior in its economic characteristics and an upward adjustment to the indicated capitalization rates are considered appropriate.

Direct Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the forthcoming 12 months is projected to be $428,366.

As summarized on the previous page, capitalization rates for commercial properties with similar size and location to the subject are trading at "going-in" returns of 5.0% to 8.1%. Due to the unique characteristics of the property, it would not attract the same type of investors as the comparable investments. Properties of this nature have a smaller pool of potential buyers and tend to trade at higher rates. However, the tenant profile for the property is considered strong, a 15 year lease term with a national and reputable day care provider. Taking into consideration the investment characteristics of the property including its location, size, building quality and security of income, it is our opinion that an overall capitalization rate between 6.75% and 7.25% would be appropriate. Applying this rate to the projected Year One net operating income results in the following estimate of value:

Direct Capatilization			
Stabilized Net Operating Income		$428,366	
Overall Capitalization Rate	6.75%	7.00%	7.25%
Initial Capitalized Value Estimate	$6,350,000	$6,120,000	$5,910,000
Value Estimate - Direct Capitalization	$6,350,000	$6,120,000	$5,910,000

Summary

The foregoing analysis indicates an estimated value by way of Direct Income Capitalization of between $5,910,000 and $6,350,000 (rounded) as of the effective date of this valuation.

Direct Comparison Approach

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property that exhibits similar physical characteristics, tenancy, location, etc. Within this approach, the property being valued is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the subject property. Typically, a unit of comparison is used to facilitate the analysis. In the case of properties similar to the subject property, the sale price per square foot of gross leasable area is the most commonly used unit of comparison.

The transactions summarized and analysed in the table on the following page are considered to be suitably comparable to the subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value.

In valuing the subject property, it has been compared to each of the transactions. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics
- Economic Characteristics

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Comparable Transaction Analysis

	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Single Tenant Institutional	Single Tenant Institutional	Single Tenant Institutional	Single Tenant Institutional	Single Tenant Institutional	Single Tenant Office
Address	14 Dewhurst Boulevard	21 Blackthorn Avenue	173 Eglinton Avenue West	343 Keele Street	50 Erie Street	24 Cecil Street
	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario	Toronto, Ontario
Transaction Price	---	$1,650,000	$3,200,000	$2,530,000	$2,200,000	$2,472,000
Trasaction Date	---	September-12	April-12	January-12	July-11	May-11
Transaction Status	---	Closed	Closed	Closed	Closed	Closed
Property Type	Institution	Place of Worship	School	Place of Worship	School	Office
Rentable Area	21,750 SF	7,120 SF	12,000 SF	14,000 SF	8,000 SF	7,700 SF
Actual Occupancy	100 (stabilized)%	100.0%	100.0%	100.0%	100.0%	100.0%
Price / SF	---	$232/SF	$267/SF	$181/SF	$275/SF	$321/SF
Transaction & Other Adjt		**Description**	**Description**	**Description**	**Description**	**Description**
Property Rights Conveyed	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	-----	TBC	TBC	TBC	TBC	TBC
Conditions of Sale	-----	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Market Conditions (Time)	11-Mar-13	164 days	334 days	416 days	591 days	650 days
Location	Very Good	Good to V. Good	Good to V. Good	Good	Good	Very Good
Access	Very Good	Good to V. Good	Good to V. Good	Good	Good	Very Good
Physical Characteristics						
Site						
Size	15,979 SF	10,019 SF	9,148 SF	14,810 SF	30,928 SF	6,970 SF
Topography	Level	Level	Level	Level	Level	Level
Configuration	Regular	Regular	Regular	Regular	Regular	Regular
Density	136%	71%	131%	95%	26%	110%
Excess Density		None	None	None	Yes	None
Zoning/Land Use	R2 - Residential	R - Residential	R - Residential	CR - Commercial/Residential	RO - Residential Detached	R - Residential
Improvements						
Size	21,750 SF	7,120 SF	12,000 SF	14,000 SF	8,000 SF	7,700 SF
Design / Layout	Good to V. Good	Good to V. Good	Good to V. Good	Good to V. Good	Good	Very Good
Year Built	1906	1930/1957	1954	1953	1951	1960
Quality	Good to V. Good	Good to V. Good	Good to V. Good	Good to V. Good	Good	Very Good
Condition	Good to V. Good	Good to V. Good	Good to V. Good	Good to V. Good	Good	Very Good
Economic Characteristics						
Income Growth Potential	Good to V. Good	Good	Good to V. Good	Good	Good to V. Good	Very Good
Tenancy Strength	Good to V. Good	Good	Good to V. Good	Good	Good to V. Good	Very Good
Income Stability	Good to V. Good	Good	Good to V. Good	Good	Good to V. Good	Very Good
Non-Realty	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a
Overall Comparability & Adjust.		**Inferior**	**Similar**	**Inferior**	**Similar**	**Superior**
Conclusion		**Higher Than $232/SF**	**Similar to $267/SF**	**Higher Than $181/SF**	**Similar to $275/SF**	**Lower Than $321/SF**

Analysis

The selected transactions pertain to activity that occurred between May 2011 and September 2012. The properties vary in size from 7,120 square feet to 14,000 square feet and were originally constructed between 1930 and 1960. The unit prices per square foot indicated by these transactions vary from a low of $181 per square foot to a high of $321.

Based on the preceding analysis, we are of the professional opinion that an appropriate unit value range for the subject property would be between $260 per square foot and $280 per square foot. Applying such unit values to the total leasable area of the property results in a range in estimated values as summarized in the table below.

Value Range - Direct Comparison Approach 14 Dewhurst Boulevard Toronto, Ontario		
Rentable Area	Value / SF	Value[1]
21,750 SF	$260.00	$5,660,000
21,750 SF	$270.00	$5,870,000
21,750 SF	$280.00	$6,090,000

(1) Rounded to nearest $10,000

Reconciliation and Final Estimate of Value

The approaches used in this valuation provide the following values:

Valuation Summary 14 Dewhurst Boulevard Toronto, Ontario	Value Estimate
Income Approach	
Overall Capitalization	$6,120,000
Discounted Cash Flow Analysis	Not Completed
Direct Comparison Approach	$5,870,000
Cost Approach	Not Completed

For Investment properties such as the subject development, potential purchasers would place considerable emphasis on the income earning potential of the property. In this regard, the Income Approach would be the favored method of valuation.

The Direct Comparison Approach, which is primarily used with respect to the valuation of owner occupied building, is based on the price per square foot of similar property transactions. The Direct Comparison Approach, in this case, is supportive of the indications of value in the Income Approach.

Based on the foregoing, and with all the weight applied to the Overall Capitalization technique of the Income Approach Method, it is our opinion that the market value of the property as complete, subject to the assumptions set forth herein, and as at March 11, 2013, was:

Six Million One Hundred Twenty Thousand Dollars

$6,120,000 (rounded)

The above value estimate is predicated on an exposure period of three to six months and assumes a sale on the basis of cash being paid to the vendor.

Appendices

Appendix A: Contingent and Limiting Conditions

Appendix B: Definitions

Appendix C: Zoning/Official Plan Maps

Appendix D: Greenhouse Report

Appendix E: Certification

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Appendix A

Contingent and Limiting Conditions

Contingent and Limiting Conditions

1. This report has been prepared at the request of Mark Goldberg of The Rose and Thistle Group Ltd. for the purpose of providing an estimate of the market value of 14 Dewhurst Boulevard, Toronto, Ontario. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from Mark Goldberg of The Rose and Thistle Group Ltd. and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.

2. This report has been prepared at the request of Mark Goldberg of The Rose and Thistle Group Ltd. and for the exclusive (and confidential) use of, the recipient as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and Mark Goldberg of The Rose and Thistle Group Ltd. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

3. The estimated market value of the real estate that is the object of this appraisal pertains to the value of the leased fee interest in the real property. The property rights appraised herein exclude mineral rights, if any.

4. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).

5. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data

required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.

6. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.

7. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

8. The legal description of the property and the area of the site were obtained from MPAC (Municipal Property Assessment Corporation) as well as the client. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.

9. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.

10. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.

11. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.

12. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect

thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).

13. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.

14. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.

15. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.

16. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.

17. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.

18. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.

19. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent

agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.

20. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this, nor any other of these assumptions or limiting conditions, is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.

21. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.

22. The value expressed herein is in Canadian dollars.

23. This report is only valid if it bears the original signature of the author.

24. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.

Appendix B

Definitions

Definitions

Property Interests

Fee Simple
- Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

Leased Fee Estate
- An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.

Leasehold Estate
- The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

General Definitions

Adjusted or Stabilized Overall Capitalization Rate is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

Direct or Overall Capitalization refers to the process of converting a single year's income with a rate or factor into an indication of value.

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Discount Rate is a yield rate used to convert future payments or receipts into a present value.

Discounted Cash Flow Analysis offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;
- An overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common bench marks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.

Exposure Time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Highest and Best Use - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute of Canada as:

> *"That use which is most likely to produce the greatest net return over a period of time." The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.*

The Income Approach to value is utilized to estimate real estate value of income-producing or investment properties.

Internal Rate of Return is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

Market Value - The Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define market value as:

> *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in their own best interests;
- A reasonable time is allowed for exposure in the market; and
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Net Operating Income is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

Overall Capitalization Rate is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

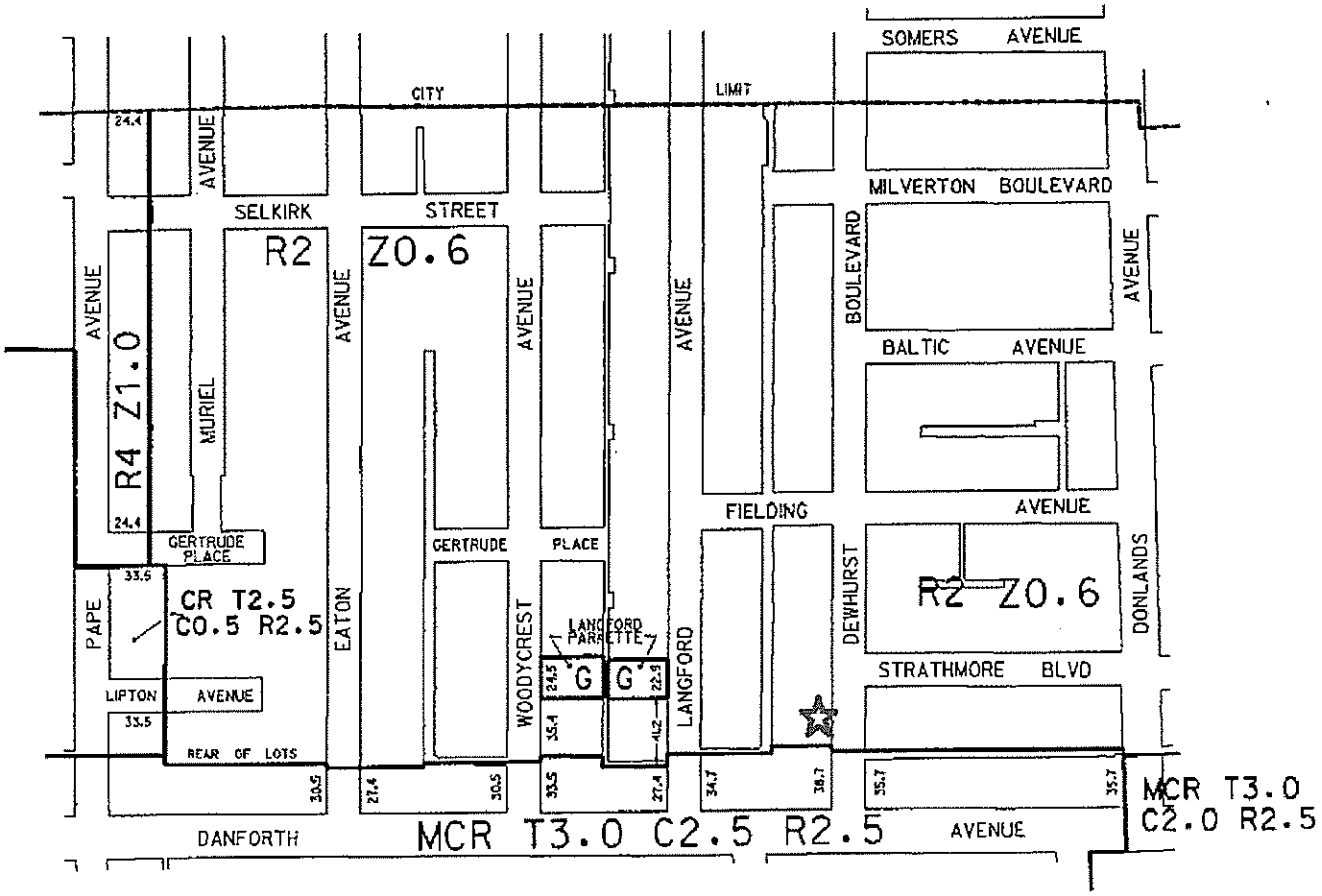
Reasonable Exposure Time - Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

> *"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

Appendix C

Zoning

14 Dewhurst Boulevard, Toronto, Ontario



CITY OF TORONTO
ZONING BY-LAW No. 438-86

SECTION 6 - RESIDENTIAL DISTRICTS

(R1, R1S, R2, R3, R4 and R4A) (909-88)

(1) PERMITTED USES

(a) No person shall, within an R1, R1S, R2, R3, R4 or R4A district, use a *lot* or erect or use a building or structure for any purpose except one or more of the uses where permitted by the chart in paragraph (f) and subject to qualifications where indicated. (909-88)

(b) Each use permitted by the chart is subject to:

(i) the qualifications, if any, in subsection (2) to be complied with before the use is permitted;

(ii) the regulations in section 4;

(iii) the regulations in subsection (3);

(iv) the exceptions in section 11; and

(v) the exceptions in section 12;

(vi) any provision of a by-law referred to in section 13 that conflicts with a provision of this by-law; and

(vii) the exceptions (including the exceptions in section 12 and the by-laws referred to in section 13) referred to in section 15 - the Index of Exceptions - and identified as to municipal addresses.

(c) A use is permitted by the chart when the letter "P" is set in the line opposite the designation of the use but only in the use district or districts designated at the top of the column or columns intersecting the line where the letter "P" is set.

(d) A use is permitted by the chart when the letter "q" followed by a number or numbers is set in the line opposite the designation of the use but only:

(i) in the use district or districts designated at the top of the column or columns intersecting the line where the letter "q" followed by a number or numbers is set; and

(ii) subject to the qualification or qualifications in subsection (2) bearing the number or numbers that follow the letter "q".

(e) (i) Uses *accessory* to a use that is permitted by the chart are themselves permitted by the chart as *accessory* uses when an asterisk is set in the line opposite the designation of the use and in the column under the heading "Acc." but only in the use district or districts designated at the top of the column or columns intersecting the line where the letter "P" or the letter "q" is set; and (425-93)

(ii) Notwithstanding subparagraph (i), motor vehicle parking spaces, whether required by this by-law or not, shall only be provided in a parking facility that is permitted in the zoning district where it is located as an *accessory* use to a principal use, building, or structure, permitted in the zoning district where the parking facility is located. (425-93) (1995-0190)

(f) Following is the chart:

CHART

(a) RESIDENTIAL USES	Acc.	R1	R1S	R2	R3	R4	R4A
(i) HOUSING COMPRISING DWELLING UNITS							
apartment building	*			P	P	P	P
converted house (493-2000, as amended by OMB Order issued on July 6, 2000 in Board File PL No. 990850)	*	q1	q1	q1	q1	q1	q1
detached house (425-93)	*	P	P	P	P	P	P
duplex	*		P	P	P	P	P
dwelling units - two or more	*		q3				
keeping of roomers or boarders (425-93)	*	q4	q4	q4	q4	q4	q4
row house	*			P	P	P	P
rowplex	*				P	P	P
semi-detached duplex	*		P	P	P	P	P
semi-detached house	*		P	P	P	P	P
semi-detached triplex	*			P	P	P	P
triplex	*			P	P	P	P

CITY OF TORONTO
ZONING BY-LAW No. 438-86

SECTION 6 - RESIDENTIAL DISTRICTS (R1, R1S, R2, R3, R4 and R4A)

(a) RESIDENTIAL USES	Acc.	R1	R1S	R2	R3	R4	R4A
(ii) SHARED HOUSING CONTAINING DWELLING ROOMS							
converted dwelling and rooming house				q5	q5	q5	q5
home for the aged (425-93)	*				q7	P	P
monastery, nunnery or religious retreat (425-93)	*				q7	P	P
nursing home, convalescent home or rest home (425-93)	*				q7	P	P
residential care facility	*	q6	q6	q6	q6	q6	q6
rooming house				q5	q5	q5	q5
student fraternity or sorority house					q7	P	P
(iii) ASSOCIATED / ACCESSORY RESIDENTIAL USES							
bed and breakfast establishment (858-88) (425-93)	*			q22	q22	q22	q22
home/work (1995-0670)	*	q20	q20	q20	q20	q20	q20
one *retail store* in an *apartment building*	*			q8	q8	q8	q8
parking area (425-93) (1994-0532)	*	P	P	P	P	P	P
parking garage (425-93)	*			P	P	P	P
parking station (885-88) (159-89) (425-93)	*	q21	q21	q21	q21	q21	q21
private home day care	*	P	P	P	P	P	P
private garage	*	P	P	P	P	P	P
privately-owned outdoor swimming pool	*	q10	q10	q10	q10	q10	q10

(b) NON-RESIDENTIAL USES	Acc.	R1	R1S	R2	R3	R4	R4A
(i) PARKS, RECREATION, PLACES AMUSEMENT AND ASSEMBLY							
public park	*	P	P	P	P	P	P
public playground	*	P	P	P	P	P	P
(ii) COMMUNITY SERVICES, CULTURAL AND ARTS FACILITIES (425-93)							
community centre	*					P	P
community health centre	*					P	P
day nursery	*	q11	q11	q12	q12	q12	q12
municipal community centre	*	P	P	P	P	P	P
place of worship (425-93)	*	q17	q17	q15	q15	P	P
public art gallery	*					P	P
public library	*					P	P
public museum	*					P	P
public school	*	q13	q13	q14	P	P	P
public transit (425-93)	*	P	P	P	P	P	P
YMCA, YMHA, YWCA, YWHA	*					P	P

(b) NON-RESIDENTIAL USES	Acc.	R1	R1S	R2	R3	R4	R4A
(iii) GENERAL INSTITUTIONS							
charitable institution	*					q16	q16
clinic, treatment centre, research centre or hospital for the observation and treatment of and for consultation with alcoholics and addicts	*					P	P
Conservatory of Music - a branch	*					P	P
private academic, philanthropic or religious school	*			q15		P	P
private hospital	*					P	P
psychiatric hospital	*					P	P
public hospital	*					P	P
religious library or reading room including the carrying on therein of incidental retail sales	*			q15		P	P
(iv) OFFICES (425-93) (1995-0670)							
office of a professional person/ administrative office (425-93)	*						q19

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Appendix D

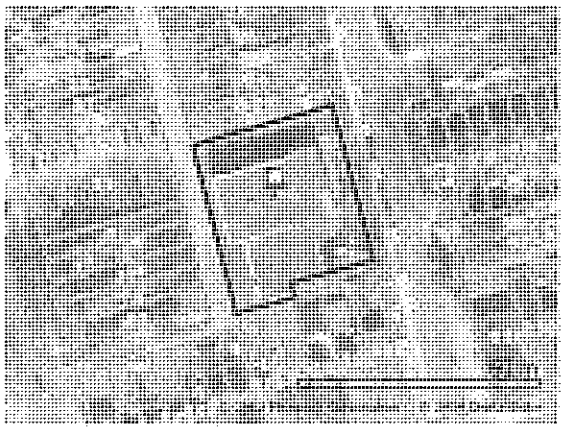
Geowarehouse Report

File Reference: TJR-13-063

Property Details - PIN: 105350411

Address	14 DEWHURST BLVD				
Municipality	TORONTO	LRO	80	Land Registry Status	ACTIVE
Registration Type	LT	Area	1,511 m2	Perimeter	160 m
Short Description	PT LT 220 PL 417E TORONTO AS IN EV533 EXCEPT CT704443; LT 221 PL 417E TORONTO; LT 222 PL 417E TORONT...				

Aerial View of Property



Street View

Assessment Information

2013 TAX YEAR, PHASED IN ASSESSMENT

ASSESSMENT ROLL NUMBER	2013 TAX YEAR, PHASED IN ASSESSMENT	ASSESSED VALUE BASED ON JANUARY 1, 2012	DEPTH (F)	FRONTAGE (F)	PROPERTY TYPE
190408438003700	$2,335,250	$2,465,000	0.00	130.00	701 Place of worship - without a clergy residence

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TERANET GEOWAREHOUSE REPORT

Sales History

DATE	TYPE	AMOUNT
02/05/2009	TRO	$2
09/22/1964	TESMT	$0
07/10/1923	T	$1,000
11/06/1920	T	$200
11/27/1913	T	$0
11/27/1913	T	$0
11/27/1913	T	$1,100

Full Property Description

PT LT 220 PL 417E TORONTO AS IN EV533 EXCEPT CT704443; LT 221 PL 417E TORONTO; LT 222 PL 417E TORONTO; LT 223 PL 417E TORONTO; LT 224 PL 417E TORONTO; LT 225 PL 417E TORONTO; LT 226 PL 417E TORONTO; LT 227 PL 417E TORONTO; S/T EV68310; TORONTO , CITY OF TORONTO

Reports Not the Official Record. Reports, other than the Parcel Register, obtained through Geowarehouse are not the official government record and will not necessarily reflect the current status of interests in land.

