

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

CHINA MACHINERY ENGINEERING CORPORATION

Applicant

-and-

2284649 ONTARIO INC., 2270613 LIMITED PARTNERSHIP
and 2270613 ONTARIO INC.

Respondents

Application Under Section 101 of the *Courts of Justice Act*, R.S.O. 1990,
c.C.43, as amended, and Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, as amended

SUPPLEMENTARY MOTION RECORD

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Lawyers for the Respondents, 2284649 Ontario Inc.,
2270613 Limited Partnership and 2270613 Ontario Inc.

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TAB 1

Court File No.: CV-18-591534-00CL

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**SUPPLEMENTAL AFFIDAVIT OF YUEQING ZHANG
(sworn July 24, 2018)**

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**AFFIDAVIT OF YUEQING ZHANG
(sworn July 24, 2018)**

I, YUEQING ZHANG, of the City of Markham, in the Province of Ontario, **MAKE
OATH AND SAY AS FOLLOWS:**

1. I am the Chief Executive Officer and a director of the Respondent, 2284649 Ontario Inc. (formerly known as “JD Development Phillip Street Limited”) (the “**Debtor**”), and as such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. This Affidavit (the “**Supplemental Affidavit**”) is supplemental to my Affidavit sworn on July 19, 2018 (my “**July 19 Affidavit**”) in support of a Motion by the Debtor for an Order, among other things, lifting the stay of proceedings in order to allow the Debtor to redeem the Mortgage and otherwise deal with outstanding amounts reasonably necessary to justify a termination of the Receivership Proceeding. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in my July 19 Affidavit. All monetary amounts are in Canadian dollars unless otherwise indicated.
3. I would like to correct two inadvertent, typographical errors in my July 19 Affidavit. The first error is in paragraph 15 that states that the Debtor has arranged financing in the aggregate amount of \$102.3 million, however, it should have stated that the Debtor has arranged financing in the amount of \$101.23 million (the “**IMC Loan Amount**”). The second error is in paragraph 19 (d) that states that the Standby Commitment Letter is in the amount of \$42.3 million, however, it should have stated that the Standby Commitment Letter is the amount of \$42.23 million.

I. CORRESPONDENCE BETWEEN CMEC AND RESPONDENTS

4. On July 20, 2018, counsel for the Respondents received a letter from counsel for CMEC (the “**Davies Letter**”) setting out a number of concerns with the proposed redemption and IMC Commitment Letters. A copy of Davies Letter dated July 20, 2018 is attached hereto as **Exhibit “A”**.
5. On July 23, 2018, counsel for the Respondents responded by to the Davies Letter (the “**Responding Letter**”) addressing certain of the concerns raised in the Davies Letter and

advising that this Supplemental Affidavit would address certain of their other concerns. A copy of the Responding Letter dated July 23, 2018 is attached hereto as **Exhibit “B”**.

6. On July 24, 2018, prior to this Supplemental Affidavit being finalized, counsel for the Respondents received a letter from counsel to CMEC (the “**Second Davies Letter**”). A copy of the Second Davies Letter dated July 24, 2018 is attached hereto as **Exhibit “C”**.
7. The deposit being insisted upon by CMEC in the Davies Letter and the Second Davies Letter is addressed below.

II. THE PROPOSED REDEMPTION

A. IMC Credit Approved Commitment Letters

8. As indicated in my July 19 Affidavit, IMC delivered four (4) commitment letters on July 18 and 19 to the Debtor (collectively, the “**Commitment Letters**”), pursuant to which IMC confirmed it is prepared to advance the IMC Loan Amount (\$101.23 million) in order to fund the Debtor’s redemption of the Mortgage and otherwise deal with outstanding amounts reasonably necessary to justify a termination of the Receivership Proceeding (the “**IMC Transaction**”). The Commitment Letters were subject to IMC’s internal credit committee approval.
9. The Commitment Letters had been executed by IMC, however, the versions contained in my July 19 Affidavit had not been executed by the various borrower and guarantor entities. The Commitment Letters have all been fully executed (with the one relating to the Respondents being executed subject to the stay of proceedings). Fully executed copies of the Blair Commitment Letter, the Preston Commitment Letter, the Markham Commitment

Letter and the Standby Commitment Letter are attached hereto as **Exhibits “D”, “E”, “F”** and **“G”**, respectively.

10. On July 24, 2018, IMC’s internal credit committee approved the Commitment Letters. Thereafter, IMC delivered the following commitment amendment letters confirming, among other things, that the condition for internal credit committee approval has been satisfied (the **“Commitment Letter Amendments”**). Specifically, IMC has delivered the following Commitment Letter Amendments:
 - (a) Commitment Letter Amendment dated July 24, 2018 in respect of Blair House (the **“Blair Commitment Amendment”**);
 - (b) Commitment Letter Amendment dated July 24, 2018 in respect of Preston House and Bridgeport House (the **“Preston Commitment Amendment”**);
 - (c) Commitment Letter Amendment dated July 24, 2018 in respect of 7190-7200 Markham Road, Markham, Ontario, (the **“Markham Commitment Amendment”**); and
 - (d) Commitment Letter Amendment dated July 24, 2018 in respect of a standby facility in the amount of \$42.23 million (the **“Standby Commitment Amendment”**).
11. Copies of the Blair Commitment Amendment, the Preston Commitment Amendment, the Markham Commitment Amendment and the Standby Commitment Amendment are attached hereto as **Exhibits “H”, “I”, “J”** and **“K”**, respectively.
12. The Davies Letter raises a concern related to the CMEC Condition set out in the Standby Commitment Letter on the basis that the Standby Commitment Letter sets out the Disputed

Amount as \$10 million rather than amount in dispute which is in excess of \$23 million. The Responding Letter confirmed that this was an error in the Standby Commitment Letter and that IMC intends for the full Disputed Amount to be paid into Court. The Standby Commitment Amendment amends the amount contained in the Standby Commitment Letter to approximately \$23 million and confirms the amount is to be paid into Court.

B. Conditions addressed in Commitment Letter Amendments

13. I maintain my view that the funding obligations in the Commitment Letters are not subject to any commercially unusual or otherwise challenging conditions. That said, the Respondents have worked with IMC to narrow the conditions contained in the Commitment Letters prior to the Commitment Letters being approved by IMC's internal credit committee.
14. In this regard, the Commitment Letter Amendments confirm that the following conditions, in addition to the credit committee condition, have also been satisfied:
 - (a) the Blair Commitment Amendment confirms that the Maximum LTV and Minimum DSCR conditions have been satisfied;
 - (b) the Preston Commitment Amendment confirms that the Maximum Combined LTV and Minimum Combined DSCR conditions have been satisfied; and
 - (c) the Markham Commitment Amendment confirms that the Maximum Combined LTV has been satisfied (and there is no DSCR condition in the Markham Commitment Letter).

There is no LTV or DSCR condition in the Standby Commitment Letter.

15. The Respondents have worked diligently to deliver information to satisfy these closing conditions to IMC (contained in each Commitment Letter as “Schedule B – Underwriting/Closing Conditions”) and to date have delivered information for each of the following conditions in the Commitment Letters, which IMC is in the process of reviewing:
 - (a) Conditions 1, 2, 3, 5, 6, 7 and 8 of Schedule B of the Blair Commitment Letter;
 - (b) Conditions 1, 2, 3, 5, 6, 7 and 8 of Schedule B of the Preston Commitment Letter;
and
 - (c) Conditions 1, 2, 4, and 5 of Schedule B of the Markham Commitment Letter;
and
 - (d) Conditions 1, 2, and 3 of Schedule B of the Standby Commitment Letter.
16. The remaining funding conditions in Schedule B to the Commitment Letters relate primarily to information and document delivery as well as ordinary course due diligence requirements such as, for example, corporate existence and authority.
17. I confirm that the fees required under the Commitment Letters in the amount of \$382,300 will be paid by JD Development Group to IMC on July 25, 2018 to confirm acceptance of the Commitment Letters. This is in addition to the non-refundable deposits already paid under the Commitment Letters in the amount of \$790,000.