Currency of Information. Data contained in the Geowarehouse reports are not maintained real-time. Data contained in reports, other than the Parcel Register, may be out of date ten business days or more from data contained in POLARIS.

Coverage. Data, information and other products and services accessed through the Land Registry Information Services are limited to land registry offices in the areas identified on the coverage map.

Completeness of the Sales History Report. Some Sales History Reports may be incomplete due to the amount of data collected during POLARIS title automation. Subject properties may also show nominal consideration or sales price (e.g. $2) in cases such as transfers between spouses or in tax exempt transfers.

Demographic Information. Demographic Information is obtained from Generation5 Mathematical Technologies Inc. Every year, Generation5 uses census, spending, and postal information to predict the demographic attributes of postal code in Canada.

The Property Information Services, reports and information are provided "as is" and your use is subject to the applicable Legal Terms and Conditions. Some information obtained from the Land Registry Information Services is not the official government record and will not reflect the current status of interests in land. Use of personal information contained herein shall relate directly to the purpose for which the data appears in land registry records and is subject to all applicable privacy legislation in respect of personal information. Such information shall not be used for marketing to a named individual.

Parcel Mapping shown on the site was compiled using plans and documents recorded in the Land Registry System and has been prepared for property indexing purposes only. It is not a Plan of Survey. For actual dimensions of property boundaries, see recorded plans and documents.

Appendix E

Certification

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Certification

Institutional Building

14 Dewhurst Boulevard, Toronto, Ontario

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Contingent and Limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favoring the client;
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada;
- A personal inspection of the property that is the subject of this report on March 11, 2013 by Vicente Gamboa BA, AACI, P. App.
- We have the knowledge and experience to complete the assignment competently.
- No one provided significant professional assistance in the preparation of this report;
- As of the date of this report the undersigned have fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program for designated and candidate members.

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value as complete of the leased fee interest in the property described herein, as at March 11, 2013, is estimated to be as follows:

Six Million One Hundred Twenty Thousand Dollars

$6,120,000 (rounded)

This value is based on an exposure time of three to six months.

DRAFT

Vicente Gamboa, B.A, AACI, P. App.
Senior Associate, Toronto

File Reference: CJR 13-063

TAB 50

This is Exhibit "50" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, April 4, 2013 5:37 PM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 153 Eddystone
Attach: spreadsheets apr 4, 13.xls

Dear Stan,

153 Eddystone is an industrial property that we intend to convert into flex-office. It is 43,786 square feet in size on just over 2 acres of land. We have secured The Griffin Centre as a tenant for 30,200 SF of the space at $9 net rent. They are a non-profit that serves adults and adolescents with mental health challenges. We will gut renovate the property for their use and will find a second tenant for the remaining 13,586 SF.

The purchase price is $2.5 million and we have negotiated a vendor take back mortgage of 75% loan to value at 3.5% interest only for up to two years. There is a minor environmental issue in the soil – some diesel about 6 feet down in two areas - that we will remediate and risk assess to obtain a Record of Site Condition. Our environmental consultants have costed out the work itself and the cost of obtaining the RSC.

We anticipate an investment of $1,582,810 will generate profits of just under $400,000 within 15 months, being 24.75% straight line or 19.5% compounded annually and we expect we'll be able to refinance the property and pay back the bulk of equity within those 15 months. Thereafter the property will be cash flow positive and a nice addition to our joint portfolio.

The excel spreadsheets are attached. If of interest, we'd ask that you make a cheque payable to Eddystone Place Inc. for $130,000, being ½ of the due diligence and deposit expenses we've already paid. That would leave the sum of $1,452,810 due on April 15, 2013 being the closing date. Tom would incorporate your holding company and prepare deal terms as usual.

Let me know if of interest. As usual, we always enjoy having you as a partner.

Cheers,
Norma

Norma Walton B.A., J.D., M.B.A.
THE ROSE AND THISTLE GROUP LTD.
30 Hazelton Avenue
Toronto, Ontario, Canada M5R 2E2
Tel: (416) 489-9790 Ext. 103
Fax: (416) 489-9973

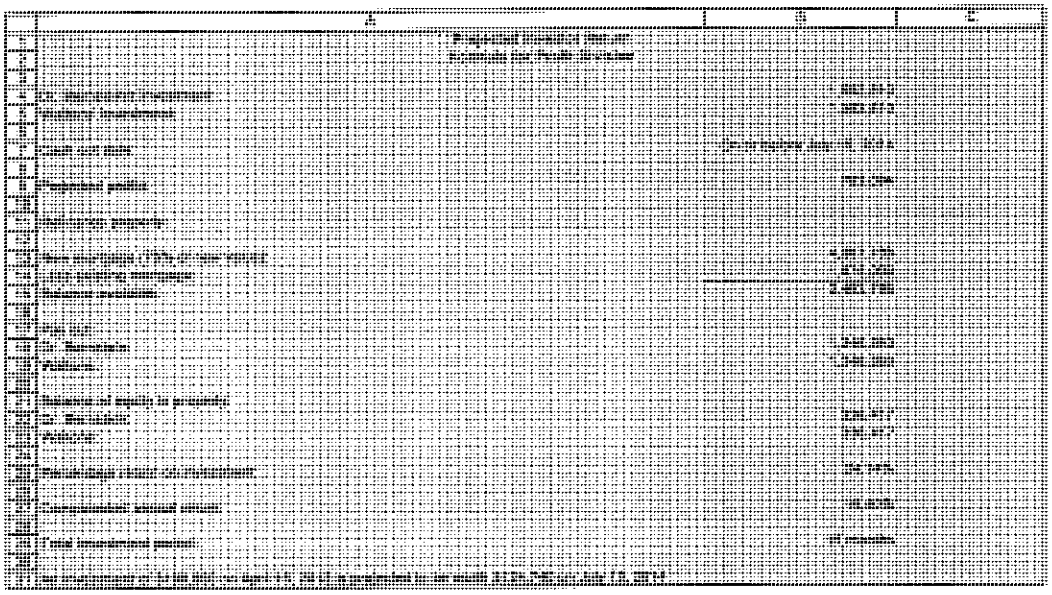
www.roseandthistlegroup.com

	A	B	C
1		Anticipated Profit	
2			
3	**Building Value:**		**$ 5,823,714**
4			
5	**Less Project Cost:**		**$ 5,040,621**
6			
7	**Projected Profit:**		**$ 783,094**
8			

1010

	A	B	C	D
1	**153 Eddystone Avenue**			
2	**CAPITAL REQUIRED**			
3				
4	**Purchase Costs**			
5	Purchase Price	2,500,000		
6	Mortgage fee	0		
7	Lender's legal fee	10,000		
8	Ontario Land Transfer Tax	37,500		
9	Municipal Land Transfer Tax	37,500		
10	Other fees and disbursements	20,000		
11	for appraisal, reliance letters for			
12	environmental reports, municipal			
13	enquiries and fees, etc.			
14				
15	**Total Purchase Price**			$ 2,605,000
16				
17	**Hard Construction Costs**			
18	To design-build to tenant's specifications ($42.50 PSF)	$ 1,860,905		
19	Project management fees:	$ 186,091		
20	Total Hard Construction Costs			$ 2,046,996
21				
22	**Environmental Remediation Costs**			
23	To remove contaminated soil, risk assess and obtain RSC	$ 130,000		
24	Project management fees:	$ 13,000		
25	Total Environmental Remediation Costs:			$ 143,000
26				
27	**Professional Fees**			
28	Architectural, engineering, interior design fees	$ 60,000		
29	Cost Consultant	$ 20,000		
30	Surveyor's and permit fees	$ 20,000		
31	**Total Professional Fees:**			$ 100,000
32				
33	**Carrying Costs**			
34	Property tax, mortgage interest, utilities, insurance	$ 145,625		
35				
36	Total Carrying Costs:			$ 145,625
37				
38	**Total Capital Required**			$ 5,040,621
39				
40	**Mortgage from vendor:**	37.20%	3.50%	$ 1,875,000
41	**Dr. Bernstein equity:**	31.40%		$ 1,582,810
42	**Walton equity:**	31.40%		$ 1,582,810

	A	B	C	D
1		**Projected Net Income**		
2				
3	Anticipated net revenues:			
4				
5	The Griffin Centre (30,200 SF X $9 NET)		$271,800	
6	Second tenant (13,586 SF X $10 NET)		$135,860	
7				
8	Projected net income:			**$407,660**
9				
10				
11		**Projected Building Value**		
12				
13				
14	7% capitalization rate:		**$5,823,714**	



TAB 51

This is Exhibit "51" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Saturday, May 4, 2013 10:01 AM
To: Dr. Stanley Bernstein <drb@drbdiet.com>
Subject: 620-624 Richmond Stret West / 165 Bathurst Street
Attach: mortgage information.pdf; 620 richmond 165 Bathurst Inc Financial Statements Rent Roll.pdf; 620 Richmond St W - Info.pdf; 620 richmond street west demo permit.pdf; 620 richmond west 165 Bathurst St Plans (2).pdf; 620 richmond west 165 Bathurst Survey Ground Floor.pdf; capital required may 4, 13.xls

---

Dear Stan,

What a beautiful morning, eh!

We have under contract to purchase 620-624 Richmond Street West / 165 Bathurst Street. It is a 62,000 SF six storey brick and beam building on the north east corner of Richmond and Bathurst, constructed circa 1910. It is currently rented out as 47 live-work apartments on the second to sixth floor and retail on the main and lower level. We are assuming the first mortgage with First National with principal of $4.4 million at 2.97% interest and we have arranged a vendor take back mortgage for the next three years for $6.45 million at 4% interest only, with 2.4% interest to be paid over the three years monthly and 1.6% to accumulate and be paid when we cash it out. The building is cash flow neutral upon closing.

We see this investment as a long term portfolio piece. Our plan over the next three years is to attract a commercial tenant or tenants for the second to sixth floors, similar to Spadina and Atlantic. Once we have tenants in hand, we will kick out the live-work tenants and gut-renovate the property to design-build to the tenants' specifications. Over the same period, we'll reconfigure the first floor retail mix to make it more profitable and to re-position the building in the marketplace. It is a great corner that is developing quickly with a lot of investment by First Capital and Allied REIT on two of the three other corners at that intersection.

We anticipate within three years we will have earned a return of 45.72% straight line. The plan would be to then refinance out most of our equity, such that at the end of the day we'll have a similar situation to Atlantic or Spadina where our equity remaining in the property is minimal and the property is cash flow positive while our tenants pay down our mortgage over 25 years.

We would love for you to join us in this acquisition as it will make a great addition to our joint portfolio. If of interest, we would ask for a cheque payable to Richmond Row Holdings Ltd. for $650,000 to defray due diligence and deposit expenses and the sum of $3,750,000 on our June 17th closing. Once we had a commercial tenant in hand, the remaining $1.420,388 of equity would be required, but that will likely take us some time from date of closing. We have a total of three years to implement our plan as that is the term of the VTB mortgage.

If you can swing it and if it is of interest, we'd love to have you involved. If not, no worries. If so, Tom can incorporate your company and send over all documents this coming week.

I hope you enjoy the rest of the weekend!

Regards,
Norma

P.S. Mt. Sinai at 11 am this Tuesday is the date. I am thoroughly looking forward to meeting the new little lady and at the same time getting my body back to myself again ☺

OWENS, WRIGHT LLP
BARRISTERS & SOLICITORS

20 Holly Street, Suite 300
Toronto, ON M4S 3B1
Tel: 416 486 9800
Fax: 416 486 3309
www.owenswright.com

Douglas Owens
Direct: 416 848 4729
dowens@owenswright.com

BY E-MAIL (nwalton@roseandthistle.ca)
March 1, 2013

Ms. Norma Walton
Barrister, Solicitor
30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

Dear Ms. Walton:

Re: 165 Bathurst Inc. sale to The Rose & Thistle Group, In Trust
620 Richmond Street West, Toronto, Ontario
Our File No. 3424014

In connection with the above noted matter, we enclose herewith the following:

1. Commitment letter dated June 29, 2012 from First National
2. Copy of letter dated July 12, 2012 regarding amendment to Commitment
3. Copy of letter dated August 27, 2012 regarding confirmation of interest rate
4. Charge/Mortgage No. AT3116739 registered August 31, 2012

Yours very truly,

OWENS, WRIGHT LLP

Douglas Owens
DO: ps
Encl.
W:\CLIENT FILES\P\PERNICA, MARVINGIO\RICHMOND W\SALE\WALTON LTR.01 DLO.DOCX

FIRST NATIONAL
FINANCIAL LP

June 29, 2012

165 Bathurst Inc.
c/o Kasia Pikula at Goldmount Capital
165 Bathurst Street,
Toronto, Ontario, M5V 1Y9

Attention: Martin Usher

Dear Sirs:

RE: 165 Bathurst Inc.
165 Bathurst Street, Toronto, Ontario

First National Financial LP (the "Lender") is pleased to offer a first mortgage loan (the "Loan") to 165 Bathurst Inc. (the "Borrower") on the terms and conditions set out in this letter (the "Commitment").

1. Loan Amount

$4,428,621.90 which includes CMHC application fee of $9,521.40 and mortgage insurance premium of $84,100.50.

2. Interest Rate

See Schedule 3

3. Term

Ten (10) years from the Interest Adjustment Date (as hereinafter defined), plus the number of months and/or days required, if any, so that the term ends on December 01, 2022 (the "Term").

At the Lender's option, it may extend the Term of the Loan so that it matures up to 12 months later than the maturity date specified herein. If the Lender chooses to exercise this option it may do so by delivering written notice to the Borrower at any time prior to the first anniversary of the Interest Adjustment Date. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

4. Amortization

25 years (the "Amortization Period").

100 University Avenue • Suite 700, North Tower • Toronto, Ontario Canada M5J 1V6
T: 416.593.1100 F: 416.593.1900 Toll Free T: 1.800.465.0039 Toll Free F: 1.800.463.9584 • www.firstnational.ca

VANCOUVER • CALGARY • TORONTO • MONTREAL • HALIFAX

5. Interest Adjustment Date

The interest adjustment date (the "Interest Adjustment Date") shall be the first day of the calendar month immediately following the date of the first advance under the Loan, or at the Lender's option, the first day of the month in which the first advance of the Loan is made, unless the first advance of the Loan is made on the first day of a month in which case the Interest Adjustment Date shall be the date of the advance.

In the case of multiple advances, at the Lender's option the Interest Adjustment Date may be the first day of the month following the final advance.

6. Repayment

Equal instalments of principal and interest based on the above amortization period shall be payable on the first day of each month during the Term, the first instalment being payable on the first day of the month after the Interest Adjustment Date and the last, on the maturity date of the Loan.

Until the Interest Adjustment Date, simple interest on the portion of the Loan advanced, calculated daily, is payable either on the Interest Adjustment Date or if applicable, on the first day of each month prior to the Interest Adjustment Date, or, at the option of the Lender, such interest may be deducted from the amount of the advance.

7. Prepayment

The Borrower shall have the right to repay at any time during the term of the Mortgage the whole, but not part, of the outstanding principal balance of the Mortgage (the "**Prepayment Amount**") with accrued interest to the date of prepayment together with all other monies owing, secured or payable under the Mortgage, together with the Mortgage Yield Maintenance Fee (as hereinafter defined).

"**Mortgage Yield Maintenance Fee**" shall mean the greater of (a) three (3) months interest and (b) the amount, if any, as of the date of prepayment, by which the present value of the future payments until maturity of the Mortgage with respect to the Prepayment Amount discounted at the lowest of (i) the Government of Canada Yield and (ii) the coupon rate of the Applicable Mortgage Backed Security, if any, calculated semi-annually not in advance and (iii) the coupon rate of the Applicable Canada Mortgage Bond, if any, calculated semi-annually not in advance, exceeds the outstanding principal of the Prepayment Amount.

"**Government of Canada Yield**" shall mean the yield-to-maturity, compounded semi-annually not in advance, as determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint, which a non-callable Government of Canada bond would carry if issued on or about the fifth (5th) business day prior to the date on which the prepayment will be made, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity equal to the remaining term of the Mortgage.

"Applicable Mortgage Backed Security" means the National Housing Act Mortgage Backed Security (NHA-MBS) for which the Mortgage and related loan forms part of the underlying pools.

"Applicable Canada Mortgage Bond" means the Canada Mortgage Bond for which the Applicable Mortgage Backed Security forms part of the underlying pools.

8. Realty Taxes

Borrower will pay to the Lender on the first day of each month an amount stipulated by the Lender from time to time sufficient to provide a fund to pay in full the annual property taxes (including any local improvement charges) for the Property (as hereinafter defined) at the time that the first instalment of taxes for each year becomes due, based on estimated annual taxes and subject to adjustment based on taxes actually levied. At the Lender's option, it may withhold from the advance of funds a sum sufficient to create the foregoing fund for the first year of the Term.

Notwithstanding the foregoing, the Lender will conditionally waive the foregoing requirement to pay Taxes directly to the Lender on a year-to-year basis provided that:

(a) there has been no default under the Mortgage and the Borrower continues to perform and observe all the conditions and obligations on its part to be performed pursuant to the Mortgage and other Security Documents;

(b) receipts are received by the Lender from the appropriate taxing authorities showing that all Taxes have been paid in full on or before their respective due dates, within thirty (30) days after each payment due date;

(c) the Borrower continues to be the owner of the Property; and

(d) there has been no adverse change, in the Lender's sole and absolute discretion, in the financial condition of the Property or the Borrower.

This waiver will be reviewed annually by the Lender and the Lender may decline to renew same in its sole discretion. In addition, the waiver may be withdrawn at any time by the Lender if the foregoing provisions are not met. In either of such events the monthly collection of Taxes by the Lender pursuant to the terms of the Mortgage shall re-commence immediately, with retroactive effect to the extent necessary to cover any tax arrears.

9. Processing Fee

The Borrower shall pay to the Lender upon the acceptance of this Commitment a non-refundable loan processing fee of $4,400.00.

10. Commitment Fee

The Borrower shall pay to the Lender upon the acceptance of this Commitment, a commitment fee of $44,000.00 (the "Commitment Fee") by certified cheque. Upon

disbursement of the whole Loan Amount, the Commitment Fee shall be returned to the Borrower, without interest. In the event this Commitment is cancelled by the Lender in accordance with its rights hereunder, the Commitment Fee shall be retained by the Lender as liquidated damages, and not as a penalty, without prejudice to the right of the Lender to claim such further and other damages as it may sustain by reason of the occurrence of any of the events detailed in the Section of this Commitment headed "Cancellation of Commitment". It is agreed that the Commitment Fee represents the reasonable cost of the Lender's work and expenses in underwriting the Loan and that it is not a penalty. In addition to the Commitment Fee, in the event of cancellation of this Commitment by the Lender pursuant to its rights hereunder, if the interest rate payable on the Loan has been fixed, the Lender shall be entitled to be paid by the Borrower an amount equal to the present value of the unadvanced portion of the Loan Amount multiplied by the Interest Rate Differential (as hereinafter defined) multiplied by the number of years of the Term of the Loan as set out herein.

Interest Rate Differential shall for the purposes of this Commitment mean the difference expressed as a percentage per annum between the fixed interest rate and the interest rate being charged by the Lender on similar mortgage loans for similar terms for similar properties on the date of cancellation of the Commitment. In the event that the latter rate is higher than the fixed interest rate, there shall be no payment due from the Lender to the Borrower.

11. Security

The following security shall be required for the Loan:

(a) a first in priority mortgage and charge (the "Mortgage") of the fee simple interest of the Borrower in the following lands and improvements thereon (the "Property"):

Municipal Address: 165 Bathurst Street, Toronto, Ontario

Site Area:

Description: a six (6) storey apartment building with 47 apartment units, and 11,580 sf of commercial space;

(b) a first in priority general assignment of rents and/or leases of the Property;

(c) a first in priority general security agreement over all the Borrower's present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the Property;

(d) a first in priority specific assignment of any lease (including any guarantee and/or indemnity related thereto) required by the Lender together with an acknowledgment of same by the tenant thereunder if so required by the Lender;

(e) a Guarantee and Postponement of Claim from

Nil

(the "Additional Covenantors") who shall be jointly and severally liable with the Borrower for all obligations of the Borrower under the Mortgage, all other Security Documents and this Commitment; and

(f) such further security as the Lender may reasonably require

(the documents in (a) through (f) above being herein referred to as the "Security Documents"). The Security Documents shall be prepared by the Lender's counsel in form and content determined by the Lender.

The recourses, rights and remedies of the Lender with respect to this Loan shall be limited to the Property and any other assets taken as security by the Lender for the Loan, including, without limitation, the rents and revenues from the Property and the leases, chattels, equipment and other personal property of the Borrower thereon and all benefits related thereto together with all proceeds therefrom. However, this limitation shall not include any losses suffered by the Lender as a result of (i) non-compliance with any applicable laws, regulations, orders, rulings, guidelines, policies, permits, directives, notices or the like relating to environmental matters in connection with the Property or (ii) any fraud or material misrepresentation in connection with the Loan. The Borrower shall, and shall cause each beneficial owner of the Property (if applicable) to, indemnify the Lender fully in respect of such losses. Notwithstanding the foregoing, the Lender shall retain the right to commence an action or proceeding or seek judgement against the Borrower to the extent necessary for the Lender to preserve or realize upon its rights against the Property or any other assets charged by the Security Documents.

12. <u>Special Conditions</u>

(a) The Borrower shall provide an undertaking to complete the following repairs in a good and workmanlike manner within December 31, 2012 days of the initial advance of the Loan:

All of the repairs outlined in CMHC's Special Conditions to the Certificate of Insurance.