C. Sources and Uses of Funds

18. The table below sets out the sources and uses of the funds and demonstrates that there are sufficient funds available to address the amounts that would have to be funded on closing of the IMC Transaction to: (a) allow for the redemption of the Mortgage (including

payment of the Disputed Amounts into Court or as may otherwise be agreed by the parties); (b) pay the priority amounts owing under the Borrowing Certificate and for property taxes; (c) provide the necessary amounts to deal with the Lien Claimants; (d) fund the estimated amount payable to the real estate listing agent as provided by counsel for the Receiver; and (e) fund the financing costs. In addition, as discussed below, the Debtor has also proposed a payment to be made to the Receiver as a deposit based upon the potential “costs thrown away” in the event that the stay is lifted and the IMC Transaction necessary for the redemption of the Mortgage does not close.

**PHILLIP SQUARE - BUILDINGS A, B AND D
SOURCES AND USES OF FUNDS - REDEEM**

USES:	AMOUNT	SOURCES:	AMOUNT
Oustanding Borrowing Certificates	107,111	Blair House loan	45,000,000
Per Diem on Outstanding Borrowing Certificates	2,227	Preston/Bridgeport loan	9,500,000
Estimated Real Estate Listing Fee	750,000	Markham loan	4,500,000
Estimated Property Taxes Outstanding	1,400,000	Standby facility	42,230,000
Indebtedness Claimed by CMEC	94,945,879	Cash Equity Contributed (Financing Fees to Date)	790,000
Per Diem on Indebtedness Claimed by CMEC	324,416	Cash Equity to be Contributed (Financing Fees to be Paid July 25)	382,300
Estimated CMEC Costs to Redemption	125,000	Cash Equity to be Contributed to Fund Thrown Away Costs	451,643
Construction Lien Settlement Amount	1,800,000	Estimated Unrestricted Cash on Hand - Receiver	705,000
Interest reserve - Markham Road loan	500,000		
Interest and Drawdown Reserve - Standby Facility	1,652,300		
Financing Fees	1,387,300		
Reserve for foreign exchange and other costs	564,710		
TOTAL	103,558,943		103,558,943

19. The amounts in the above table that were converted from U.S. dollars to Canadian dollars were converted based upon a conversion rate of CDN\$1 = U.S. 1.31.
20. In respect of the estimated unrestricted cash on hand of \$705,000, I have been advised by Gregory Azeff, the Respondents’ counsel, that he had a telephone call with counsel for the Receiver on July 24, 2018 and confirmed that the Receiver currently has cash on hand in the amount of \$1.575 million which includes restricted cash in the amount \$870,000 for tenant deposits. During the call, the Receiver’s counsel advised that it is estimated that the Receiver will receive a further \$300,000 in August. This additional \$300,000 has not been

included in the amounts set out above given that the fees of the Receiver and its counsel will be required to be paid.

III. THE PROPOSED DEPOSIT FOR “COSTS THROWN AWAY”

21. The Statement of Issues of the Respondents filed in respect of the July 5, 2018 hearing date (the “**Statement of Issues**”) confirmed that, provided an order lifting the stay of proceedings is issued by the Court, the Debtor is prepared to deliver a deposit in an amount sufficient to cover any “costs thrown away” in relation to the nascent Sale Process in the event that the IMC Transaction failed to close in accordance with its terms and the Sale Process has to then be continued by the Receiver. A copy of the Statement of Issues is attached hereto as **Exhibit “L”**.
22. I am advised by Gregory Azeff, the Respondents’ counsel, that he advised the Court at that hearing on July 5, 2018 of this position as well and that CMEC did not object to the Debtor’s proposed basis for calculating the amount of a deposit based on “costs thrown away”.
23. The Debtor proposes that, in the event the Court lifts the stay of proceeding to allow the debtor to redeem the Mortgage, the “costs thrown away” would be \$451,643 limited to the following three (3) components:
 - (a) Interest on the outstanding Receiver’s Borrowing Certificate accrued from July 16, 2018 to August 31, 2018 in the amount of \$2,227;
 - (b) Interest on the indebtedness claimed by CMEC from July 13, 2018 to August 31, 2018 in the amount of \$324,416; and

(c) Additional potential fees to be incurred by CMEC to August 31, 2018 in the amount of \$125,000.

24. The Davies Letter and the Second Davies Letter demand a deposit in the amount of \$5 million to allow the Debtor to seek to lift the stay of proceedings to it to redeem the Mortgage. In my experience, I have never been involved in a refinancing where the lender being refinanced requires a deposit to allow a refinancing to take place. In my view, the amount being requested by CMEC is arbitrary, unsubstantiated and not reflective of “costs thrown away” in the event that the IMC Transaction does not close and the Receiver has to continue the Sale Process.