The Borrower shall provide the Lender with confirmation of completion of same in a good and workmanlike manner from an architect or other consultant, acceptable to the Lender. Default under the undertaking shall constitute default under the Mortgage and in such event the Lender may, at its sole option, declare the Loan immediately due and payable or arrange for the completion of such repairs on behalf of the Borrower. All monies expended by the Lender in respect of same shall be payable forthwith by the Borrower to the Lender, shall bear interest at the Interest Rate from the date same are expended by the Lender and shall be secured by the Mortgage.

In addition, if the Borrower does not complete its obligations as aforesaid within the requisite time period, the Lender shall thereafter be entitled to

charge an administration fee of $150 for every month or part thereof that the obligations remain unsatisfied.

13. Conditions Precedent to Funding

On or before funds are advanced, the following conditions shall have been satisfied.

(a) The executed Security Documents shall have been delivered and registered with the priority required herein at all appropriate registration offices.

(b) Intentionally Deleted

(c) The Lender shall have received an environmental site assessment for the Property addressed to it, prepared by an environmental consultant acceptable to it and confirming to the Lender's satisfaction that there are no hazardous substances on or about the Property and that the Property complies with all environmental laws.

The Security Documents shall contain representations, warranties and covenants and an indemnity with respect to environmental matters, all as set out in Schedule I hereto.

(d) Intentionally Deleted

(e) Within seven (7) Business Days of the date this Commitment is accepted by the Borrower, delivery of a complete and accurate organizational chart for each Borrower, Additional Covenantor and beneficial owner (if different from the Borrower) showing the full legal name (and any French versions of the name), ownership (showing number and classes of securities and percentage ownership) and date and jurisdiction of incorporation, amalgamation or formation, as applicable.

(f) Delivery of certified copies of the property, liability and other insurance policies in compliance with the insurance requirements hereinafter set out and the review and approval of same by the Lender's insurance consultant at the Borrower's expense ($375 plus applicable taxes).

(g) Delivery of a building location survey/certificate of location for the Property prepared by a licensed surveyor and satisfactory to the Lender.

(h) Title to the Property shall be satisfactory to the Lender and all realty taxes, local improvement charges and rates in respect of the Property shall have been paid.

(i) The Lender shall be satisfied that the Property complies with all applicable building and zoning by-laws, that the use of the Property is in compliance with all applicable legislation, including the applicable Fire Code and that there are

no outstanding work orders, deficiency notices, directives, investigations or the like with respect to the Property.

(j) The Lender shall have received, reviewed and approved complete copies of all existing non-residential leases for the Property, together with all related renewals, amendments, assignments, guarantees, indemnities and other related agreements, as well as the Borrower's standard lease form.

(k) For all non-residential leases, the Borrower shall have delivered tenant estoppel certificates in the Lender's required form signed by each tenant and confirming, inter alia, that it is in possession of its premises, open for business and paying rent in accordance with its lease.

(l) The Lender shall have received and approved a copy of the property management agreement for the Property (if applicable).

(m) The Lender shall have received certified or notarized copies of the constating documents of the Borrower, a government issued certificate confirming that the Borrower is in good standing and an opinion from the Borrower's counsel addressed to the Lender confirming the Borrower's capacity to grant the security required herein and the due authorization, execution and delivery of the Security Documents and their enforceability in form and content satisfactory to the Lender. Similar documentation and a similar opinion shall also have been delivered for each corporate Additional Covenantor.

(n) The Borrower shall have delivered to the Lender the executed "pre-authorized payment" documents hereinafter required.

(o) The Borrower shall have delivered to the Lender the completed Loan Information Form appended hereto as Schedule 4 including, without limitation, the requisite confirmation of the source of the Borrower's downpayment as described in the Appendix to the said Schedule, if the Loan is financing a purchase.

(p) (i) The Lender shall have received from CMHC its approval of this Commitment;

(ii) CMHC shall have issued a Certificate of Insurance, in form and content satisfactory to the Lender, insuring the full amount of the Loan and such Certificate of Insurance shall be in full force and effect on the date of each disbursement;

(iii) all conditions, requirements and provisions contained in the CMHC Certificate of Insurance shall have been satisfied in full; and

(iv) the Lender shall have received prior to any disbursement of all or part of the Loan the written authorization of CMHC to make the disbursement.

(q) Such financial and other information, statements and documentation as the Lender may reasonably require in connection with the underwriting or closing of the Loan shall have been delivered to it and all other requirements of this Commitment shall have been satisfied.

All conditions precedent to funding expressed herein are for the sole benefit of the Lender and may be waived at its option. The Borrower shall do everything necessary to meet all such conditions precedent.

14. Leases

In the case of residential leases the Lender shall approve the Borrower's standard form of lease and the Borrower shall not amend same without the Lender's consent. In the case of non-residential leases, the Lender shall have the right to approve the future tenant and the terms of any future lease which would produce more than 15% of the then current gross revenue from Property.

15. Property Management

The Lender shall have the right to require the Borrower to retain professional property management for the Property satisfactory to the Lender. The Lender shall also have the right to approve the terms and conditions of the management agreement. Any change in the management of the Property shall require the prior written approval of the Lender, both as to manager and the terms and conditions of the management agreement. Lender acknowledges that property management by the Borrower is acceptable.

16. Insurance

The Borrower will comply with the insurance requirements set out in Schedule 2 hereto.

17. Financial Reporting

Within 120 days of the end of each of its fiscal years, or if the Borrower is an individual, each calendar year, or more often if requested by the Lender, the Borrower shall provide to the Lender:

(a) review engagement financial statements of the Borrower and, if so requested by the Lender, of any corporate Additional Covenantor, including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow; in the case of an individual Borrower or Additional Covenantor, net worth statements may be supplied in lieu of financial statements;

(b) review engagement financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;

(c) a current rent roll for the Property containing such detail as may be required by the Lender; and

(d) if so requested by the Lender, a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Lender to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Lender.

18. Due on Sale, Change of Control etc.

If:

(a) the Borrower directly or indirectly sells, conveys, transfers or otherwise disposes of its interest in the Property or any part thereof or agrees to do so;

(b) there is a change in the direct or indirect effective voting control of the Borrower or more than 25% of the voting shares/units of the Borrower are transferred, unless the Borrower is a publicly traded entity (as hereinafter defined); or

(c) the Borrower amalgamates or merges;

without the prior written consent of the Lender being obtained, such consent not to be unreasonably withheld, then the Lender may, at its option, declare forthwith due and payable the entire balance of the unpaid principal together with accrued and unpaid interest due thereon. The decision to accelerate the Loan shall be at the sole option of the Lender. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. A "publicly traded entity" means an entity whose shares/units are listed and traded on a recognized stock exchange in Canada or the United States.

The Borrower will provide reasonable notice to the Lender of any anticipated or impending transaction which would require the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

19. Changes and Alterations

Any major changes, additions, and/or alterations contemplated to the Property, including major changes in use of the Property and/or any proposed use of the Property as a hotel or similar type of accommodation, must receive the Lender's written consent prior to the commencement of the changes, additions and/or alterations. If the Borrower changes and/or alters the Property or its use without the prior written consent of the Lender being obtained, then the Lender may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal together with the accrued interest due thereon. The Borrower will provide reasonable

notice to the Lender of any anticipated or impending transaction which would require the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

20. No Further Encumbrances

The Borrower shall not, without the Lender's prior written approval, which may be withheld in its sole discretion acting reasonably, further charge or otherwise encumber the Property or any interest therein.

21. Representation and Warranty

The Borrower and each Additional Covenantor, if any, represent and warrant to the Lender that all information and material submitted and all representations made to the Lender by the Borrower and/or any Additional Covenantor are true, complete and accurate and each of the foregoing parties acknowledges that the Lender has relied on such information, material and representations in approving the Loan. Any breach of this representation and warranty shall constitute a default under the Security Documents which shall entitle the Lender to exercise all its rights and remedies for default in payment thereunder.

22. Cancellation of Commitment

At the sole option of the Lender, this Commitment may be cancelled and there shall be no obligation to disburse the Loan if:

(i) due to the failure, for any reason, of the Borrower or any Additional Covenantor to satisfy any of the provisions or requirements hereof, the Lender has not been willing or able to disburse the Loan Amount on or before July 31, 2012 (the "Close Out Date");

(ii) the Borrower or any Additional Covenantor is in breach of any provision, representation or warranty herein;

(iii) in the opinion of the Lender, in its sole discretion, there is a material adverse change in the position, financial or otherwise, of the Borrower or any Additionnl Covenantor from that represented to the Lender as at the date hereof;

(iv) in the opinion of the Lender, in its sole discretion, there has been a material adverse change in the condition of the Property or in the actual or anticipated revenues therefrom from that existing at the date hereof;

(v) the Borrower is acquiring the Property coincident with the making of this Loan and the purchase price represented to the Lender for the acquisition is higher than the actual purchase to be paid by the Borrower on closing of the acquisition;

(vi) the results of the Lender's due diligence investigations regarding the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCTF Act") are not wholly satisfactory to the Lender, in its sole discretion, or the Borrower or any Additional Covenantor fails to provide all information required by the Lender pursuant to the PCTF Act; or

(vii) any situation exists which would constitute a default hereunder or under any of the Security Documents.

If the whole Loan Amount has not been disbursed on or before the Close Out Date, the Lender may, at its sole option, close out the Loan Amount at the amount then disbursed, if any.

Notwithstanding the foregoing Close Out Date, the parties acknowledge that, provided this Commitment is fully executed and returned with the deposit by the date specified immediately before the signing lines hereof, the anticipated funding date is July 16, 2012.

PLEASE NOTE THAT ALL PRE-FUNDING DELIVERIES required to be made to the Lender, including without limitation all corporate documents and any documentation requested by the Lender to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, must be received by the Lender a minimum of three (3) Business Days prior to funding. If this time frame is not met, the funding date and/or the Close Out Date may at the option of the Lender be moved out accordingly.

23. Liens

On each disbursement date, there shall have been full and complete compliance with all requirements of the applicable construction, mechanics' or builders' lien legislation and the Borrower shall submit to the Lender, in form and substance satisfactory to the Lender, evidence of such compliance. The Lender may retain from any disbursement such amounts as it considers advisable to protect its interest from subordination under such legislation. The Borrower shall provide additional security, information and documentation as may be required by the Lender to preserve and ensure in all respects the absolute first priority of the Mortgage over any rights of any existing or potential lien claimants.

24. First Right of Refusal on Maturity

Intentionally deleted.

25. Pre-Authorized Payments

The Borrower shall execute the requisite documents to allow the Lender to withdraw the regular monthly payments of principal, interest and taxes from the Borrower's bank account.

26. Expenses

Whether or not the Loan Amount is disbursed and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses, including without limitation all legal fees and disbursements and the cost of all reports, appraisals, inspections and investigations incurred by the Lender in relation to the Loan and/or this Commitment shall be paid by the Borrower. The Borrower shall also be responsible for any commission or finder's fee payable in connection with this Commitment. All such amounts are payable forthwith, on demand by the Lender, and may be added to the principal balance of the Mortgage and shall bear interest at the Interest Rate.

The CMHC mortgage insurance premium, CMHC underwriting fee and all applicable taxes thereon are for the account of the Borrower and shall be deducted from the proceeds of the Loan.

27. Credit Investigations

The Borrower and each Additional Covenantor authorize the Lender to make inquiries concerning the character, general reputation, personal characteristics, financial and credit data of the Borrower and each Additional Covenantor, including its respective directors, officers, shareholders, and principals, and to verify any information provided to the Lender hereunder, all for the purpose of underwriting and servicing the Loan.

28. Proceeds of Crime (Money Laundering) and Terrorist Financing Act

Pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the Lender is required to obtain specific information with respect to the Borrower, the Additional Covenantors and any third party involved in the transaction. The Borrower and each Additional Covenantor hereby covenant and agree to provide, promptly, such information and documentation as may be requested by the Lender to ensure the Lender's compliance with this Act. In the interest of timely funding of this Loan, the Borrower authorizes the Lender and the Borrower's solicitor to communicate directly with each other respecting the information required by the Lender.

29. Title Trustee/Custodian

The Lender shall have the right, at its option, to have the Security Documents drawn in the name of Computershare Trust Company of Canada or such other trustee/custodian as the Lender may elect, to hold same as title trustee/custodian for the Lender.

30. Consent to Disclosure

In the event the Lender sells the Loan or securitizes it into the secondary market, the Borrower and each Additional Covenantor consent to the release by the Lender of all information and materials in the Lender's possession concerning the Borrower, each Additional Covenantor and/or the Property to such party or parties (including the

public in any offering memorandum) as may be necessary or desirable to facilitate such sale or securitization. In addition, the Borrower and each Additional Covenantor agrees that the Lender may share any information concerning the Borrower or any Additional Covenantor, as the case may be, with (a) any assignee or proposed assignee of this Commitment or the Loan, (b) the Lender's duly authorized agents or representatives who are engaged in the processing or servicing of the Loan, (c) any insurer of the Loan, (d) credit rating agencies and (e) organizations with which the Lender has strategic alliances who may use such information to provide the Borrower or any Additional Covenantor with information on certain financial products which may be of interest to them. If the Borrower or any Additional Covenantor decides it does not wish its personal information shared with any party referred to in subsection (e) of this Section, it may so advise the Lender in writing at any time and the information will not be so shared.

31. Additional Covenantors

The Additional Covenantors, if any, hereby acknowledge and agree that each of them is jointly and severally liable for all covenants and obligations of the Borrower under this Commitment and under the Loan.

32. Publicity

Intentionally deleted.

33. Non-Merger of Commitment

Neither the execution and delivery of any Security Documents nor the advance of the Loan shall in any way merge or extinguish this Commitment or the terms and conditions contained herein. This Commitment and all its provisions shall continue in full force and effect until the Loan has been repaid in full; provided that in case of any inconsistency or conflict between any provision or provisions of this Commitment and any provision or provisions of the Security Documents, the Lender may elect which instrument or provision is to prevail.

34. No Agency

The Borrower acknowledges that the Lender may assign this Commitment to a third party and if it does so may receive a fee or commission in connection with such assignment. The Lender may also receive a fee in connection with the servicing of this Loan. The Lender is not acting as the Borrower's agent or otherwise in any fiduciary capacity in relation to the Borrower in connection with this Loan.

35. Assignment

Neither this Commitment nor any of the Loan proceeds may be assigned by the Borrower. This Commitment and the Security Documents may be assigned in whole or in part by the Lender at any time before or after the advance.

36. Entire Agreement

This Commitment and the Schedules attached hereto, when accepted by the Borrower, will constitute the entire agreement and understanding between the parties hereto with respect to the Loan and supercede all other agreements, understandings or commitments, oral or written.

37. Approvals and Consents

Any approvals or consents required to be made or given by the Lender hereunder must be expressly given pursuant hereto and shall not be implied or construed by the delivery or receipt of documents.

38. Amendments and Waivers

Except as otherwise expressly provided herein, this Commitment cannot be waived, altered, amended, discharged or terminated other than by an agreement in writing signed by the party against whom enforcement of any such waiver, alteration, amendment, discharge or termination is sought.

39. Communications

All communications provided for hereunder shall be in writing, personally delivered, sent by prepaid first class mail or sent by electronic transmission, and if to the Lender addressed to the address above-noted to the attention of the Manager, Mortgage Investments and if to the Borrower to the address noted above. The date of receipt of any such communication shall be deemed to be the date of delivery, if delivered as aforesaid, or the third Business Day following the date of mailing, if mailed, as aforesaid. If sent by electronic transmission before 4:00 pm on any Business Day, such communication shall be deemed to have been received on the date sent; if sent after 4:00 pm on any Business Day or if sent on a day which is not a Business Day, such communication shall be deemed to have been received on the next following Business Day. Any party hereto may change its address for service from time to time by notice in the manner herein provided. In the event of a postal disruption or an anticipated postal disruption, prepaid first class mail will not be an acceptable means of communication.

40. Further Assurances

The Borrower and each Additional Covenantor, if any, shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for the securing of the Loan and the fulfilling of the terms contained herein.

41. Time of the Essence

Time shall be of the essence of this Commitment in all respects.

42 Governing Law

This agreement shall be governed by and construed in accordance with the laws of the Province in which the Property is situate.

43. Interpretation

(i) The headings of all provisions herein are inserted as a matter of convenience only and not to define the intent of this document. The necessary changes in grammar and gender required to apply to the parties hereto shall be assumed as though expressed.

(ii) If there is more than one Borrower or if there is an Additional Covenantor, or more than one Additional Covenantor, each of the covenants, agreements and obligations herein shall, as between and among each Borrower and each Additional Covenantor, be deemed to be joint and several, except as may otherwise herein specifically be provided, and the term "Borrower" shall be read as if each Borrower were specifically named and the term "Additional Covenantor" shall be read as if each Additional Covenantor were specifically named and any default by any one Borrower shall be deemed to be a default by each Borrower and any default by any one Additional Covenantor shall be deemed to be a default by each Additional Covenantor.

(iii) "Business Day" means a day of the week, other than Saturday, Sunday or any other day which is a statutory or a municipal holiday in the municipality in which the Property is situate.

(iv) "Person" includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.

(v) The words "hereto", "herein", "hereunder", "hereof", "hereby", "this Commitment", "this agreement" and similar expressions used in this Commitment, including the schedules attached hereto, mean or refer to this Commitment as a whole and not to any particular provision, section or paragraph or other portion of this Commitment and include any instrument supplemental or ancillary hereto.

Acceptance of this Commitment shall create a binding agreement between the parties hereto on the terms and conditions set out herein. **To accept this Commitment, kindly execute same where indicated below and return it together with the $44,000.00 Commitment Fee to the Lender by no later than 4:00 pm local time on June 29, 2012 at the address noted above.**

Failing receipt by the Lender of the executed Commitment together with the Commitment Fee by the date and time aforesaid, the offer contained in this Commitment shall be null and void and of no further force and effect unless the Lender shall have otherwise agreed in writing whether before, on or after such date.

Yours truly,

FIRST NATIONAL FINANCIAL LP
By its General Partner
FIRST NATIONAL FINANCIAL GP CORPORATION

Per: _____
Jeremy Wedgbury
Managing Director, Commercial Mortgages

Accepted on the 29th day of June, 2012

165 Bathurst Inc.

Per: _____
Authorized Signatory
Name: Marty Usher
Title: ASO

Per: _____
Authorized Signatory
Name.
Title:

ADDITIONAL COVENANTORS

N/A

Attachments

Schedule 1 – Environmental Provisions
Schedule 2 – Insurance Requirements
Schedule 3 – Interest Rate
Schedule 4 – Loan Information
Schedule 5 – CMHC Certificate of Insurance

Schedule 1

In this Schedule and in the Charge/Mortgage the following words shall have the following meanings:

"**Applicable Laws**" means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

"**Environmental Laws**" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivates thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

Representations Regarding Environmental Matters

The Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit obtained by the Chargee prior to the advance of funds under this Charge (the "Environmental Audit"), contains no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of 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 Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither of the Chargor nor, to the best of the Chargor's knowledge and belief after due inquiry and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any

Hazardous Substance on or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws.

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) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings; (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 from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections 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, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, 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, expenses, (including legal fees and disbursements on a solicitor and his own client basis) (collectively "Environmental Claims"), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit 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 the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. This indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge and any other extinguishing of the obligations of the Chargor under this Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

CMHC Environmental Clause

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the interest rate set out in this Charge, shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not result in the Chargee, CMHC or their respective agents being deemed to be in possession, management, or control of the Property and buildings.

Schedule 2

Insurance Requirements

The Borrower will at all times during the Term maintain the insurance required by the Mortgage including, without limitation, the following coverages:

(a) all risks of direct physical loss or damage, including, without limitation, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Lender under an Insurance Bureau of Canada mortgage clause; the policy should allow for the improvements on the Property to be completed (if applicable), for partial occupancy, and for the Property to be vacant and unoccupied for a period of at least 30 days;

(b) comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Lender, with loss payable to the Lender under a Boiler and Machinery Insurance Association mortgage clause;

(c) business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from the business conducted on the Property for a period of twelve (12) months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above; and

(d) comprehensive general liability insurance, inclusive of bodily injury, death or property damage or loss, for a minimum amount of $5,000,000 per occurrence or such other amount as the Lender may reasonably request.

The coverage required by sections (a) and (b) above shall include by-law endorsements acceptable to the Lender, including but not limited to same site waiver, increased cost of construction, undamaged portion coverage and demolition and debris coverage.

All policies shall be on a "no co-insurance" basis. All such insurance shall be placed with a company or companies satisfactory to the Lender. Deductible amounts shall also be subject to Lender's approval. All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause endorsements, shall provide for at least thirty (30) days prior written notice to the Lender of any cancellation of or material alteration to the policy. The Borrower shall provide evidence of policy renewal or satisfactory replacement annually at least thirty (30) days prior to expiry. The Borrower shall deliver to the Lender original or certified copies of all policies required hereunder. At the time of funding, the expiry date of each of the insurance policies required hereunder shall be at least one year from the date of funding. The Lender shall be entitled to require coverage of such other risks and perils as the Lender may from time to time consider advisable or desirable and in respect of which insurance coverage is available.

Schedule 3

Interest Rate

The annual interest rate (the "Interest Rate") shall be the Canada Mortgage Bond Yield as of 12:00 noon Toronto time established on a date determined by the Lender which is no earlier than the fifth Business Day prior to the date funds are advanced to the Borrower (the "Funding Date") plus 0.7000% (70 basis points) calculated semi-annually not-in-advance. With the approval of the Lender, the Borrower shall have the option of fixing the Interest Rate earlier by delivering a written notice to the Lender of its desire to do so, prior to 12:00 noon Toronto time on any Business Day (the "Notice Date") before the fifth Business Day prior to the Funding Date. In that event, the Interest Rate shall be the Canada Mortgage Bond Yield as of 12:00 noon Toronto time on the next Business Day following the Notice Date plus 0.7000% (70 basis points) plus a further 0.0200% (2 basis points) for each seven (7) day period or part thereof by which the Notice Date predates the Funding Date, calculated semi-annually not-in-advance.

"Canada Mortgage Bond Yield" shall mean the bid-side yield to maturity, calculated semi-annually, which an assumed new issue of non-callable Canada Mortgage Bonds issued by Canada Housing Trust (a "Canada Mortgage Bond"), denominated in Canadian Dollars would carry if issued at par for a term equal to the term of the Mortgage. Where the longest dated Canada Mortgage Bond has a maturity date that is earlier than the maturity date of the Loan, the "Canada Mortgage Bond Yield" shall mean the bid-side yield to maturity of the Canada Mortgage Bond with the maturity date closest to the maturity date of the Loan plus the difference between: (a) the Government of Canada Bond Yield interpolated to the Loan maturity date; and (b) the Government of Canada Bond Yield interpolated to the Canada Mortgage Bond maturity date. The Canada Mortgage Bond Yield shall be determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint.

If the Lender agrees to an extension of the Close Out Date for any reason after it has fixed the Interest Rate (which extension there shall be no obligation for the Lender to grant), the Interest Rate shall increase by two basis points (0.020%) for each 7 day period or part thereof that the Close Out Date is extended.

In the event that the Interest Rate as determined herein is greater than 3.50% per annum, calculated semi-annually not-in-advance (the "Maximum Rate"), the Borrower shall be required to buy down the Interest Rate to the Maximum Rate. The amount of the required buydown will be deducted from the advance of funds.

Schedule 4

FIRST NATIONAL LOAN INFORMATION FORM

The following information is required to supplement the Commitment to which it is attached.

1. **BORROWER**

A. **Proposed Borrower:**

Name: 165 BATHURST INC

Principal business address: _____

Principal Contact: Russ Lyndon Email Address: russ@esbinproperty.com.

Phone Number: 416 928 4591 Fax Number: 416 929 6335

Borrower Entity Type: Corporation ✓ Partnership _____ Individual _____
Limited Partnership _____

Is the Borrower a Nominee?: YES

If Borrower is a nominee, who is the Beneficial Owner: 100%
768124 Ontario Inc 45%
Key Mortgage Corp 15%
1206147 Ontario Inc 12.5%
New Canty Coal Lot 10.0%
Parkway Investments 10.0%
Suffolk Industrial 10.0%

B. **Source of Downpayment (for Purchase transactions only)**

Amount of Equity: N/A

Source of Equity: _____ (attach supporting documentation)*

C. **Politically Exposed Foreign Persons ("PEFPs")****

Is the Borrower, any Guarantor or any signing officer of either the borrower or guarantor a PEFP? No

Is a member of any of the foregoing's immediate family a PEFP? No

D. **Judgments, Liens or Lawsuits**

Are there any judgments, liens or lawsuits outstanding or pending against the Borrower, the beneficial owner if different from the Borrower, any Additional Covenantor or any of their principals or affiliates or has there been any adverse judgment issued against any of the foregoing within the last 3 years.

Yes _____ No ✓

(If yes, please describe and attach supporting documention).

E. **Contact Information:**

Insurance Broker: Ideal Food Solution Telephone: 416 222 6677

Solicitor: Dave Owens Telephone: 416 848 4729

I certify the above information to be accurately represented, to the best of my knowledge:

Name: [illegible] Date: June 29/2012

* Question B – Source of Downpayment

The Borrower must provide evidence of the equity it is contributing to the property. This can take the form of a firm commitment to finance another property, an agreement of purchase and sale in respect of another property together with Solicitor's confirmation of receipt and amount of the net proceeds of such sale or financing, three months' bank statements showing equity in the Borrower's bank account, audited balance sheet and other similar documentation.

** Question C – Politically Exposed Foreign Persons

A politically exposed foreign person (PEFP) is a person who is or was a "senior political figure, or a member of their immediate family".

A senior political figure is an individual who holds or has ever held one of the following offices or positions in or on behalf of a foreign country.

A head of state or government	A president of a state owned company or bank
A member of the executive council of government or member of legislature	A head of a government agency
A deputy minister (or equivalent)	A judge
An ambassador or ambassador's attaché or counsellor	A leader or president or a political party in a legislature
A military general (or equivalent higher rank)	

Schedule 5

Certificate of Insurance

1040

CMHC SCHL

CERTIFICATE OF INSURANCE

TO:

PROTECTED WHEN COMPLETED

CMHC ACCOUNT NUMBER

First National Financial GP,
Head Office-Suite 700, N.Tower,
100 University AVE 700,
Toronto, ON.
M5J 1V6

999 99023

90-553-256

LENDER REFERENCE NUMBER

BORROWER(S) : 165 Bathurst Inc.

PROPERTY IDENTIFICATION/CIVIC ADDRESS
165 Bathurst ST,
620 Richmond St West,
Toronto, ONT.
M5V 1Y9

LEGAL DESCRIPTION :

Pursuant to the request for loan insurance submitted by the Approved Lender and in reliance upon the information contained therein and subject to compliance with the National Housing Act, the National Housing Loan Regulations, the Master Loan Insurance Policy - Terms and Conditions dated December, 1990 and any special conditions listed herein, CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) hereby agrees to insure the loan made by:

First National Financial GP

as set out in the request for loan insurance and identified herein.

SEE ATTACHED

INSURABLE LOAN		$4,428,621.90
INSURANCE PREMIUM TO BE REMITTED	(1.9401%)	$84,100.50
PROVINCIAL SALES TAX TO BE REMITTED	(8.0 %)	$6,728.04
	TOTAL	$90,828.54
APPLICATION FEE		$9,521.40
ADV TO DATE (EXCLUDING INSURANCE PREMIUM)		
APPROVED BY THIS NOTIFICATION		$4,344,521.40
HOLDBACK (IF APPLICABLE)		$0.00

The receipt and filing or recording by CMHC of notification that the loan has been fully advanced and the receipt by CMHC of the loan insurance premium in respect thereof shall constitute the issue of the loan insurance policy. The Approved Lender may request confirmation of the loan insurance from CMHC.

CANADA MORTGAGE AND HOUSING CORPORATION

CANADA MORTGAGE AND HOUSING CORPORATION SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES ET DE LOGEMENT

Canada

CMHC SCHL

CERTIFICATE OF INSURANCE

TO:

First National Financial GP,
Head Office-Suite 700, N.Tower,
100 University AVE 700,
Toronto, ON.
M5J 1V6

999 99023

PROTECTED WHEN COMPLETED
CMHC ACCOUNT NUMBER
90-553-256

LENDER REFERENCE NUMBER

BORROWER(S) : 165 Bathurst Inc

PROPERTY IDENTIFICATION/CIVIC ADDRESS
165 Bathurst ST,
520 Richmond St West,
Toronto, ONT.
M5V 1Y9

LEGAL DESCRIPTION :

Pursuant to the request for loan insurance submitted by the Approved Lender and in reliance upon the information contained therein and subject to compliance with the National Housing Act, the National Housing Loan Regulations, the Mentor Loan Insurance Policy - Terms and Conditions dated December, 1990 and any special conditions listed herein, CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) hereby agrees to insure the loan made by:

First National Financial GP

as set out in the request for loan insurance and identified herein.

SEE ATTACHED

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PROVINCIAL SALES TAX TO BE REMITTED	(8.0 %)	$6,728.04
	TOTAL	$90,828.54
APPLICATION FEE		$9,521.40
ADV TO DATE (EXCLUDING INSURANCE PREMIUM)		
APPROVED BY THIS NOTIFICATION		$9,521.40
HOLDBACK (IF APPLICABLE)		$4,335,000.00

The receipt and filing or recording by CMHC of notification that the loan has been fully advanced and the receipt by CMHC of the loan insurance premium in respect thereof shall constitute the issue of the loan insurance policy. The Approved Lender may request confirmation of the loan insurance from CMHC.

TORONTO

CANADA MORTGAGE AND HOUSING CORPORATION

[illegible]

[illegible]

CANADA MORTGAGE AND HOUSING CORPORATION SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES ET DE LOGEMENT

Canada

90-553-258
June 21, 2012

PROTECTED /
CMHC Commercial/Competitive

CMHC SCHL

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

APPROVED LENDER :	First National Financial GP
CMHC ACCOUNT NUMBER :	90-553-258
PROPERTY ADDRESS :	185 Bathurst St Toronto ON M5V 1Y9 Hereinafter the "Property"
LEGAL DESCRIPTION :	To be provided
NUMBER OF UNITS :	47
BORROWER(S) :	185 Bathurst Inc.
GUARANTOR(S) :	N/A
Net Loan Amount :	$4,335,000.00
Insurance Premium :	$84,100.50
Application Fee :	$9,521.40
TOTAL INSURED HOUSING LOAN :	$4,428,621.90
INTEREST RATE :	3.5% (maximum)
INITIAL LOAN TERM :	10 years (minimum)
AMORTIZATION PERIOD :	25 years (maximum)

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

1. ADVANCING OF THE HOUSING LOAN

1.1. This Certificate of Insurance is issued for the purpose of refinancing the existing loan in respect of the Property in the amount of $4,395,000.00 for the Property consisting of 47 units and 11,580 sq.ft. of commercial space.

1.2. It is the Approved Lender's responsibility to ensure that the Housing Loan is used specifically and exclusively for the purpose specified.

1.3. Approved Lenders disbursing a loan which they did not originate acknowledge that in disbursing the Housing Loan they assume all rights, obligations and responsibilities of the Approved Lender who submitted the application for insurance in accordance with the terms and conditions of the mortgage loan insurance policy. CMHC will require that all pre-funding conditions be specifically confirmed by the disbursing Approved Lender, including, but not limited to confirmation of compliance with ESA policy.

2. DATES FOR DRAWING ADVANCES

2.1. The first advance under the Housing Loan shall be made no later than September 30, 2012, failing which insurance coverage for the Housing Loan shall be cancelled automatically with no further notice to the Approved Lender.

2.2. Should the Approved Lender, at any time, wish CMHC to extend the periods set out in 2.1 and 15.2, a request in writing to that effect is to be made to CMHC accompanied by an underwriting fee based on the then current CMHC fee schedule. Following a review of the request for extension, additional conditions including but not limited to a higher premium may be imposed by CMHC. Acceptance will be at the sole discretion of CMHC.

3. HOUSING LOAN INSURANCE PREMIUM

3.1. The total premium of $84,100.60 is applied to the Net Loan amount and calculated as follows:

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

(a) Base premium of 1.75% at 60.00% LTV: $75,062.50

Surcharge(s) of:

(b) 1.00% for Non-Residential Space: $8,238.00

Payment of the Provincial tax of 8% applicable to the insurance premium by the Approved Lender is to be made in cash or by cheque: $84,100.50 x 8% = $6,728.04.

3.2. The Insurance premium is deemed to have been earned by CMHC at the time of issuance of this Certificate of Insurance. The insurance premium is to be remitted to CMHC as funds are advanced or within thirty (30) days of CMHC's authorization to advance, whichever occurs first. In the event the premium due is not received by CMHC within the time frame prescribed above, Insurance coverage for the Housing Loan shall be cancelled automatically with no further notice to the Approved Lender.

4. ENVIRONMENTAL SITE INSPECTION

4.1. For a Property in which the Phase 1 Environmental Report indicates no evidence of contamination this Certificate of Insurance is issued subject to the Approved Lender providing CMHC, prior to the first advance, with a letter confirming that the ESA report conforms with CMHC's policy relating to environmental risks and that the report may be relied upon by the Approved Lender and CMHC for the purposes of the insured loan.

OR

For a Property in which the Phase 1 Environmental Report indicates potential contamination and/or a requirement for further study this Certificate of Insurance is issued subject to:

(a) the Approved Lender providing CMHC with a satisfactory Environmental Site Assessment (ESA) report prior to the first advance and in any event not later than six (6) months from the date of the Certificate of Insurance; and

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

(b) the Approved Lender providing CMHC, prior to the first advance, with a letter confirming that the ESA report conforms with CMHC's policy relating to environmental risks and that the report may be relied upon by the Approved Lender and CMHC for the purposes of the insured loan.

5. LOAN SECURITY

5.1. The Security for the Housing Loan shall cover all assets and revenues relating to the Property including:

(a) a registered first mortgage repayable by equal monthly payments of principal and interest using CMHC's Standard Charge Terms or a document substantially the same, with amendments set out in Schedule "A" and such other changes set out in these Special Conditions;

(b) an assignment of present and future rents;

(c) a site specific General Security Agreement (GSA) securing all inventory, equipment, vehicles, book debts, and other amounts of any nature or kind arising from the Property. (or chattel mortgage/ moveable mortgage and assignments in provinces without Personal Property Security Agreement legislation);

(d) any other security deemed necessary by the Approved Lender ;

5.2. It is the responsibility of the Approved Lender to ensure that all security documentation complies with the requirements of the National Housing Act (NHA), the National Housing Loan Regulations (NHLR), the CMHC Loan Insurance Handbook, the specific requirements of this Certificate of Insurance, and any other applicable legislation.

6. INTEREST RATE

6.1. The interest rate at time of Interest Adjustment Date (IAD) is to be a fixed rate of interest, not exceeding 3.5% for the initial term of the Housing Loan. At time of

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

renewal of the Housing Loan the interest rate used must be a fixed rate of interest, unless CMHC policy specifically permits otherwise at that time.

7. TAXES

7.1. The Approved Lender is responsible for the collection of Property Taxes with the mortgage loan payment on a monthly basis.

8. PROJECT MANAGEMENT

8.1. CMHC acknowledges that property management by the Borrower is acceptable. The Approved Lender must verify annually that this non-arms length arrangement is comparable and competitive with local third party fee-based property management firms.

9. FINANCIAL STATEMENTS

9.1. The Approved Lender shall obtain from the Borrower, within four (4) months after each fiscal year, financial statements, on a review engagement basis of the Borrower and of the Property.

9.2. The Approved Lender shall use reasonable efforts to obtain the financial statements and shall review same for the purpose of identifying items that may negatively impact on the operation of the Property or the Borrower's ongoing liquidity. If, on the basis of the review, the Approved Lender is of the opinion that further action is necessary, the Approved Lender shall advise CMHC via written recommendation and seek CMHC concurrence to any further action.

9.3. The mortgage loan documentation shall provide for stand alone project reporting, isolating the Property's financial and operating information from that of other projects owned by the Borrower.

9.4. In the event of a default by the Borrower under the mortgage or if the Borrower seeks relief under the *Bankruptcy* and *Insolvency Act* and the Companies' Creditors

CMHC SCHL

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

Arrangement Act or other debtors relief legislation, the Approved Lender shall if possible, seek to establish a separate project bank account for the Property.

10. SUBSEQUENT FINANCING

10.1. The Borrower shall not register any subsequent encumbrances without the prior written approval of the Approved Lender. Such approval will not be unreasonably withheld.

10.2. The Approved Lender shall not allow a cross default provision between the Insured Housing Loan and a subsequent encumbrance.

11. ZONING

11.1. Prior to any advance of funds the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 47 unit rental structure on the Property and 11,580 sq.ft. of commercial space..

12. MATERIAL CHANGE

12.1. CMHC reserves the right to cancel the Certificate of Insurance or to revise the amount of the Housing Loan it will insure, if there is a material change in the terms and conditions of the Housing Loan or the Property or the Borrower from the particulars provided in the Approved Lender's Application.

13. HOTEL CONVERSION

13.1. Where a property offers certain features, which could under some circumstances permit its conversion from rental housing to hotel use, the Approved Lender is required to include a provision in the letter of commitment to the applicant, to the effect that the loan may be called if:

(a) The building plan of the building is physically altered without the written approval of the Approved Lender and CMHC;

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

(b) The project ceases to be occupied by persons utilizing the accommodation for purposes of a principal residence.

13.2. The Approved Lender is also required to amend the relevant mortgage to add the words "or as a hotel" to the end of the clause prohibiting the use of the premises for the purpose of any business, trade or manufacture.

14. TRUST AGREEMENT

14.1. Prior to any advance, the Approved Lender must confirm that 165 Bathurst Inc is a trustee holding title to this Property as trustee for the beneficial owners: 1206147 Ontario Inc. (12.5%), New County Gaol Lot Inc. (10%), Suffolk Industrial Commodities Inc. (10%), Renovay Investments Inc. (10%), 768124 Ontario Inc. (42.5%) and Key Mortgage Corporation (15%). Any changes in the ownership structure must be pre-approved by the Approved Lender who must seek CMHC's concurrence if there are substantial changes

15. ADDITIONAL DOCUMENTS REQUIRED PRIOR TO ANY ADVANCE AUTHORIZATION

15.1. Where improvements are a condition of this loan, the improvements and repairs, shall be carried out and completed in accordance with any approved plans and specifications. When improved, the housing shall comply with Municipal requirements where applicable.

15.2. In lieu of a holdback, the Approved Lender is to include a covenant in the mortgage for the Borrower to complete the mandatory repairs/improvements specified in Schedule "B". It is the responsibility of the Approved Lender to ensure that the mandatory repairs/improvements are completed to its satisfaction, and in accordance with the authority having jurisdiction. All mandatory repairs/improvements which form part of the Special Conditions must be completed by December 31, 2012. The Approved Lender must retain in its files, documentation to support the completion of the mandatory repairs.

15.3. Refer to Schedule "B" - Repairs/Improvements of this agreement for detail of specific repairs/improvements.

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

16. NON RECOURSE MORTGAGE

16.1. CMHC acknowledges that this insured mortgage may be granted on a non-recourse basis. Accordingly, the Approved Lender can include a non-recourse clause in the mortgage stating that the recourse of the Approved Lender shall be limited to the Property and the other assets taken as security by the Approved Lender and not against the Borrower personally provided that any such clause must preserve all of the lender's right and remedies against the borrower as regards : i) non-compliance with any applicable laws, regulations, orders, rulings, guidelines, policies, permits, directives, notices or the like (whether or not any of same have the force of law) relating to environmental matters in connection with the Property and ii) any fraud on the part of the Borrower. The Approved Lender must ensure that such non-recourse to the Borrower is without prejudice to and shall not be restricted nor impair in any way any of the rights, remedies or entitlement of the Approved Lender with respect to the enforcement of the mortgage and related security and shall not prevent the Approved Lender from joining the Borrower in any suit or action commenced in connection with the realization of the mortgage and related security.

17. PHYSICAL CONDITION REPORT

17.1. A physical condition report may be prepared by or for CMHC to identify repairs which should be completed. This report is taken into account as part of CMHC's underwriting of the loan and is solely for internal purposes. As such, the report does not and will not constitute a representation or warranty that the property is in conformance with building or Property standards, fire code or other regulations. Neither CMHC nor the inspector preparing the report assumes any responsibility for any loss or damage to any person as a result of the preparation of this report.

90-553-256
June 21, 2012

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SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

PRIOR TO THE FIRST ADVANCE PLEASE SIGN AND RETURN THE DUPLICATE COPY OF THE ATTACHED SPECIAL CONDITIONS.

CMHC Underwriter: Ian Robertson
Centre: **Ontario**
Date : June 21 , **2012**

ACKNOWLEDGMENT

We have read and acknowledge as terms and conditions of the Certificate of Insurance and of the Mortgage Loan Insurance Policy, the contents of the Certificate of Insurance and the Special Conditions contained herein, of which we have a duplicate. We further acknowledge that CMHC is subject to the Access to Information Act and the Privacy Act. Individuals have a right of access to CMHC-controlled information about themselves.

"PROTECTED / CMHC Commercial/Competitive - This document contains confidential and proprietary information and shall not be further distributed, copied or disclosed by the Approved Lender (other than to the Borrower, or to the Borrower's or Approved Lender's professional advisors who have a need to know, provided that the Approved Lender shall ensure any such receiving party treats the information as confidential), without the prior written consent of CMHC."

Name of Approved Lender: **First National Financial GP**

per:

Michele Cook
Director, Commercial Mortgages

Name of Signing Officer:

Place and Date of Signature: July 5/12

CMHC SCHL

SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

SCHEDULE "A"

Amendments to CMHC's Standard Charge Terms

Due on Sale Clause
" The mortgage debtor covenants and agrees with the Approved Lender that in the event of the mortgage debtor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property hereby mortgaged (including, but not limited to, the sale of shares or other interest resulting in a transfer of majority ownership interest) to a purchaser or transferee not approved, in writing, by the Approved Lender, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Approved Lender forthwith become due and payable."

Environmental Clause
" The Approved Lender or agent of the Approved Lender or agent of Canada Mortgage and Housing Corporation (Hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Approved Lender or CMHC, enter upon the said lands to inspect the said land and buildings thereon. Without in any way limiting the generality of the foregoing, the Approved Lender or CMHC (or their respective agents) may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Approved Lender or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the contract rate in the mortgage, shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Approved Lender, CMHC or their respective agents to be in possession, management or control of the said lands and buildings."

90-553-258
June 21, 2012

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SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE

SCHEDULE "B"
Mandatory Repairs/Improvements

Mandatory Items:

1) **Boiler, Elevator and Service Room** – The voids in the ceiling of the boiler, elevator and service room must be sealed..

Recommended Items:

1) **Brick** – A thorough analysis of the bricks should be carried out and the spalled bricks and missing mortar joints are recommended to be repaired.

Repairs/ improvements stipulated above must be carried out and completed in conformance with all applicable standards and building codes of the authority having jurisdiction.