IV. CONCLUSION

25. I swear this Supplemental Affidavit in support of the Debtor’s Motion for an Order, among other things, lifting the stay of proceedings in order to allow the Debtor to redeem the Mortgage, and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 24th day of
July, 2018.



Commissioner for Taking Affidavits



YUEQING ZHANG

**This is Exhibit "A" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "Makar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

July 20, 2018

BY EMAIL

Ms Kyla E. M. Mahar and
Mr. Greg Azeff
Miller Thomson LLP
Scotia Plaza, Suite 5800
40 King Street West
PO Box 1011
Toronto, ON M5H 3S1

Dear Kyla and Greg:

RE: China Machinery Engineering Corp. v. 2284649 Ontario Inc. et al – Court File No. CV-18-591534-00CL

As you know, we are counsel to China Machinery Engineering Corporation (“CMEC”) in respect of the above-referenced proceedings.

I am in receipt of your motion record served yesterday in respect of a motion by 2284649 Ontario Inc. (“JD”) returnable on July 26, 2018 seeking to lift the stay of proceedings (the “**Motion Record**” and “**July 26 Hearing**”, respectively).

CMEC has a number of concerns with the transactions proposed in the Motion Record (the “**Proposed IMC Transactions**”), which are set out below with a view to resolving these preliminary issues in advance of the July 26 Hearing.

1. Deposit

The Proposed IMC Transactions do not include any deposit payable to CMEC up-front. In our view, the lack of a deposit calls into question the credibility of the Proposed IMC Transactions, and serves to place the entire risk of execution solely on CMEC.

As we have previously expressed to you on a number of occasions, a deposit is appropriate in order to protect CMEC from the expenses and risks it will incur in the event that the Proposed IMC Transactions fail to close. We also note that JD’s submissions filed in connection with our attendance on July 5, 2018 specifically contemplated an up-front deposit in an amount as agreed to by the parties or as may be directed by the Court, “in an amount sufficient to cover any costs ‘thrown away’ in relation to the nascent sale process”. Oral representations were also made to Justice McEwen to this effect. On this

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DAVIES

logic, the deposit must be in an amount sufficient to cover any costs incurred by CMEC and the Receiver pursuant to the Proposed IMC Transactions in the event such transactions do not ultimately close. Any deposit amounts above such expenses would be applied to reduce JD's secured debt to CMEC, providing a benefit to your client in the circumstances.

Accordingly, it is a condition of our consent to your relief that CMEC receives a non-refundable deposit prior to the July 26 Hearing in an amount of no less than CAD\$5,000,000 to cover any expenses and the risk to be incurred by CMEC and the Receiver in connection with the Proposed IMC Transactions.

2. Conditions

CMEC is also concerned with the conditionality of the commitment letters provided by Institutional Mortgage Capital Canada Inc. ("**IMC**") contained as Exhibits G, H, I and J (collectively, the "**Commitment Letters**") to the affidavit of Yeuqing Zhang sworn July 19, 2018 (the "**Zhang Affidavit**") and contained in the Motion Record. Because a number of these conditions are within the control of JD or IMC, coupled with the fact that no deposit is proposed to be paid to CMEC, the Commitment Letters do not reflect a binding proposal, as either JD or IMC may walk away prior to closing with little to no financial consequence.

Accordingly, we request that IMC provide CMEC with confirmations that the conditions set out below have been waived or satisfied, all in advance of the July 26 Hearing. The below list is made with reference to the Blair House Student Residence – First Mortgage Loan Commitment Letter attached as Exhibit G to the Zhang Affidavit, however, CMEC's request extends to such similar conditions as may be contained in all Commitment Letters.

Item	Description	Request
1.	Maximum LTV	Waive
2.	Minimum DSCR	Waive
3.	Fees, (b)(i) and (ii) (i.e. the commitment fee and syndication fee)	Waive

Item	Description	Request
4.	<p>Closing Conditions, specifically:</p> <ul style="list-style-type: none"> - all closing/underwriting deliveries and other matters within the control of JD, and set out in Schedule B - with respect to the Property, the physical, environmental, financial condition, title and all tenants and leases 	Confirm or Waive
5.	Credit Committee	Confirm approval
6.	Schedule B – Underwriting/Closing Deliveries, items 2, 3, 4, 5, 6, 7, and 8	Confirm or Waive

We view these waivers and confirmations as essential to providing a minimum assurance that both JD and IMC are committed to the success of the Proposed IMC Transactions.

3. CMEC Conditions

As drafted, the CMEC Condition set out at page four of the Standby Credit Facility Commitment Letter (Exhibit J to the Zhang Affidavit) is neither factually correct nor mechanically feasible.

As set out at paragraph 43 of the Zhang Affidavit, the disputed difference between the amounts asserted by CMEC and the amount alleged by JD is US\$18,010,528, plus expenses which continue to accrue (the "**Disputed Debt Amount**").

However, the CMEC Condition only contemplates a disputed amount of CAD\$10,000,000 – a difference of CAD\$13,872,954.90.¹ This amount should be increased to the full Disputed Debt Amount, including a reserve for accruals.

Additionally, it is unclear to us how this increase impacts JD's proposed financing. It seems to us that JD would not have sufficient funding to close the Proposed IMC Transactions, including funding the reserve amounts referenced at paragraphs 15 and 54 of the Zhang Affidavit as well as the various interest reserves provided for in each of the Commitment Letters that are, in the aggregate, quite substantial, if the reserve is increased to correct the Disputed Debt Amount.

¹ Using the July 19, 2018 Bank of Canada exchange rate of USD\$1 = CAD\$1.3255.

DAVIES

There are also significant issues with respect to the timing and scope of discharges and releases to be provided by CMEC, as well as the timing of amounts to be paid pursuant to the Standby Commitment Letter that need to be resolved if this proposal is to be executable.

For example, CMEC could not provide the releases required by the CMEC Condition unless it has received full payment of the undisputed debt amount, and is satisfied that the Disputed Debt Amount, plus reserves, have been paid into trust pursuant to formal escrow arrangements.

Accordingly, CMEC requests that the CMEC Condition be amended prior to the July 26 Hearing to reflect the actual Disputed Debt Amount, and with amended mechanics to address the fundamental timing issues outlined above.

4. Sale Process

It is suggested at paragraphs 37 and 38 of the Zhang Affidavit that the Receiver should conduct the marketing phase of the Sale Process simultaneously with the parties' efforts to close the Proposed IMC Transactions. This suggestion has no air of commercial reality.

In addition to the obvious costs considerations of proceeding along a dual track, doing so would result in the exact chilling effect that CMEC has been defending throughout the weeks leading up to the approval of the Sale Process. Similarly, the complaints listed at paragraphs 39 of the Zhang Affidavit are moot now that the Sale Process has been approved by court order, and are clearly aimed at exacerbating the same chilling effect they purport to avoid. We note that JD did not raise these concerns at either attendance in connection with the approval of the sale process on June 22 and July 5, 2018.

Under no circumstances will CMEC consent to a dual-track process. Instead, in the event that JD can satisfy our concerns (including the need for a significant deposit), we are prepared to consider appropriate procedures to pause the Sale Process during the pendency of the Proposed IMC Transactions, with the ability to re-commence the Sale Process immediately if such transactions do not close at any time for any reason. In this scenario, the successful closing of all Proposed IMC Transactions would result in the immediate termination of the Sale Process and the Receivership.

This, combined with a substantial up-front deposit payable to CMEC, as outlined above, are essential protections for CMEC that need to be addressed as gating issues prior to the July 26 Hearing.

5. Information Requests

CMEC also requests clarification from JD as to how it intends to address certain other financial risks inherent to CMEC in the Proposed IMC Transactions. Please confirm that:

- the sources and uses statement for Proposed IMC Transactions consider the interest and other reserves set out in the Commitment Letters and the fees of TD Cornerstone Commercial Realty Inc. contemplated in the applicable listing agreement. We request that you provide a sources and uses statement so we can ensure the Proposed IMC Transactions provide funding for

DAVIES

CMEC's secured debt and all of the other costs and expenses that need to be considered in the circumstances;

- the Zhang Affidavit overstates the aggregate value of the Commitment Letters by \$1.07 million (the aggregate loan amounts set out in the Commitment Letters appear to total \$101.23 million – not \$102.3 million as set out in the Zhang Affidavit);
- JD has signed each of the Commitment Letters (the versions included in the Zhang Affidavit being unexecuted by the JD entities and individuals, despite references to funds having been paid by JD to IMC already, set out in the Zhang Affidavit); and
- the exchange rate to be used for currency conversions between CAD and USD shall be the Bank of Canada posted rates for the business day prior to any such repayments.