FIRST NATIONAL
FINANCIAL LP

1053

July 12, 2012

165 Bathurst Inc.
c/o Kasia Pikula at Goldmount Capital
165 Bathurst Street,
Toronto, Ontario, M5V 1Y9

Attention: Martin Usher

RE: Proposed Mortgage Loan in respect of 165 Bathurst Street & 620-24 Richmond Street West, Toronto, Ontario (the "Property")
First National Mortgage Reference Number: 514250

This letter will confirm our agreement to the following amendments to our original Commitment letter dated June 29, 2012:

1) On Page 4, Section 11 ("Security"), Paragraph (a) Municipal Address, please delete "165 Bathurst Street, Toronto, Ontario" and replace with "165 Bathurst Street & 620-24 Richmond Street West, Toronto, Ontario"

All other terms and conditions of the Commitment letter shall remain the same and all parties hereto continue to be bound by the Commitment letter as amended herein.

If the above is acceptable, please so indicate by executing and returning one original copy of this letter on or before July 24, 2012.

Yours very truly,

FIRST NATIONAL FINANCIAL LP
By its General Partner
FIRST NATIONAL FINANCIAL GP CORPORATION

Per: _____
Michele Cook
Director, Commercial Mortgages

ACCEPTANCE BY BORROWER

DATED this 23rd day of July, 2012.

165 Bathurst Inc.

Per: _____
Name:
Title: A.S.O.

I/We have authority to bind the Corporation.

Dale & Lessmann LLP

1054

Reply to: George T. Wisniewski
Direct Dial: 416-369-7862
Email: gwisniewski@dalelessmann.com

August 27, 2012

165 Bathurst Inc.
162 Cumberland Street, Suite 300
Toronto, ON M5R 3N5

Dear Sirs:

Re: First National Financial LP Mortgage Loan No: 514250 and Commitment Letter (the "Commitment Letter") dated June 29, 2012 between First National Financial LP (the "Lender") and 165 Bathurst Inc. (the "Borrower")

Please accept this letter as formal acknowledgment on behalf of the Lender to confirm its agreement that the Interest Rate (as defined in the Commitment Letter) will be amended to 2.97%. It is acknowledged that the amended Interest Rate will only be valid until August 31, 2012.

It is acknowledged that all other terms and conditions of the Commitment Letter will remain unchanged and time shall remain of the essence. This letter may be executed in counterparts and when placed together shall constitute one complete document.

Yours very truly,

DALE & LESSMANN LLP

George T. Wisniewski

GTW/sf

ACKNOWLEDGED AND AGREED to on this day of August, 2012.

165 BATHURST INC.

Per: _____
Name: Jonathan Hussman
Title: President

Per: _____
Name: Martin Usher
Title: Secretary

We have the authority to bind the Corporation.

342804.1

Properties

PIN	21239 - 0081 LT	*Interest/Estate*	Fee Simple
Description	LT 27 PL D111 TORONTO; PT LT 9 SEC C PL MILITARY RESERVE TORONTO (AKA MAJOR GOODWINS PROPERTY) AS IN CA491186 EXCEPT THE EASEMENT THEREIN; CITY OF TORONTO		
Address	165 BATHURST/620-624 RICHMOND ST W 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	165 BATHURST INC.
Address for Service	162 Cumberland Street, Suite 300 Toronto, Ontario M5R 3N5

I, Jonathan Hussman - President and Martin Usher - Secretary, 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	c/o First National Financial LP 100 University Avenue Suite 700, North Tower Toronto, Ontario M5J 1V6

Statements

Schedule: See Schedules

Provisions

Principal	$ 4,428,621.90	*Currency*	CDN
Calculation Period	Semi-anually, not in advance		
Balance Due Date	2022/12/01		
Interest Rate	2.97%		
Payments	$ 20,891.00		
Interest Adjustment Date	2012 09 01		
Payment Date	1st day of each and every month		
First Payment Date	2012 10 01		
Last Payment Date	2022 12 01		
Standard Charge Terms	8616		
Insurance Amount	full insurable value		
Guarantor			

Signed By

George Thaddeus Wisniewski	181 University Ave., Suite 2100 Toronto M5H 3M7	acting for Chargor(s)	Signed	2012 08 28

Tel 416-863-1010

Fax 4168631009

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

Submitted By

DALE & LESSMAN LLP	181 University Ave., Suite 2100 Toronto M5H 3M7	2012 08 31

Tel 416-863-1010

Fax 4168631009

Fees/Taxes/Payment

Statutory Registration Fee	$60.00
Total Paid	$60.00

Additional Provisions

1. The registration of this Charge/Mortgage (the "Charge") is pursuant to the terms of a commitment letter issued by the Chargee dated June 29, 2012, as amended, and the certificate of insurance issued by Canada Mortgage and Housing Corporation bearing Reference Number 90-553-256 ("CMHC") dated July 13, 2012, as amended, (collectively, the "Commitment") and the advance of any monies under this Charge contemplated by such Commitment shall not cause the Commitment to merge but rather the Commitment shall survive and all the terms therein shall be binding upon the Chargor as if fully incorporated herein both before and after all advances have been made and all of the requirements of the Commitment shall continue in full force and effect notwithstanding the registration of this Charge or the completion of the funding of all advances contemplated hereby. It is acknowledged by the Chargor that all of the Chargee's rights under this Charge shall in no way merge or be affected by any proceedings that the Chargee may commence under an Assignment of Rents, an Assignment of Leases, a General Security Agreement, any undertaking, certificate, acknowledgment and any other security document or agreement granted pursuant to the Commitment (the "Security Documents") and no proceedings commenced by the Chargee under this Charge shall in any way affect the rights of the Chargee under the Security Documents. In the event of any inconsistency or conflict between any provision or provisions of the Commitment and any provision or provisions of the Security Documents, the Chargee may elect which instrument or provision is to prevail.

2. The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the property hereby mortgaged (hereinafter referred to as the "Property"), or the transfer of a beneficial interest therein, to a purchaser or transferee not approved of in writing by the Chargee, which approval shall not be unreasonably withheld, all monies hereby secured with accrued interest thereon shall be forthwith due and payable at the option of the Chargee. For the purposes of this paragraph the following shall be deemed a transfer of title of the Property: (i) a merger or amalgamation involving the Chargor; or (ii) a change in direct or indirect effective voting control of the Chargor; or (iii) more than 25% of the voting shares/units of the Chargor are transferred. Any release of the Charge or covenants contained herein by the Chargee further to the sale, conveyance, or transfer of title of the property shall first be approved of in writing, by CMHC, which approval shall not be unreasonably withheld.

3. The Chargor shall have the right to repay at any time during the term of the Charge (the "Prepayment Amount") the whole, but not part, of the principal hereby with accrued interest to the date of prepayment together with all other monies owing, secured or payable under the Charge, together with the Yield Maintenance Fee as defined below.

"Yield Maintenance Fee" shall mean the greater of (a) three (3) months interest at the interest rate then payable on this Charge and (b) the amount, if any, as of the date of prepayment, by which the present value of the future instalments until the Balance Due Date of this Charge with respect to the Prepayment Amount discounted at the lowest of (i) the Government of Canada Yield and (ii) the coupon rate of the Applicable Mortgage Backed Security, if any, calculated semi-annually not in advance and (iii) the coupon rate of the Applicable Canada Mortgage Bond, if any, calculated semi-annually not in advance, exceeds the Prepayment Amount. For the purposes of this section, "Government of Canada Yield" shall mean the yield-to-maturity, compounded semi-annually not in advance, as determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Chargee may appoint, which a non-callable Government of Canada bond would carry if issued on or about the fifth (5th) business day prior to the date on which the prepayment will be made, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity equal to the remaining term of this Charge.

"Applicable Mortgage Backed Security" means the National Housing Act Mortgage Backed Security (NHA-MBS) for which the Charge and related loan forms part of the underlying pools.

"Applicable Canada Mortgage Bond" means the Canada Mortgage Bond for which the Applicable Mortgage Backed Security forms part of the underlying pools.

4. At the Chargee's option, the Chargee may extend the term of this loan so that the Balance Due Date and Last Payment Date may be extended by a period of up to twelve (12) months from the Balance Due Date and Last Payment Date specified herein. If the Lender chooses to exercise

this option it may do so by delivering written notice of same to the Chargor at any time prior to the first anniversary of the Interest Adjustment Date and the Chargor hereby agrees to such extension without the requirement to execute any amending agreement. While the Chargee may request the Chargor to acknowledge the extension, the Chargor's failure to do so shall not invalidate the extension.

5. The Chargor covenants that it shall fully comply with the applicable laws, regulations, directives, orders and guidelines relating to environmental, health, fire and safety matters and that the Chargor shall not bring onto the Property any Hazardous Materials, as hereinafter defined, nor knowingly allow any other person to do so and if the Chargor becomes aware of any Hazardous Materials that are brought onto the Property by any tenant, it shall forthwith require such tenant to remove same in accordance with all governmental requirements.

6. In this Charge the following words shall have the following meanings:

"Applicable Laws" means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, bylaws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

"Environmental Laws" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

"Environmental Proceeding" means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or Lien of any nature or kind arising under or relating to Environmental Laws.

"Hazardous Substance" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated byphenyls or hydrocarbon products, any materials containing same or derivates thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

Representations Regarding Environmental Matters

The Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit obtained by the Chargee prior to the advance of funds under this Charge (the "Environmental Audit"), contains no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of 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 to any Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither of the Chargor nor, to the best of the Chargor's knowledge and belief after due inquiry and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws.

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) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings; (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 from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections 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, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, 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, expenses, (including legal fees and disbursements on a solicitor and his own client basis) (collectively "Environmental Claims"), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit 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 the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters.

The indemnity contained herein shall survive the repayment of the Charge and shall continue in full force and effect so long as the possibility of any such liability, claim or loss exists.

7. The Chargor covenants with the Chargee that it will keep the Property in good condition and repair according to the nature and description thereof. If the Chargor neglects to keep the Property in good condition and repair, or commits or permits any act of waste on the Property, the powers of entering upon and leasing or selling the Property contained in the Charge may be exercised forthwith and the Chargee may make such repairs as it deems necessary and the cost thereof with interest thereon shall be a charge upon the Property prior to all claims thereon subsequent to these presents.

8. The Chargee or agent of the Chargee or agent of CMHC may, at any time, and for any purpose deemed necessary by the Chargee or CMHC, acting reasonably, enter upon the Property to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC, acting reasonably, and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the rate stipulated herein, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC or their agents to be in possession, management or control of the Property.

In consideration of the advance of funds by the Chargee, the Chargor hereby agrees that, in addition to any liability imposed on the Chargor under any instrument evidencing or securing the Charge, the Chargor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use,

generation, storage, release, threatened release, discharge, disposal or presents on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the Charge and any other existing obligations of the Chargor to the Chargee in respect of the Charge and any other exercise by the Chargee of any remedies available to them for any default under the Charge.

9. The provisions of the Standard Charge Terms are amended as follows:

   (a) in the first sentence of the first paragraph in paragraph 34 the words "and without any objection or obstruction on the part of the Chargor" shall be inserted after the words "Notwithstanding anything herein contained";

   (b) paragraph 34(d) shall be amended by deleting the words "deemed" and "and in any event, the agent of the Chargee" from the first line thereof;

   (c) paragraphs 6 (a), (b), (c) and (d) and paragraphs 14 and 26 are deleted in their entirety;

   (d) paragraph 4 shall be amended by adding the words "and default and judgement" following the phrase "as well after as before maturity" in the second and fourth lines of that paragraph;

   (e) paragraph 12 shall be amended as follows: (a) the words "the principal money" in the fifth line of that paragraph are replaced by the words "all monies" and (b) the words "principal money" in the sixth line of that paragraph are replaced by the word "monies";

   (f) paragraph 35 shall be amended by adding the words ", during any period when the Chargor is in default of the terms of the Charge, the Chargee may" on the fifth line thereof immediately before the words "make such improvements"; and

   (g) paragraph 16 shall be amended by adding (i) the words "except in accordance with its past practices and in accordance with prudent real estate management practice" in the first line thereof after the word "not"; (ii) "The Property shall not be used as a hotel" after the end of the first sentence.

10. (a) The Chargor hereby covenants and agrees to comply with the provisions of the *Residential Tenancies Act, 2006*, during the entire term of this Charge and that it shall:

   (i) provide notice to the Chargee of any applications commenced by the tenants at the Property for an order to prohibit rent increases (the "Order"), together with copies of all documents filed with the Landlord and Tenant Board (the "Board") in support of such application;

   (ii) contest any applications for an Order;

   (iii) provide a complete copy to the Chargee of any Order issued by the Board, together with any reasons provided by the Board in relation to the Order;

   (iv) forthwith following the issuance of the Order retain a consultant, architect or contractor acceptable to the Chargee, acting reasonably, to conduct an investigation of the matters described in the Order, provide the Chargee with a copy of any contracts entered into by the Chargor with respect to the work required to be performed and to forthwith thereafter carry out all work necessary to remedy the matters which has caused the Order to be issued. Forthwith following the completion of the work, the Chargor shall provide to the Chargee a certificate from its architect, engineer or construction manager confirming that the work has been performed and the date upon which the last of the work required under the Order was completed;

   (v) maintain all records and documents as are necessary to evidence rectification of the matters set out in any Order, the amount of any rent increases relating to capital expenditures, including any rebates that will

be owing to tenants following the expiry of the rent increase that was ordered by the Board, the costs of utilities consumed at the Property and any notices delivered to tenants in respect of utility expenses, notices given to tenants in relation to the installation of sub-metering of utilities and the direct billing for such utilities to the tenants and any other documentation that is reasonably required by the Chargee to ensure compliance with the provisions of the *Residential Tenancies Act, 2006*. The Chargor shall forthwith, following a request, provide to the Chargee complete copies of such records and documents;

(vi) provide notice to the tenants as required under section 8 of Ontario Regulation 516/06 prior to commencing any work at the Property;

(vii) permit the Chargee to conduct inspections of the Property by the Chargee's representatives, consultants or agents, at the expense of the Chargor, to review the state of repair of the Property;

(viii) retain copies of all notices given to or received from tenants and make copies of such notices available to the Chargee; and

(ix) provide all information and documentation required by the Chargee to confirm that the rents at the Property have been established in accordance with the *Residential Tenancies Act, 2006*.

(b) the Chargor represents and warrants as follows:

(i) that to the best of the Chargor's knowledge there has been compliance in all respects with the *Residential Tenancies Act, 2006*, the *Tenant Protection Act, 1997* and all predecessor and successor rent control legislation;

(ii) that the present rents are legal and there are no discrepancies between the legal rents disclosed and the rents currently charged which could result in the issuance of an order to rebate rents;

(iii) that there will be no reduction in services or facilities from the level of same as has existed during the past one year;

(iv) that, except as disclosed in writing to the Chargee, the rents at the Property have not been increased as a result of above-guideline increases for capital expenditures, utility costs or realty taxes which might result in the maximum lawful rents being lowered at a future date;

(v) that to the best of the Chargor's knowledge there have been no allegations by tenants of inadequate maintenance or of withdrawal of services or facilities;

(vi) that no tenant application or investigation or proceedings by the Board is pending or threatened which could result in a reduction of the maximum lawful rent and/or rent rebates;

(vii) that no orders exist prohibiting rent increases; and

(viii) that no work orders exist which could result in the issuance of an order prohibiting rent increases.

The issuance of a work order by the Board or an Order or any breach of the provisions of the *Residential Tenancies Act, 2006* or *Tenant Protection Act, 1997* or any other statute regulating the rentals that may be charged to tenants shall constitute a default under this Charge.

11. The Chargor covenants and agrees to provide to the Chargee, within one hundred and twenty (120) days of its financial year end during each year of the term of the Charge and any renewals thereof, the following: i) review engagement financial statements of the Chargor which statements shall include a balance sheet and supporting notes and schedules, a detailed statement of income and expenditures with supporting notes and schedules and a statement of change in

cash flow (all in a form satisfactory to the Chargee acting reasonably); (ii) review engagement financial statements for the Property including a balance sheet and supporting notes and schedules and a detailed statement of income and expenditures with supporting notes and schedules (all in a form satisfactory to the Chargee acting reasonably); iii) a current rent roll for the Property (in a form satisfactory to the Chargee acting reasonably); and iv) if so requested by the Chargee, a budget for the next fiscal year forecasting both operating income and expenses and capital expenses (in a form satisfactory to the Chargee acting reasonably). The statements shall be prepared by an accountant licensed under the *Public Accountancy Act*.

12. The Chargor covenants and agrees to maintain books and records relating to the operation and management of the Property separate and apart from any other properties owned by the Chargor. The Chargor further covenants in the event of a default to establish and maintain a separate bank account relating solely to the Property into which all revenue arising from the operation thereof shall be deposited and from which all operating expenses relating thereto, but not to any other property, shall be paid.

13. As further security for this Charge the Chargor covenants and agrees to grant to the Chargee, upon thirty (30) days prior notice in writing, a specific assignment of any or all leases of premises in the building on the Property comprising the security of this Charge.

14. In the event that the whole or any material part of the Property is expropriated the Chargor agrees that all proceeds received from any such expropriation shall be paid directly to the Chargee, provided that upon repayment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

15. Provided also that if the Chargor files in any court a petition in bankruptcy or insolvency or for any reorganization resulting from insolvency or for the appointment of a receiver or trustee of all or a portion of its property or where any proposal is made to creditors of the Chargor pursuant to the *Bankruptcy and Insolvency Act* or if there is filed against it a petition in bankruptcy or insolvency or for reorganization resulting from insolvency or for the appointment of a receiver or trustee of all or a portion of its property and it is not proceeding in good faith to contest any such petition until such petition has been finally dismissed, or if it makes an assignment or proposal for the benefit of creditors, or of the Chargor or any other party makes an application under the *Companies' Creditors Arrangement Act* with respect to the Chargor or any beneficial owner of the Property, then and in any such event the moneys hereby secured shall forthwith become due and payable, at the option of the Chargee, and all powers in and by this Charge conferred shall become exercisable, and the powers of sale herein contained may be exercised forthwith without any notice except as may be required by the *Bankruptcy and Insolvency Act*.

16. The Chargor covenants and agrees that all payments for instalments of principal and interest and taxes shall be made by way of "direct debit" and to execute any authorization reasonably required by the Chargee to effect such means of payment.

17. Any major changes, additions, and/or alterations contemplated to the Property, including major changes in use of the Property, must receive the Chargee's written consent, such consent not to be unreasonably withheld, prior to the commencement of the changes, additions and/or alterations. If the Chargor changes and/or alters the Property without the prior written consent of the Chargee being obtained, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal together with the accrued interest due thereon. The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee under this Section together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto.

18. The Chargor represents and warrants to the Chargee that all information and material submitted and all representations made to the Chargee by the Chargor are true, complete and accurate and of the foregoing party acknowledges that the Chargee has relied on such information, material and representations in approving the mortgage loan. Any breach of this representation and warranty shall constitute a default hereunder which shall entitle the Chargee to exercise all its rights and remedies for default in payment hereunder.

19. The Chargor covenants and agrees that: (i) the building or buildings to be constructed or existing on the Property will not be converted to a condominium corporation and no application

for draft plan approval or registration as a condominium corporation will be made without the Chargee's prior written consent; (ii) the use of the building or buildings shall not be converted from residential rental housing offered to tenants as their principal residences for a term of at least 30 days to a hotel or other short term occupancy uses; and (iii) any changes or alteration to the building or buildings shall require the prior written consent of the Chargee and CMHC.

20. The Chargor covenants and agrees not to further encumber the Property without the prior written consent of the Chargee, which consent shall not be unreasonably withheld. In the event of a breach of this covenant all monies hereby secured with accrued interest thereon shall be forthwith due and payable at the option of the Chargee. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/Mortgage of Land or other encumbrance affecting the Property, whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisos of any such Charge/Mortgage of Land or other encumbrance, then, at the option of the Chargee the entire principal secured hereby together with all accrued and unpaid interest shall become due and payable immediately and all the powers of the Chargee under this Charge in the event of default may be exercised by it.

The Chargor hereby covenants to keep the Property free and clear of all construction liens or other liens, rates, encumbrances or charges, save and except any encumbrance or charge to which the Chargee consents in accordance with the terms hereof.

The Chargee may also pay the amount of any arrears on any subsequent encumbrance or the amount outstanding on any subsequent lien, rate or other charge against the Property and the Chargor will immediately after demand for same, forward the amount of any such payments to the Chargee provided that the Chargor's failure to do so shall be an event of default under this Charge and entitle the Chargee to all of its remedies herein including the right to accelerate, at its option, the principal secured hereby.

21. The Chargor covenants and agrees that during the term of this Charge and any renewal and extension thereof, that the Property will be managed, leased and operated by a professional property manager acceptable to the Chargee, acting reasonably, and that in the event that the Chargor at any time desires to change the property management either with respect to amending the terms of the property management agreement or by appointing a new property manager, that it shall not do so without the express consent of the Chargee which consent shall not be unreasonably withheld. In the event of any default under this provision, the Chargee may, at its option and in its sole discretion, appoint a property manager acceptable to it at the Chargor's cost, such cost to be secured hereby. It is acknowledged that the management by the Chargor named herein is acceptable.

22. If any of the representations or warranties made by the Chargor in its application for the loan, the Commitment, or this Charge or any document or certificate delivered to the Chargee by the Chargor pursuant to the application, this Charge, the Commitment or in consideration of the advance of funds under this Charge is inaccurate in any material way, such event shall be an additional event of default entitling the Chargee to exercise its remedies under this Charge, including its rights at its option to require the Chargor to immediately pay the entire amount of principal and accrued interest then outstanding.