The requests set out in this letter are aimed at decreasing the risks to CMEC of the Proposed IMC Transactions by (i) providing up-front compensation to CMEC for any expenses and risk that it may or will incur in connection with the Proposed IMC Transactions; (ii) ensuring JD and IMC are the parties bearing these risks, and not CMEC; and (iii) correcting fundamental errors in the transaction documents that create uncertainty as to JD's ability to complete the Proposed IMC Transactions.

JD or IMC's refusal of any of these reasonable requests will be a clear indication that the Proposed IMC Transactions lack credibility and expose CMEC and other creditors to unnecessary delays, risk and other deleterious consequences.

There are also a number of mechanical issues relating to the closing of the Proposed IMC Transactions that are not set out in this letter that will need to be addressed if these transactions are to close successfully. However, these issues should only be addressed if we are able to resolve the gating issues set out in this letter. CMEC expressly reserves all rights with respect to the Motion Record and the Proposed IMC Transactions contemplated therein.

We look forward to receiving your responses to the foregoing as soon as possible.

Yours very truly,



Jesse Mighton

JM

CC: Jay Swartz, James Doris (*Davies Ward Phillips & Vineberg LLP*)
Bobby Kofman, David Sieradzki (*KSV Advisory Inc.*)
Edmond Lamek, Danny Nunes (*DLA Piper (Canada) LLP*)

**This is Exhibit "B" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink that reads "Amakar". The signature is written in a cursive style with a large initial 'A'.

A COMMISSIONER FOR TAKING AFFIDAVITS



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July 23, 2018

Gregory Azeff
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DELIVERED BY ELECTRONIC MAIL

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
40th Floor
Toronto, Ontario
M5V 3J7

Attention: Jesse Mighton

Dear Jesse:

RE: China Machinery Engineering Corporation v. 2284649 Ontario Inc. et al. / Court File No. CV-18-951534-00CL

We have received your letter dated July 20, 2018 to the undersigned and Ms. Mahar. We will respond to most of the issues raised in your letter in the Supplementary Affidavit of Julia Zhang (the "Supplementary Affidavit"), that our client's Affidavit sworn on July 19, 2018 indicated would be served and filed this week. However, we do take this opportunity to address certain of the concerns raised in your letter. Please note that capitalized terms used below are as defined in your letter unless otherwise defined herein.

First, in accordance with our prior submissions to the Court, we confirm that the Debtor is prepared to deliver a deposit in an amount sufficient to cover any costs "thrown away" in relation to the nascent Sale Process. Such deposit would be delivered forthwith (*i.e.*, within 3 business days) following issuance of an Order lifting the stay of proceedings to permit our client to redeem CMEC's Mortgage.

With respect to the amount of the deposit, we have estimated that costs "thrown away" in the event that the redemption is not completed and the Sale Process has to be undertaken by the Receiver at \$451,643, comprised of the following:

- (a) the amount of \$125,000 in respect of fees to be incurred by CMEC between July 16, 2018 and August 31, 2018;¹

¹ Note that this amount does not include the Receiver's fees to be incurred during the same period, as we understand from our initial discussions with Receiver's counsel that it is expected that such fees will be paid from the Debtor's ongoing cash flow. We intend to have further discussions with the Receiver to confirm these initial discussions.

- (b) the amount of \$324,416 in respect of interest that will accrue between July 13, 2018 and August 31, 2018 on the indebtedness claimed by CMEC; and
- (c) the amount of \$2,227 in respect of interest that will accrue between July 13, 2018 and August 31, 2018 on the outstanding borrowing certificates.

Second, we acknowledge that the Standby Credit Facility Commitment Letter contained an error with respect to the Disputed Debt Amount. We have already brought the issue to the attention of IMC, which has advised of its intention to correct the Standby Credit Facility Commitment Letter upon receiving credit committee approval of the Commitment Letters. A signed copy of the revised Standby Credit Facility Commitment Letter and the other Commitment Letters will be included in the Supplementary Affidavit. We note that, in the circumstances, all signatures of the Applicants are made subject to the lifting of the stay.