23. Notwithstanding anything herein contained, it is hereby agreed and declared that at any time and from time to time when there shall be default by the Chargor under the provisions of this Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the said lands or any part thereof by writing under its hand appoint a receiver of the said lands or any part thereof and of the rents and profits thereof or only of the rents and profits thereof and with or without security and may from time to time by similar writing remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

(a) The statutory declaration of an officer of the Chargee as to default by the Chargor under the provisions of this Charge shall be conclusive evidence thereof;

(b) Every such receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents and other monies receivable in respect of the said lands or any part thereof;

(c) Every such receiver may, in the discretion of the Chargee and by writing under its hand, be vested with all or any of the powers and discretions of the Chargee;

(d) The Chargee may from time to time by such writing fix the remuneration of every such receiver;

(e) Every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee;

(f) The appointment of every such receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver in any respect and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the said lands or any part thereof;

(g) Every such receiver shall from time to time have the power to rent any portion of the said lands which may become vacant for such term and subject to such provisions as he may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent of the Chargor and he shall have authority to execute under seal any lease of any portion of the said lands in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such receiver may do in the premises;

(h) Every such receiver shall have full power to complete any unfinished building or buildings or other improvements upon the said lands or any part thereof with the intent that any building or improvement thereof when so completed shall be a complete structure;

(i) Every such receiver shall have full power to manage, operate, amend, repair, alter or extend the said lands or any part thereof in the name of the Chargor for the purpose of securing the payment of rental from the said lands or any part thereof;

(j) No such receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the said lands or any part thereof and out of such cash so received every such receiver shall, in the following order or in such other order as the Chargee may from time to time direct, pay:

(i) his remuneration aforesaid;

(ii) all payments, costs, charges and expenses including, without limitation, costs as between solicitor and client made or incurred by him in connection with the completion of any unfinished building or buildings or other improvements upon, or the management, operation, amendment, repair, alteration or extension of, the said lands or any part thereof;

(iii) all interest, principal and other money which may, from time to time, be or become charged upon the said lands in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the said lands or any part thereof;

(iv) to the Chargee all monies due or falling due under this Charge and to the extent elected by the Chargee, all monies owing but not yet due under this Charge;

(v) and thereafter every such receiver shall be accountable to the Chargor for any surplus remaining in the hands of such receiver;

(k) The Chargee may at any time and from time to time terminate any such receivership by notice in writing under its hand to the Chargor and to any such receiver;

(l) Save as to claims for accounting under clause (j) of this paragraph, the Chargor hereby releases and discharges the Chargee and every such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under him by reason of anything done by the Chargee or any such receiver under the provisions of this paragraph unless such claim be the direct and proximate result of dishonesty or gross neglect.

24. It is understood and agreed that an Assignment of Rents, an Assignment of Leases, and a General Security Agreement (collectively "Additional Security") are being given as further security to this Charge which Additional Security is granted by the Chargor herein to the Chargee herein and any default under the Additional Security shall constitute default hereunder, and any default under this Charge shall constitute default under the said Additional Security and at the option of the Chargee, the principal amount shall forthwith become due and payable and all other moneys secured hereunder including accrued interest to the date of payment and the power of entering upon and leasing or selling the Property, and all other remedies hereunder shall be exercisable, subject to any relief afforded to the Chargor at law. Payments under the Additional Security shall constitute payments hereunder and payments on account of this Charge shall constitute payments under the Additional Security.

It is agreed that the Chargee's rights hereunder shall in no way merge or be affected by any proceedings which the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargor agrees that forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) to the Property, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such chattels for the purposes of the afore noted General Security Agreement which description shall include make and model. The Chargor further agrees to provide written evidence of proof of purchase of the chattels free of encumbrance, and of insurance of same, both in the form and content satisfactory to the Chargee.

25. In the event that the Chargor defaults with respect to any of the terms of any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in these additional provisions, such default will be an event of default under this Charge and entitle the Chargee to all of its remedies hereunder including the acceleration of the principal without further notice to the Chargor.

26. The Chargor will at all times during the term of the loan maintain the insurance required by the Charge including, without limitation the following coverages:

(a) all risks of direct physical loss or damage, including, without limitation, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Chargee under an Insurance Bureau of Canada mortgage clause; the policy should allow for the improvements on the Property to be completed (if applicable), for partial occupancy, and for the Property to be vacant and unoccupied for a period of at least thirty (30) days;

(b) comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Chargee, with loss payable to the Chargee under a Boiler and Machinery Insurance Association mortgage clause;

(c) business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from

the business conducted on the Property for a period of twelve (12) months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above;

(d) comprehensive general liability insurance, inclusive of bodily injury, death or property damage or loss, for a minimum amount of $5,000,000.00 per occurrence or such other amount as the Chargee may reasonably request.

The coverage required by sections (a) and (b) above shall include by-law endorsements acceptable to the Chargee, including but not limited to same site waiver, increased cost of construction, undamaged portion coverage and demolition and debris coverage

All policies shall be on a "no co-insurance" basis. All such insurance shall be placed with a company or companies satisfactory to the Chargee. Deductible amounts shall also be subject to Chargee's approval. All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause endorsements, shall provide for at least thirty (30) days prior written notice to the Chargee of any cancellation of or material alteration to the policy. The Chargor shall provide evidence of policy renewal or satisfactory replacement annually at least thirty (30) days prior to expiry. The Chargor shall deliver to the Chargee original or certified copies of all policies required hereunder. The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage is available.

27. The Chargor acknowledges that Computershare Trust Company of Canada is the title trustee/custodian for First National Financial LP. The Chargor further acknowledges that the term "Lender" or "Chargee" contained herein or in the Security Documents shall include First National Financial LP and First National Financial GP Corporation. The Chargor further acknowledges that where the consent of the Lender/Chargee is required for any matter, the consent of First National Financial LP shall be sufficient to meet this requirement.

28. The Chargor will pay to the Chargee, in addition to any monthly payment on account of principal and interest, an amount stipulated by the Chargee from time to time sufficient to provide a fund to pay in full, the annual property taxes (including any local improvement charges) for the property at the time that the first installment of taxes for each year become due, based on estimated annual taxes and subject to adjustments based on taxes actually levied.

Notwithstanding the foregoing, the Chargee will conditionally waive the above-noted requirement to pay taxes directly to the Chargee on a year-to-year basis provided that:

(a) There has been no default under the Charge and the Chargor continues to perform and observe all the conditions and obligations on its part to be performed pursuant to the Charge and Security Documents;

(b) Receipts are received by the Chargee from the appropriate taxing authorities showing all taxes have been paid in full on or before their respective due dates, within thirty (30) days after each payment due date;

(c) The Chargor continues to be the owner of the Property; and

(d) There has been no adverse change, in the Chargee's sole discretion, in the financial condition of the Property or the Chargor.

This waiver will be reviewed annually by the Chargee and the Chargee may decline to renew same, in its sole discretion. In addition, the waiver may be withdrawn at any time by the Chargee if the foregoing provisions are not met. In either of such events, the monthly collection of taxes by the Chargee pursuant to the terms of the Charge shall recommence immediately, with retroactive effect to the extent necessary to cover any tax arrears.

29. Notwithstanding anything contained in this Charge, the Commitment, or the Security Documents, any and all obligations of and any claims, including without limiting the generality of the foregoing, relating to any covenants, representations, warranties, indemnities or any other obligations of any kind whatsoever (collectively, the "Obligations") of the Chargor, shall be satisfied and paid only out of the Property and no Obligations shall be binding upon the Chargor, except as regards (i) non-compliance with any applicable laws, regulations, orders, rulings, guidelines, policies, permits, directives, notices or the like (whether or not any of same have the

force of law) relating to environmental matters in connection with the Property, and (ii) any fraud on the part of the Chargor. The recourse of the Chargee under this Charge, the Commitment and the Security Documents against the Chargor shall be limited only to the Property and no recourse or resort for any purpose shall be had nor shall judgement be issued or other process levied against the assets or rights of the Chargor whatsoever other than in its interest in the Property. For greater certainty, the Chargee shall be entitled to name and join the Chargor in any suit, action or proceeding commenced in conjunction with a realization of the Charge or on the Property, but for that sole purpose only and such enforcement shall be satisfied against the Property only.

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165 Bathurst Inc.
BALANCE SHEET
As At July 31, 2008
Esbin Property Management Inc.

	YTD Actual	Opening Balance	Net Change
ASSETS			
Bank	$132,504	$5,950	$126,554
Rents receivable	9,402	2,128	7,273
Sundry assets	45,430	32,858	12,572
Revenue-producing real estate -at cost	2,265,975	2,240,975	25,000
Total Assets	$2,453,310	$2,281,912	$171,399
LIABILITIES			
Accounts payable and accrued liabilities	$33,318	$48,924	($15,605)
Mortgage payable	2,458,991	1,293,084	1,165,907
Tenants' rent deposits	69,398	64,135	5,263
Total Liabilities	2,561,707	1,406,142	1,155,565
CAPITAL STOCK AND CO-OWNERS EQUITY			
Capital Stock	100	100	0
EQUITY OF THE CO-TENANTS	(108,496)	875,670	(984,166)
	(108,396)	875,770	(984,166)
Total Liabilities and Co-owners Equity	$2,453,310	$2,281,912	$171,399

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165 Bathurst Inc.
STATEMENT OF RENTAL INCOME & EXPENSES
As At July 31, 2008
Esbin Property Management Inc.

	YTD Actual	YTD Last Year
INCOME		
Rent	762,917	739,704
Recoveries	1,800	1,650
Vacancy loss	(12,637)	(5,485)
Other income	1,901	4,587
	753,981	740,456
OPERATING EXPENSES		
Insurance	7,391	6,443
Accounting	1,800	2,000
Administration	3,481	3,185
Superintendent	27,920	27,880
Building maintenance	51,795	88,872
Exterior maintenance	2,263	174
Utilities	121,848	107,271
Management fees	40,564	40,025
Realty tax	63,589	63,422
	320,652	339,272
NET OPERATING INCOME	433,329	401,184
OTHER EXPENSES		
Mortgage interest	132,126	108,174
Mortgage costs	6,054	2,821
Leasing costs	11,169	9,518
Bad debt	2,548	0
Legal	0	200
Professional fees	1,850	1,500
	153,746	122,213
EARNINGS BEFORE TAXES & DEPRECIATION	279,584	278,970

165 Bathurst Inc.
Statement of Cash Flows
Year ended July 31, 2008

OPERATING ACTIVITIES	
Net income	$ 279,584
Add: Items not involving cash	
Amortization of leasing commissions	
Amortization of mortgage costs	6,054
	285,638
Decrease/(Increase) in accounts receivable	(7,273)
Increase in sundry assets	(18,626)
Increase/(Decrease) in accounts payable	(15,605)
Increase in tenant rent deposits	5,263
Cash provided by Operating Activities	249,397
INVESTING ACTIVITIES	
Amounts capitalized to Revenue Producing Property	(25,000)
FINANCING ACTIVITIES	
Distributions to co-owners	(1,263,750)
Repayment of existing mortgage	(1,293,084)
Proceeds from new first mortgage	2,500,000
Repayment of mortgage principal	(41,009)
Cash used by financing activities	(97,843)
INCREASE IN CASH	126,554
CASH, beginning of period	5,950
CASH, end of period	$ 132,504

Building: 165 Bathurst Inc.

Master Rent Roll

By Floor/Unit
As of: 22-Aug-08

Unit	Tenant Name	Rentable Area	Rent Expected	Ytd Days Vacant	Move In Date	Lease Expiry	Next Increase	Deposits	Monthly Rent	Other Chg.	Tax Amt.	Balance Due	
B167	Greg Di Francesco	435	$850.00		01-Sep-2006	31-Aug-2009	23.44 11.58	$1,071.50	$850.00	$150.00	$50.00	-$10.00	
R 22	Gallery MOOS Ltd.	2,992	$2,599.20		01-Jul-1992	31-Jan-2011	01-Feb-2009	$2,889.00	$2,888.00	$0.00	$144.40	$0.00	
R620	Artia Russian Fine Art	828	$1,500.00		01-Feb-1995	31-May-2007		$1,123.50	$1,550.00	$0.00	$77.50	-$542.00	16.28
R622	Olivier Bolton	3,684	$1,000.00		01-Sep-1994	30-Nov-2007	3.25	$1,000.00	$1,000.00	$0.00	$0.00	$120.00	
R624	Kristyn Wong-Tam	2,194	$2,704.00		01-Dec-2003	30-Nov-2009	01-Dec-2008 14.79	$2,675.00	$2,924.65	$0.00	$146.23	$0.00	
R626	The Ultimate Printing Company	1,447	$2,450.00	31	01-Jun-2008	31-May-2013	01-Jun-2009	$4,145.06	$2,885.50	$664.18	$177.48	$0.00	20.31
0201	Csach, Roland	1,450	$1,800.00		01-Aug-2006	31-Jul-2007		$1,800.00	$1,800.00	$0.00	$0.00	$1,800.00	14.89
0203	Davidoff, Morgan and Cote, Joh	1,112	$1,100.00		01-Jun-2007	31-May-2008		$1,500.00	$1,500.00	$0.00	$0.00	$0.00	11.87
0209	Shearer, Jessica and Lyte, Meg	1,853	$1,500.00		01-Aug-2007	31-Jul-2008		$1,500.00	$0.00	$0.00	$0.00	-$5.00	9.71
0209	Southam, Sydney Moved Out		$0.00	0	01-Apr-2005	31-Mar-2006		$1,500.00	$0.00	$0.00	$0.00	$0.00	
0210	O'Reilly, Tristan	1,092	$1,150.00		01-Nov-2005	31-Oct-2008		$1,150.00	$1,170.00	$0.00	$0.00	$1,280.00	12.64
0212	Woodworth, William	760	$815.00		01-Sep-1996	31-Oct-2008		$700.00	$835.00	$0.00	$0.00	$0.00	12.87
0214	Silverbridge Inc.	822	$1,050.00		01-Sep-1986	31-Dec-2009	01-Jan-2009	$1,177.00	$1,150.00	$0.00	$57.50	$0.00	15.32
0215	Reid, nick and Lamon, Robert	1,055	$1,250.00	31	01-Feb-2008	31-Jan-2009		$1,275.00	$1,275.00	$0.00	$0.00	$605.00	14.22
0217	Stark, Matthew	831	$1,000.00		01-Mar-2005	31-Oct-2008		$1,000.00	$1,020.00	$0.00	$0.00	$0.00	14.73
0301	Jenkins, Charlotte & Bowman,	1,443	$1,545.00		01-Nov-2006	31-Oct-2008		$1,545.00	$1,520.00	$0.00	$0.00	$30.00	
0303	Morley, Reynold and Wallington	1,297	$1,400.00		01-Apr-2008	31-Mar-2009		$1,525.00	$1,525.00	$0.00	$0.00	$0.00	
0304	Cowdy Travis, Kason Frank An	1,689	$1,750.00		01-Feb-2008	31-Jan-2009			$1,750.00	$0.00	$0.00	$25.00	
0310	Cartwright, Brian	1,070	$1,070.00		01-Apr-2004	31-Oct-2008		$1,102.00	$1,090.00	$0.00	$0.00	$2,340.00	
0312	Williams, John B.	513	$629.00		01-Jun-1993	31-Oct-2008		$616.00	$650.00	$0.00	$0.00	$0.00	
0313	Torok, Nicole & Bonnie Jean	562	$700.00		01-May-2004	31-Oct-2008		$700.00	$720.00	$0.00	$0.00	$0.00	
0314	Blair, Fionna Louise	635	$720.00		01-Feb-2000	31-Oct-2008		$995.00	$740.00	$0.00	$0.00	$0.00	
0315	Camplone, Luana Nicole	983	$1,250.00		01-Mar-2006	31-Oct-2008		$1,250.00	$1,270.00	$0.00	$0.00	$1,270.00	
0317	Bolkovic, Peter	879	$1,100.00		01-Jan-2006	31-Mar-2008		$1,100.00	$1,100.00	$0.00	$0.00	$0.00	
0401	Kennedy, Dale	885	$900.00		01-Sep-2002	31-Oct-2008		$900.00	$920.00	$0.00	$0.00	$0.00	
0403 *	Schofiled, Brandon	790	$900.00		01-Jan-108	31-Dec-2008		$950.00	$950.00	$0.00	$0.00	$950.00	14.43
0404	Wallington, Karen & Reynold M	512	$850.00		01-Nov-2005	31-Oct-2008		$850.00	$850.00	$0.00	$0.00	-$15.00	
0405	Flaherty, Kevin	515	$850.00		01-Feb-2006	31-Jan-2007		$800.00	$800.00	$0.00	$0.00	$450.00	
0406	Mills, Stephen	633	$800.00		01-Dec-2006	30-Nov-2008		$900.00	$910.00	$0.00	$0.00	$0.00	
0409	Gibson, Anne	1,066	$846.00		01-Mar-1994	31-Oct-2008		$700.00	$860.00	$0.00	$0.00	$0.00	
0410	Hughes, Glenn	1,422	$1,500.00		01-Jul-2004	31-Oct-2007		$1,500.00	$1,500.00	$0.00	$0.00	$2,950.00	12.66
0412 *	The Loft Group Inc.	742	$1,000.00		01-May-2008	30-Apr-2009			$1,050.00	$0.00	$52.50	$0.00	16.78
0414	Sorotschynski, Dan	614	$900.00		01-Sep-2002	31-Oct-2008		$900.00	$910.00	$0.00	$0.00	$0.00	17.59
0415	McGinn Mark	996	$1,021.00		01-Mar-1998	31-Oct-2008		$965.00	$1,040.00	$0.00	$0.00	$20.00	12.22
0417	Steele, Michael	875	$935.00		01-Sep-2002	31-Aug-2008		$935.00	$935.00	$0.00	$0.00	$0.00	
0501	Boudreau, Ron	1,559	$1,297.00		01-Apr-1992	31-Oct-2008		$655.00	$1,315.00	$0.00	$0.00	$499.25	10.12
0506 *	The Loft Group Inc.	1,102	$1,300.00	31	01-Feb-2008	31-Jan-2009		$1,522.50	$1,450.00	$0.00	$72.50	$0.00	15.79
0507	Le Brasseur, Karen	524	$775.00		01-Dec-2007	30-Nov-2008			$790.00	$0.00	$0.00	-$10.00	

Master Rent Roll

Building: 165 Bathurst Inc.

Unit	Tenant Name	Rentable Area	Rent Expected	Ytd Days Vacant	Move In Date	Lease Expiry	Next Increase	Deposits	Monthly Rent	Other Chg.	Tax Amt.	Balance D
0509	Erazo, Sandra	1,298	$1,020.00		01-Jul-1997	31-Oct-2008		$860.00	$1,030.00	$0.00	$0.00	$0
0510	Galligan, Joanne	1,572	$1,650.00		15-Nov-2000	31-Jul-2008		$1,630.00	$1,650.00	$0.00	$0.00	$0
0512	Hughes Glenn	962	$1,005.00		01-Apr-2007	31-Mar-2009		$1,250.00	$1,200.00	$0.00	$60.00	-$9
0515	Corbiere Michael	691	$950.00		01-Apr-2007	31-Mar-2008		$1,000.00	$1,000.00	$0.00	$0.00	$50
0516	Reyes, Julian	496	$622.00		01-Apr-1996	31-Oct-2008		$550.00	$635.00	$0.00	$0.00	$0
0517	Lone, Cheryl	Sub Lease	$0.00		01-Aug-2008	31-Jul-2009			$1,020.00	$0.00	$0.00	$0
0517	Wilson, Paula	871	$1,000.00	0	02-Mar-2004	31-Oct-2008		$1,000.00	$0.00	$0.00	$0.00	$0
0601	The Loft Group Inc.	671	$1,435.00	182	01-Jul-2008	30-Jun-2009		$1,000.00	$0.00	$0.00	$0.00	$9
0602	King, Stephen	1,058	$1,425.00		01-Jul-2004	31-Oct-2008		$1,605.00	$1,450.00	$0.00	$0.00	-$1
0604	Hendry, Thomas John	541	$635.00		01-Jul-1997	31-Oct-2008		$595.00	$650.00	$0.00	$0.00	$
0605	Hyde, David M.	662	$800.00		01-Oct-2000	31-Oct-2008		$800.00	$820.00	$0.00	$0.00	$
0609	Dumas, Ray	1,553	$1,050.00		01-Jul-1992	31-Jan-2009		$895.00	$1,100.00	$0.00	$0.00	-$2
0610	Freedman, Richard	1,223	$1,525.00		01-Sep-2003	31-Oct-2008		$1,550.00	$1,550.00	$0.00	$0.00	-$30
0612	McLean, Scott	845	$846.00		01-Nov-1995	31-Jan-2009		$650.00	$855.00	$0.00	$0.00	-$
0614	Pacione, Laura	646	$800.00		01-Sep-2005	31-Oct-2008		$800.00	$815.00	$0.00	$0.00	$
0615	Murphy, Marty	1,038	$1,150.00		01-Feb-2007	31-Jan-2009		$1,150.00	$1,160.00	$0.00	$0.00	$
0617	Hughes Glenn	867	$1,150.00		01-Mar-2007	28-Feb-2009		$1,150.00	$1,150.00	$0.00	$57.50	$
**** Totals for Building:	165 Bathurst Inc.	56,855	$61,869.20					$61,401.56	$61,578.15	$814.18	$895.61	$11,45

	Area Leased	Vacant	Total	Rentable	Varian
	54,450	0	54,450	56,855	2,40

		Annual Rate	Monthly Rate
Studio rent	$44,480.00	$9.80	$0.82
Basic rent	$7,735.50	$1.70	$0.14
CAM recovery	$650.00	$0.14	$0.01
Gross rent	$6,438.00	$1.42	$0.12
Gross rent - with base year	$2,924.65	$0.64	$0.05
Utility recovery	$164.18	$0.04	$0.00
GST	$895.61	$0.20	$0.02
** Total Charges	$63,287.94	$13.94	$1.16

Rentable Area Occupied:	56,855	100.00%	Usable Occupied:	50,900	100.00%	Leased Occupied:	54,450	No. of Units Occupied:	53 100.0
Vacant:	0	0.00%	Vacant:	0	0.00%	Monthly Rent:	$61,578.15	Vacant:	0 0.0
Total:	56,855		Total:	50,900				Total:	53

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Property Details | Neighbourhood Sales | Demographics | Plan List By PIN

TORONTO | REALTYS

Search By Block / Enhanced Report | GeoWarehouse Store

ACTIVE | PIN 212390081

Land Registry Information - PIN: 212390081

Print | Parcel Register

Address:	620 RICHMOND ST W				
Municipality:	TORONTO	LRO:		Area:	916 m2
Land Registry Status:	ACTIVE	Registration Type:		Perimeter:	122 m
Description:	LT 6 TO 8, PLAN TORONTO ... LT 1 TO 5 SEC OP PL MILITARY RESERVE TORONTO (AKA MASTER GOODWIN'S PROPERTY) AS IN CA431500 EXCEPT THE EASEMENT THEREIN; CITY OF TORONTO				
Party To:	155 BATHURST INC.				

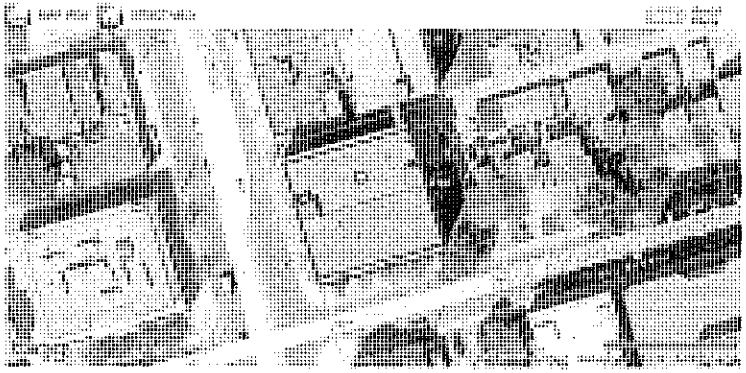
Assessment Information

Assessment Reports

Assessment Roll Number:	[illegible]		
2012 Tax Year Phased In Assessment:	$1,764,000	Depth: 100.00 F	Frontage: 85.16 F
Assessed Value based on January 1, 2006:	$1,764,000	Property Type:	510 - Standard industrial properties not specifically identified by other Industrial Property Codes

Sales History Information

DATE:	TYPE:	AMOUNT:
06 05 1997	TYPE4	$2,097,555
PARTY TO:	155 BATHURST INC.	



Overlays | Search Result | Subject Property | Subject Property | Address | Pin | Subject ARN | Neighbourhood Site

TORONTO Building

Toronto and East York District
100 Queen Street West
Toronto, Ont. M5H 2N2
Tel: (416) 392-7539

BUILDING PERMIT

This card must be kept posted in a conspicuous place on site of construction.

11 141632 DEM 00 DM

Site Address 620 RICHMOND ST W

Project Description Multiple Use/Non Residential; Demolition

Date Issued Tuesday April 12, 2011

Ann Borooah
Chief Building Official and
Executive Director

Jim Laughlin
Deputy Chief Building Official

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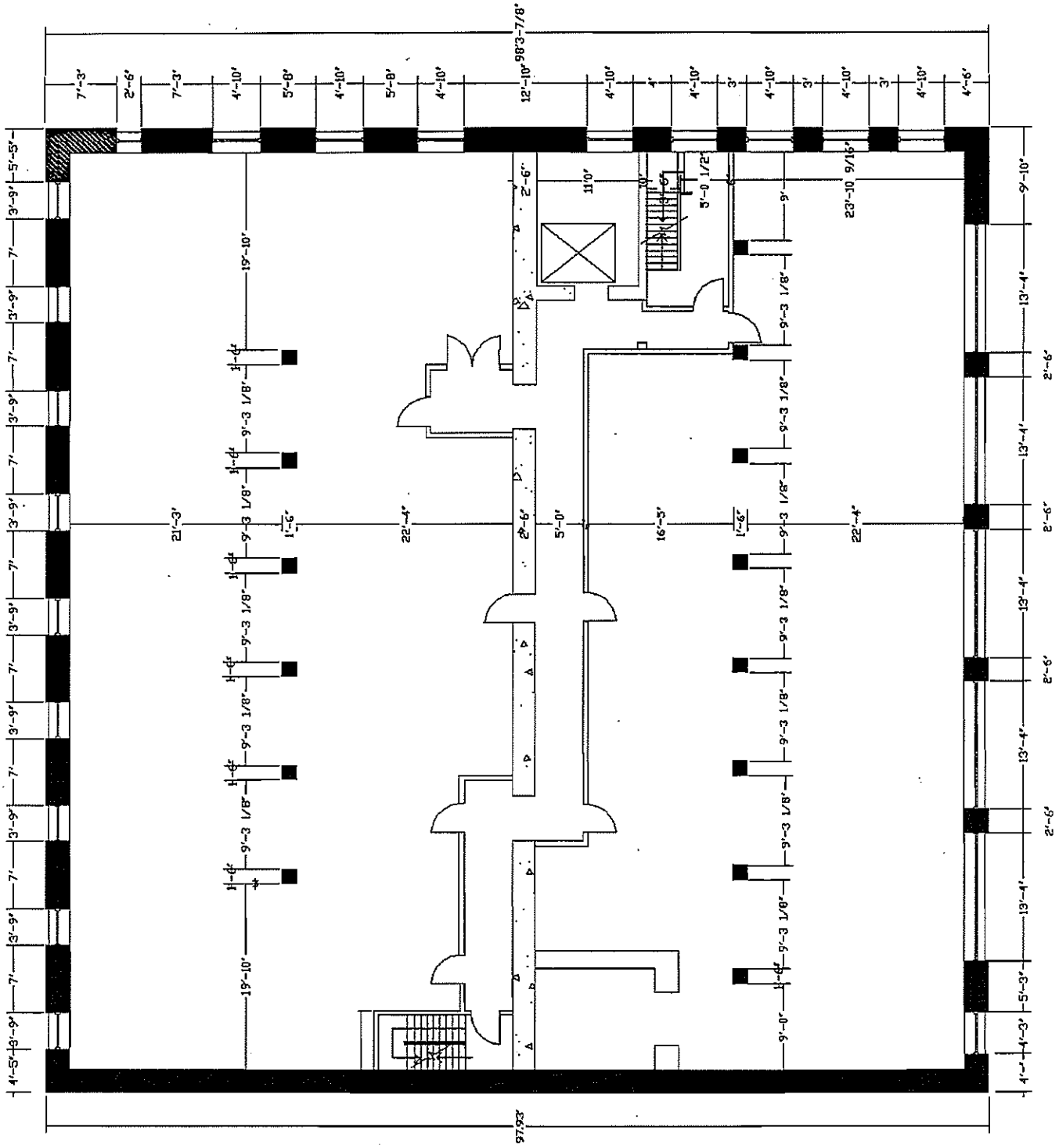
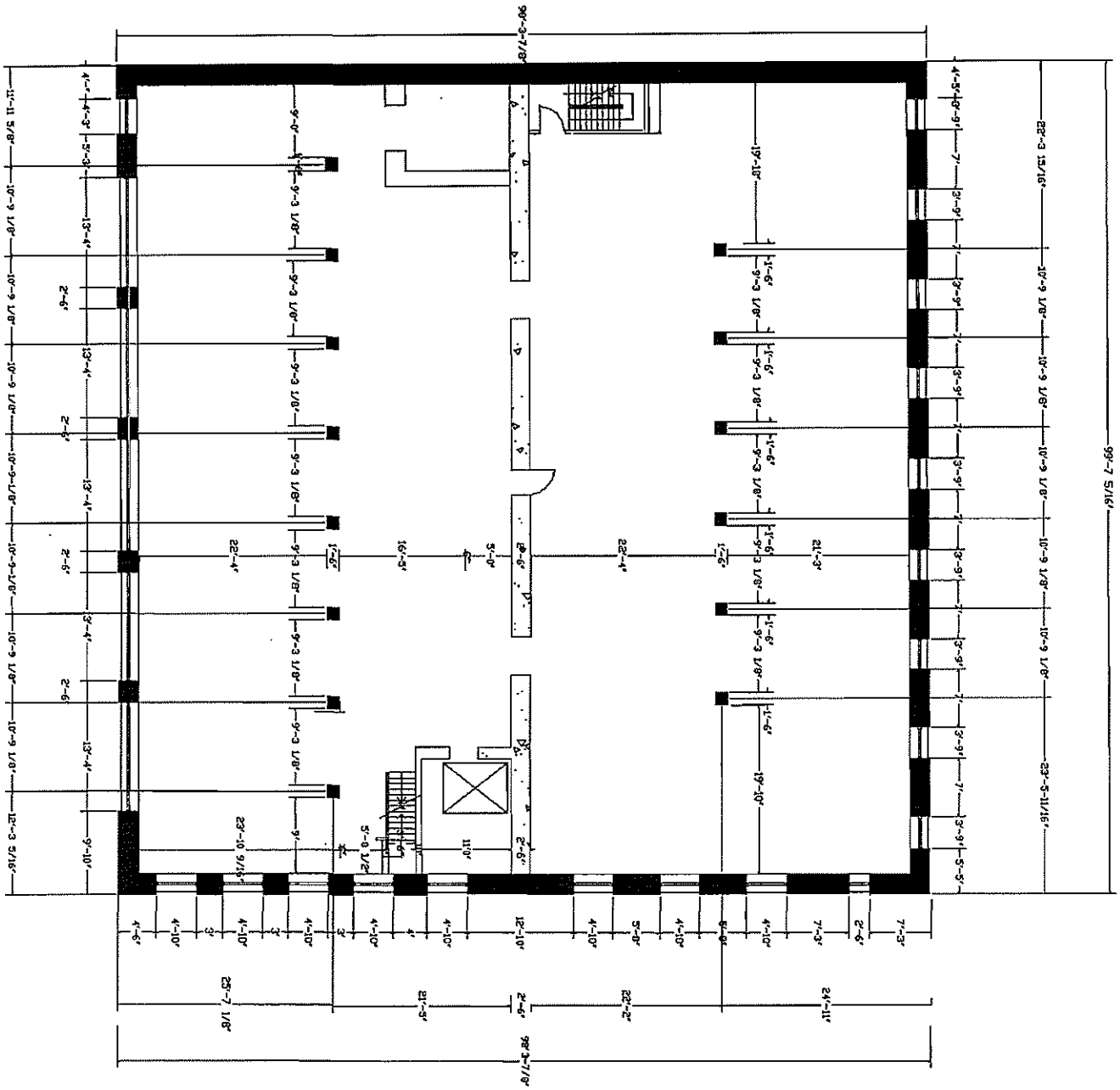
1076



2nd Flr.
3rd /

456 smaller windows



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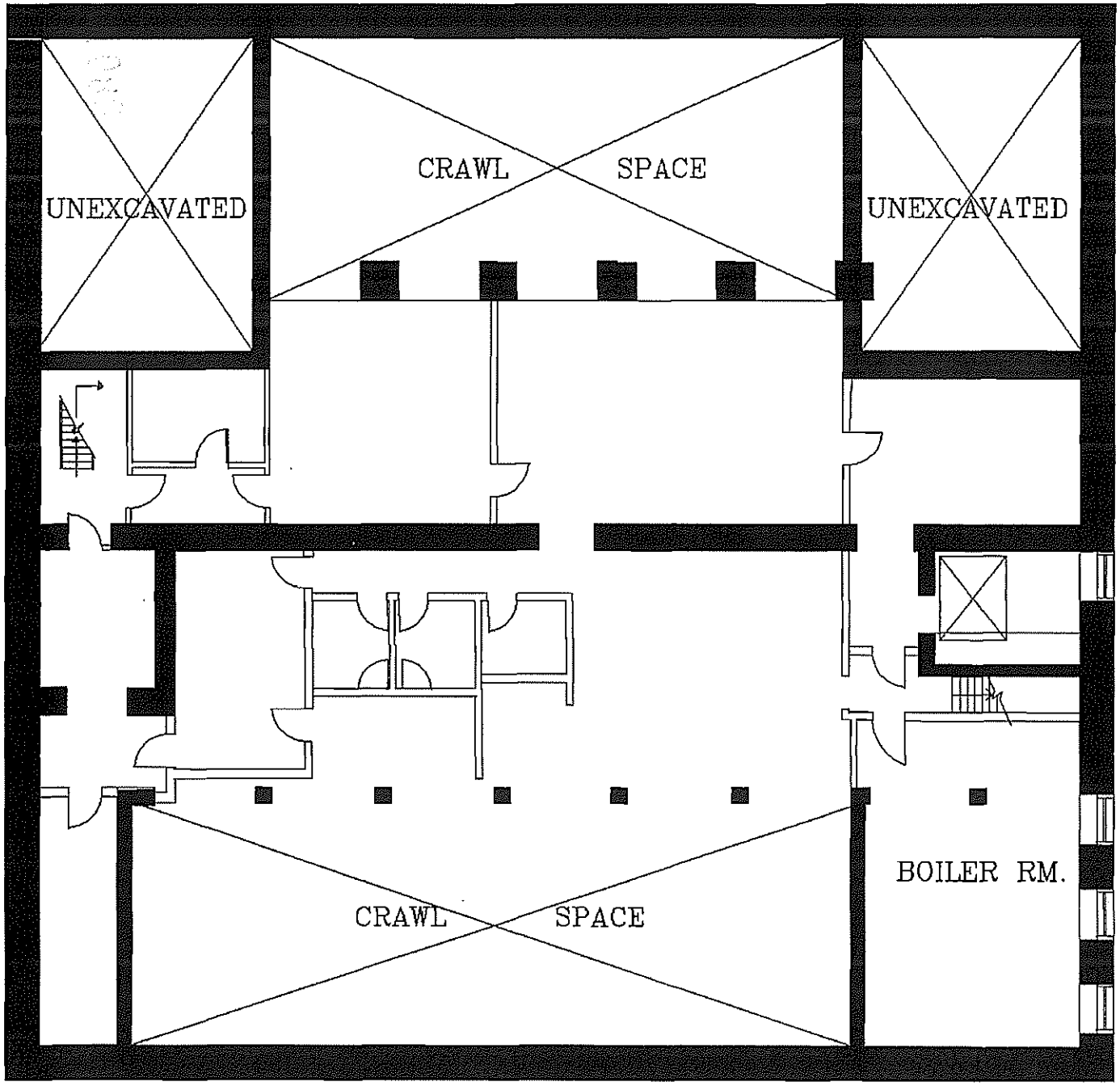
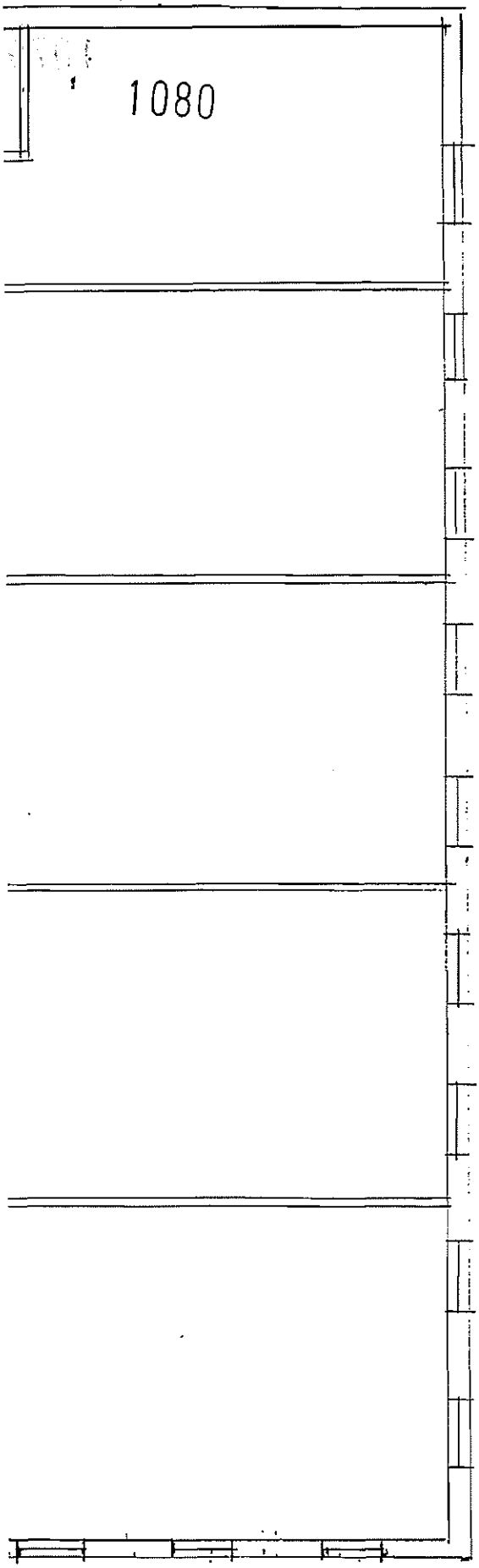
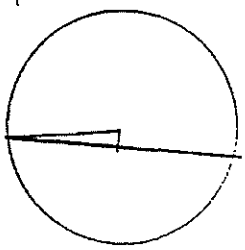

UNEXCAVATED
CRAWL SPACE
UNEXCAVATED
BOILER RM.
CRAWL SPACE



RICHMOND ST

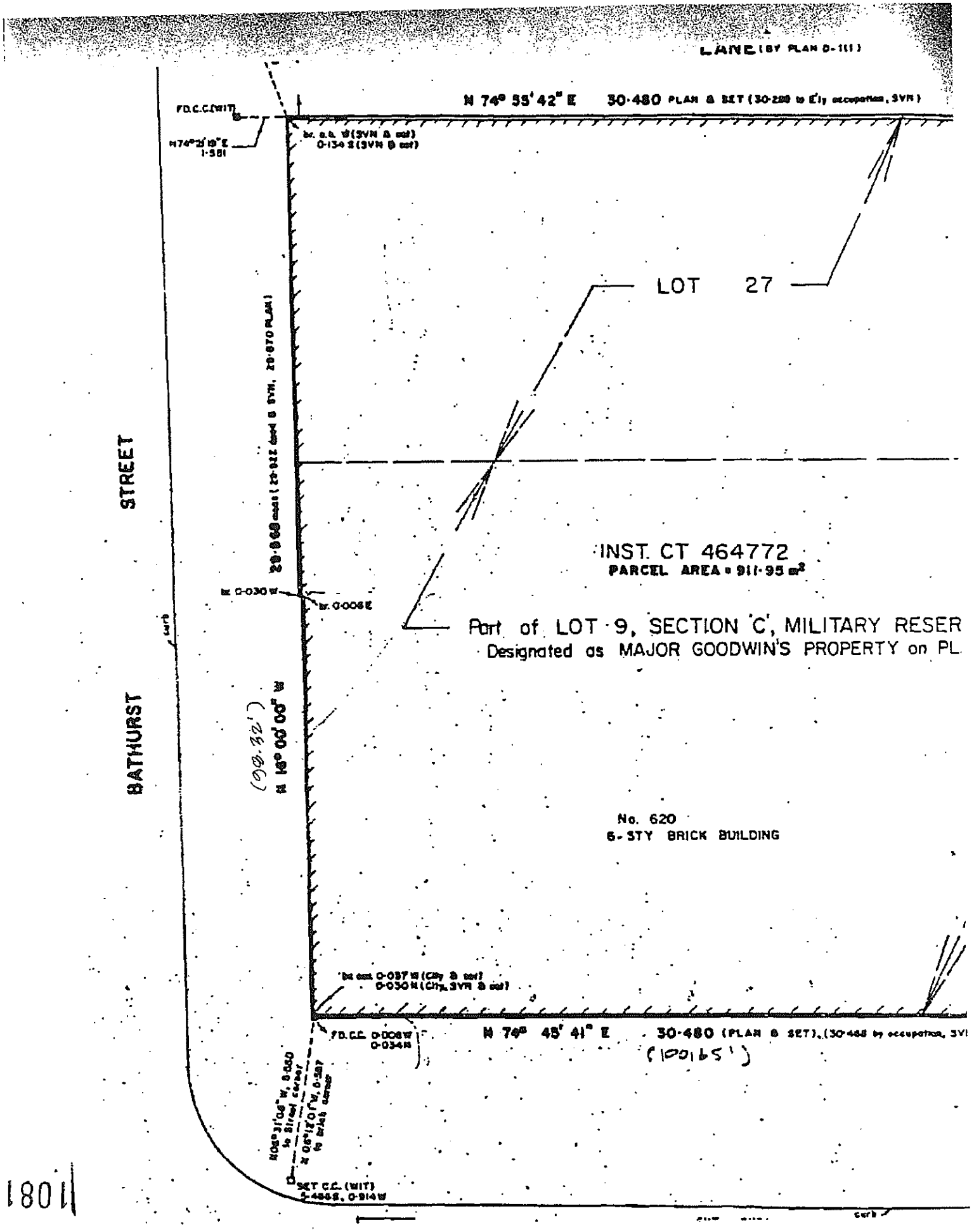
STATISTICS:

LOT AREA = 9,895.90 SQ.FT
GROSS FLOOR AREA: 65,575.4 SQ FT
PROPOSED COMMERCIAL AREA = 16095.9 SQ FT
(GROUND FLOOR AND BASEMENT AREAS)
PROPOSED LIVE WORK STUDIOS = 49,478.0 SQ FT
(GROSS).
PROPOSED # OF LIVE WORK UNITS = 45-48
AVERAGE UNIT SIZE = 979.54 SQ.FT

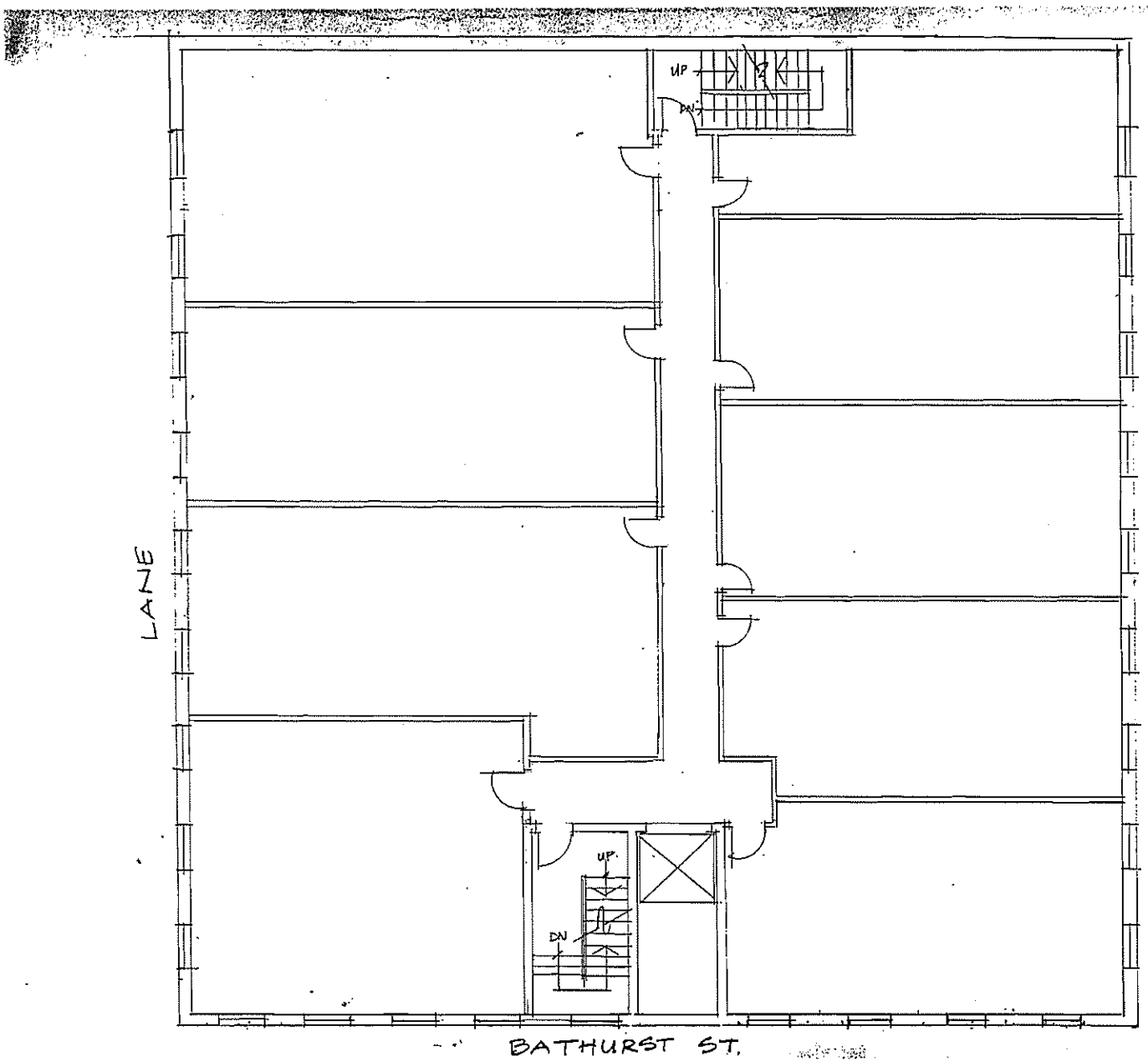


620 RICHMOND ST. W., TORONTO

TYPICAL FLOORS 2 TO 6


LANE (BY PLAN D-111)
N 74° 55' 42" E 30·480 PLAN & SET (30·280 to E'ly occupation, 3VN)
F.D.C.C.(WIT)
N74°21' 19"E 1·581
br. s.a. 18 (3VN & cut)
0·134 S (3VN & cut)
LOT 27
STREET
BATHURST
INST. CT 464772
PARCEL AREA = 911·95 m²
br. 0·030 W
br. 0·006 E
Part of LOT 9, SECTION 'C', MILITARY RESER
Designated as MAJOR GOODWIN'S PROPERTY on PL.
(99.32')
N 16° 00' 00" W
No. 620
6-STY BRICK BUILDING
br. cent. 0·037 W (Chy & cut)
0·030 N (Chy, 3VN & cut)
F.D.C.C. 0·006 W
0·034 N
N 74° 45' 41" E 30·480 (PLAN & SET), (30·488 by occupation, 3VI
(100.165')
N 00° 31' 06" W, 0·050 to Street corner
N 00° 12' 01" W, 0·287 to brass screw
SET C.C. (WIT)
5·484 S, 0·914 W
curb

1081



STATISTICS

LOT AREA = 9,895.90 SQ.FT
GROSS FLOOR AREA: 65,576.14 SQ FT
PROPOSED COMMERCIAL AREA = 16,095.7 SQ FT
(GROUND FLOOR AND BASEMENT AREAS)
PROPOSED LIVE WORK STUDIOS = 49,478.0 SQ FT
(GROSS).
PROPOSED # OF LIVE WORK UNITS = 48-48
AVERAGE UNIT SIZE = 979.54 SQ.FT

620 RICHMOND ST. W., TORONTO

TYPICAL FLOORS 2 TO 6

1082

1083

LANE (BY PLAN D-111)

N 74° 55' 42" E 30·480 PLAN & SET (30·288 to E'ly extension, SVR)

SCALE 1:150 1981

LOT 27

INST. CT 464772
PARCEL AREA = 911·95 m²

Part of LOT 9, SECTION 'C', MILITARY RESERVE LAN
Designated as MAJOR GOODWIN'S PROPERTY on PLAN (111)

No. 620
6-STY BRICK BUILDING

INST. 54086 WF
LOT 26

VENTILATION PIPE

BATHURST STREET

N 14° 00' 00" W (98.32')

N 74° 45' 41" E 30·480 (PLAN & SET), (30·488 by interpolation, SVR) (100.15')

SET C.C. (WIT)

METRIC

DISTANCES SHOWN ON THIS PLAN ARE IN METRES AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0·3048

JAMES S. M. HWANG
ONTARIO LAND SURVEYOR
260 AVENUE RD. UNIT 17,
RICHMOND HILL, ONT.
TEL. 883-2868
OCT. 8, 1981

NOTES:

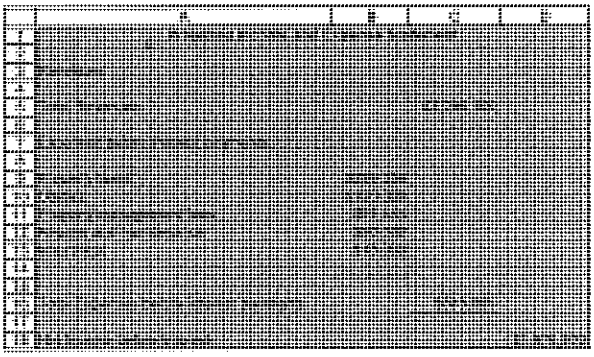
1. SVR DENOTES SPEIGHT & VAN NOSTRAND, O.L.S.
2. THE SURVEY WAS MADE FOR MR. STEVE MEKER, 372 BAY ST. SUITE 302, TORONTO.

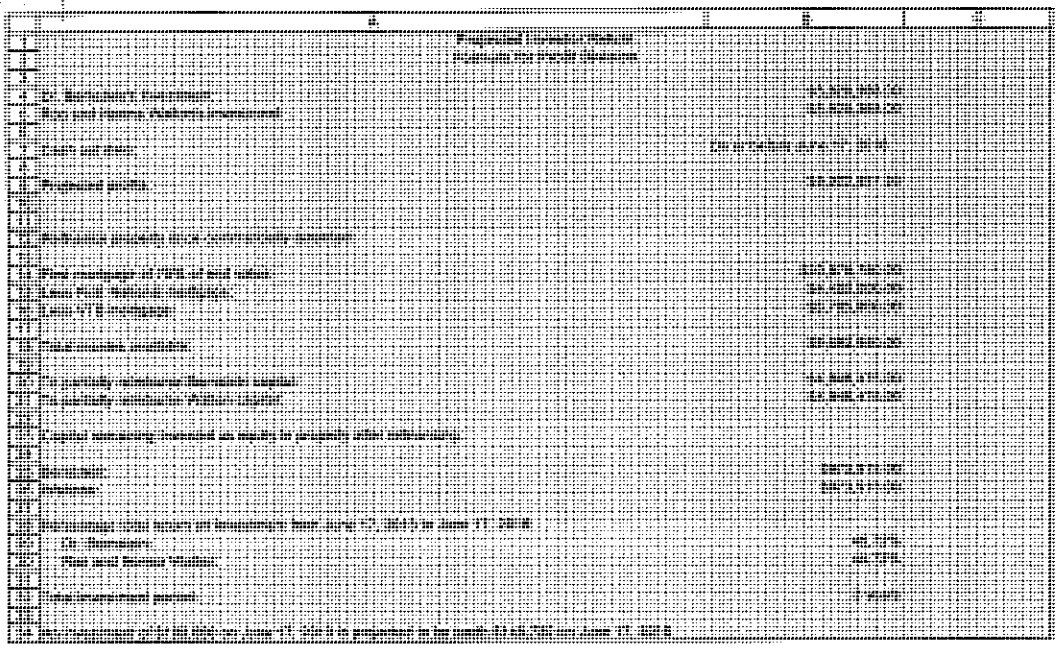
	A	B	C
1		Anticipated Profit	
2			
3	**Building Value:**		**$ 27,838,333**
4			
5	**Less Project Cost:**		**$ 22,515,776**
6			
7	**Projected Profit:**		**$ 5,322,557**
8			

	A	B	C	D
1	**620 Richmond Street West / 165 Bathurst Street**			
2	**CAPITAL REQUIRED**			
3				
4	**Purchase Costs**			
5	Purchase Price	14,500,000		
6	Mortgage fee	30,000		
7	Broker's fee	120,000		
8	Lender's legal fee	25,000		
9	Ontario Land Transfer Tax	253,750		
10	Municipal Land Transfer Tax	253,750		
11	Other fees and disbursements	25,000		
12	for appraisal, reliance letters for			
13	environmental reports, municipal			
14	enquiries and fees, etc.			
15				
16	**Total Purchase Price**			$ 15,207,500
17				
18	**Renovation Costs**			
19	60,000 SF @ $100 PSF to design build	$ 6,000,000		
20	Project management fee	$ 600,000		
21	**Total Renovation Costs:**			$ 6,600,000
22				
23	**Professional Fees**			
24	Architectural plans	$ 80,000		
25	Engineering fees	$ 35,000		
26	Interior design fees	$ 15,000		
27	Surveyor's fees	$ 15,000		
28	Permit fees	$ 20,000		
29	**Total Professional Fees:**			$ 165,000
30				
31	**Carrying Costs**			
32	Annual rent for two years	$ (1,350,000)		
33	Interest on first mortgage for three years	$ 752,076		
34	Interest on second mortgage for three years	$ 466,200		
35	Utilities and maintenance for three years	$ 630,000		
36	Insurance for three years	$ 45,000		
37				
38				
39	**Total Carrying Costs:**			$ 543,276
40				
41	**Total Capital Required**			$ 22,515,776
42				
43	**First Mortgage - First National:**	19.54%	2.97%	$ 4,400,000
44	**Second Mortgage - VTB**	28.76%	4.00%	$ 6,475,000

	A	B	C	D
45	Dr. Bernstein:	25.85%		$ 5,820,388
46	Ron and Norma Walton:	25.85%		$ 5,820,388

	A	B	C	D
1		**Projected Net Income**		
2				
3	Expected net revenues:			
4				
5	Retail level - 11,580 SF @ $35 NET		$405,300	
6	Second to sixth floors - 10,000 SF per floor @ $25 NET		$1,250,000	
7	Bell Mobility lease for antenna on roof		$15,000	
8				
9	Projected net income:			$1,670,300
10				
11				
12		**Projected Building Value**		
13				
14				
15	6% capitalization rate:		$27,838,333	





TAB 52

This is Exhibit "52" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015

Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

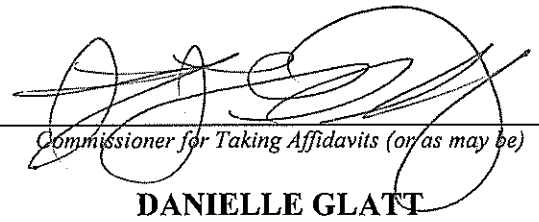
Bernstein Investments into Walton Properties

Sum of Amount		Paid to			Total	4 - Equity Payouts	Net
Property	Schedule B Corporation	1 - Walton	2 - Closing agent	3 - Schedule B	Investment	to Date	Investment
241 SPADINA	Twin Dragons Corporation		$ 1,120,500.00		$ 1,120,500.00	$ (55,370.40)	$ 1,065,129.60
1185 EGLINTON	Bannockburn Lands Inc.	$ 1,900,000.00		$ 549,400.00	$ 2,449,400.00		$ 2,449,400.00
18 WYNFORD	Wynford Professional Centre Ltd.	$ 1,925,000.00			$ 1,925,000.00	$ (2,269,920.78)	$ (344,920.78)
32 ATLANTIC	Liberty Village Properties Inc.			$ 2,268,809.00	$ 2,268,809.00	$ (288,750.00)	$ 1,980,059.00
47 JEFFERSON	Liberty Village Lands Inc.	$ 150,000.00		$ 246,736.00	$ 396,736.00		$ 396,736.00
450 PAPE	Riverdale Mansion Ltd.			$ 470,473.00	$ 470,473.00		$ 470,473.00
5770/5780 Hwy 7 West	Royal Agincourt Corp.			$ 2,512,000.00	$ 2,512,000.00	$ (177,792.00)	$ 2,334,208.00
14 TRENT	Hidden Gem Development Inc.	$ 122,500.00		$ 1,043,650.00	$ 1,166,150.00		$ 1,166,150.00
3765 ST CLAIRE AVE EAST	Ascalon Lands Ltd.	$ 65,000.00		$ 862,100.00	$ 927,100.00		$ 927,100.00
78 TISDALE	Tisdale Mews Inc.			$ 1,480,000.00	$ 1,480,000.00		$ 1,480,000.00
1131 LESLIE STREET	Lesliebrook Lands Ltd.			$ 187,700.00	$ 187,700.00		$ 187,700.00
1131A LESLIE STREET	Lesliebrook Holdings Ltd.	$ 200,000.00		$ 1,012,828.00	$ 1,212,828.00		$ 1,212,828.00
7-15, 30 FRASER	Fraser Lands Ltd.			$ 2,104,328.00	$ 2,104,328.00		$ 2,104,328.00
7-15, 30 FRASER	Fraser Properties Corp.		$ 5,008,574.19	$ 8,912,057.81	$ 13,920,632.00		$ 13,920,632.00
1003 QUEEN ST EAST	Queen's Corner Corp.	$ 225,000.00		$ 357,465.00	$ 582,465.00		$ 582,465.00
140 QUEEN'S PLATE DRIVE	Northern Dancer Lands Ltd.	$ 267,500.00		$ 1,389,780.00	$ 1,657,280.00		$ 1,657,280.00
1485 DUPONT ST.	Dupont Developments	$ 225,000.00		$ 2,500,313.00	$ 2,725,313.00		$ 2,725,313.00
875 QUEEN STREET EAST	Red Door Developments Inc.			$ 1,483,322.00	$ 1,483,322.00		$ 1,483,322.00
887 QUEEN STREET EAST	Red Door Lands Ltd.			$ 837,641.00	$ 837,641.00		$ 837,641.00
1450 DON MILLS	Global Mills Inc.	$ 982,500.00		$ 5,527,813.00	$ 6,510,313.00		$ 6,510,313.00
1500 DON MILLS	Donalda Developments Ltd.	$ 1,551,000.00		$ 11,949,000.00	$ 13,500,000.00	$ (192,000.00)	$ 13,308,000.00
0 TRENT	Salmon River Properties Ltd.			$ 398,392.00	$ 398,392.00		$ 398,392.00
1, 9-11 CITYVIEW DRIVE	Cityview Industrial Ltd.			$ 991,875.00	$ 991,875.00		$ 991,875.00
355 WESTON ROAD	Weston Lands Ltd.			$ 2,135,375.00	$ 2,135,375.00		$ 2,135,375.00
65 HEWARD	Double Rose Developments Ltd.			$ 3,325,875.00	$ 3,325,875.00		$ 3,325,875.00
115,117,119 SKYWAY&30/34 MERIDIAN	Skyway Holdings Ltd.			$ 752,650.00	$ 752,650.00		$ 752,650.00
295 THE WEST MALL	West Mall Holdings Ltd.			$ 2,849,063.00	$ 2,849,063.00	$ (119,415.34)	$ 2,729,647.66
1 & 20 ROYAL GATE, 1 REGALCREST	Royal Gate Holdings Ltd.	$ 1,500,000.00		$ 3,462,957.00	$ 4,962,957.00		$ 4,962,957.00
14 DEWHURST	Dewhurst Developments Ltd.			$ 1,411,000.00	$ 1,411,000.00		$ 1,411,000.00
153 EDDYSTONE	Eddystone Place Ltd.			$ 1,582,810.20	$ 1,582,810.20		$ 1,582,810.20
620-624 RICHMOND/165 BATHURST	Richmond Row Holdings Ltd.		$ 3,200,000.00	$ 650,000.00	$ 3,850,000.00		$ 3,850,000.00
Grand Total		**$ 9,113,500.00**	**$ 9,329,074.19**	**$ 63,255,413.01**	**$ 81,697,987.20**	**$ (3,103,248.52)**	**$ 78,594,738.68**

1091

TAB 53

This is Exhibit "53" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015



Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

1093

368230 ONTARIO LIMITED
DR STANLEY K BERNSTEIN
21 KERN RD
TORONTO, ON M3B 1S9

0326

DATE 2010 1005
Y Y Y Y M M D D

PAY to the order of SEYMOUR E. GERMAN IN TRUST $ 1,120,500.00

ONE MILLION ONE HUNDRED & TWENTY THOUSAND FIVE HUNDRED XX/100 DOLLARS

Canada Trust
TORONTO-DOMINION CENTRE BRANCH
55 KING ST W & BAY ST
TORONTO, ONTARIO M5K 1A2

368230 ONTARIO LIMITED

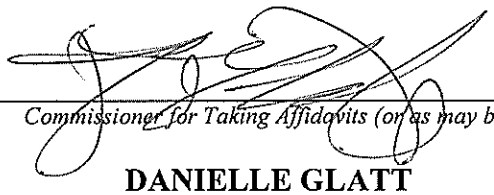
RE EQUITY TWIN DRAGONS CORP
241 SPADINA

PER

⑈000326⑈ ⑆10202⑈0041⑆ 0690⑈033900⑈

TAB 54

This is Exhibit "54" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015



Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

0330

1095

368230 ONTARIO LIMITED
DR STANLEY K BERNSTEIN
21 KERN RD
TORONTO, ON M3B 1S9

DATE 2 0 1 0 1 0 2 9
Y Y Y Y M M D D

PAY to WALTON ADVOCATES IN TRUST $ 150,000 00

the order of ONE HUNDRED & FIFTY THOUSAND DOLLARS —— XX/100 DOLLARS

Security features included

Canada Trust
TORONTO-DOMINION CENTRE BRANCH
55 KING ST. W. & BAY ST.
TORONTO, ONTARIO M5K 1A2

368230 ONTARIO LIMITED

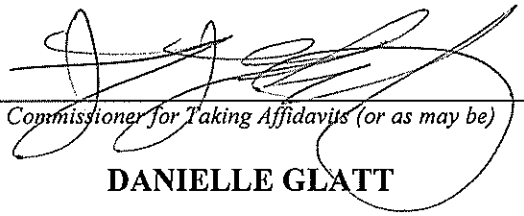
RE 50% EQUITY PARTICIPATION
1185 EGLINTON EAST

PER

⑈000330⑈ ⑆10202⑉0041⑆ 0690⑉0333900⑈

TAB 55

This is Exhibit "55" referred to in the Affidavit of Stanley Bernstein sworn August 4, 2015



Commissioner for Taking Affidavits (or as may be)

DANIELLE GLATT

1097

0331

368230 ONTARIO LIMITED
DR STANLEY K BERNSTEIN
21 KERN RD
TORONTO, ON M3B 1S9

DATE 2010 11 10
Y Y Y Y M M D D

PAY to YALTON ADVOCATES $ 375,000.00
the order of
THREE HUNDRED - SEVENTY-FIVE THOUSAND DOLLARS —— 00/100 DOLLARS

Canada Trust
TORONTO-DOMINION CENTRE BRANCH
55 KING ST W. & BAY ST
TORONTO, ONTARIO M5K 1A2

.368230 ONTARIO LIMITED

RE WYNFORD - ATLANTIC DEPOSITS

PER

⑈000331⑈ ⑆10202⑈004⑆ 0690⑈033900⑈

$225,000 from
this cheque towards
equity for 18 Wynford.

DBDC SPADINA LTD., and those corporations listed on Schedule A hereto
Applicants

-and-

NORMA WALTON et al.

Respondents

Court File No. CV13-10280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE APPLICANTS
(RETURNABLE SEPTEMBER 2 & 4, 2015)
VOLUME 4 OF 6

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