Third, we acknowledge that paragraph 15 of the Zhang Affidavit misstated the aggregate value of the Commitment Letters, and we confirm that the total loan amount set out therein is \$101.23 million. This amount will be confirmed in the Supplementary Affidavit.

Fourth, we confirm that the Supplementary Affidavit will set out the status of the various conditions precedent in the Commitment Letters and that our client is working with IMC to address the conditions on an expedited basis.

Fifth, we confirm our client's agreement to use the Bank of Canada rate applicable on the day prior to the redemption as the exchange rate for currency conversions between CAD and USD.

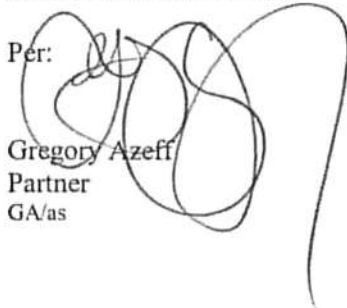
We trust that the foregoing is satisfactory. As always, we are available at your convenience to address any questions or concerns.

Yours truly,

MILLER THOMSON LLP

Per:

Gregory Azeff
Partner
GA/as



**This is Exhibit "C" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "K. Mahal", is written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

DAVIES

155 Wellington Street West
Toronto, ON M5V 3J7 Canada

dwpv.com

Jesse Mighton
T 416.367.7572
jmighton@dwpv.com

File 256496

July 24, 2018

BY EMAIL

Ms Kyla E. M. Mahar and
Mr. Greg Azeff
Miller Thomson LLP
Scotia Plaza, Suite 5800
40 King Street West
PO Box 1011
Toronto, ON M5H 3S1

Dear Kyla and Greg:

RE: China Machinery Engineering Corp. v. 2284649 Ontario Inc. et al – Court File No. CV-18-591534-00CL

We have received your letter of July 23, 2018 wherein JD has now offered a deposit in the amount of \$451,643 and responded to certain information requests set out in our letter of July 20, 2018.

The new terms set out in your letter do not come close to satisfying CMEC's concerns with your proposed redemption transactions, and we maintain our view that the manner in which you are proceeding exposes CMEC to unnecessary and largely unmitigated risks. CMEC will not support your proposed transactions on these terms.

The deposit outlined in your letter is less than 10% of our requested deposit amount, which itself is less than 5% of the overall proposed transaction value. In our experience, deposits of 10% of total transaction value or more are common in a re-financing scenario where the new lender and borrower are committed to the success of the transaction. We interpret the *de minimis* deposit offered in your letter as an indication that there is either a substantial degree of unresolved conditionality to your proposed arrangements, and/or that IMC is preserving its option to walk away prior to closing with minimal financial consequences. These are not the hallmarks of a credible transaction that CMEC is prepared to support.

We also do not think it is appropriate for the deposit to be limited only to "thrown away" costs as you call it. The level of conditionality contained in your proposed transactions combined with the unknowable effect on the Court-approved Sale Process present substantial risk to CMEC, which we have attempted to mitigate through our reasonable requests to you. We are of the view that the Sale Process cannot start while the redemption is pending as no serious purchaser will spend any time or money pursuing an investment opportunity that may disappear as a result of the redemption. In effect,

Tor#: 3860095.1

DAVIES

your proposal adds delay and risk to the Sale Process without providing any protection against this risk through a reasonable deposit.

Therefore, we maintain our view that a meaningful deposit of no less than CAD\$5,000,000 is appropriate in the circumstances.

We also note that your letter defers any information on the status of the conditions set out in IMC's commitment letters to a supplemental affidavit to be filed. As pointed out in our letter, many of the conditions set out in IMC's commitment letters (as set out in our letter of July 20) are well within JD's power to fulfill, and we expect that most if not all of these conditions have been fulfilled well in advance of IMC's credit committee meeting, scheduled for today. If IMC was truly committed to the success of this transaction, we also expect that IMC would have agreed to waive certain conditions that are clearly designed to preserve IMC's no-consequence walk-away options.

Having received no response to our reasonable requests for information in this regard, we therefore assume that IMC intends to preserve its right to walk away with minimal financial consequence up until the time of closing, and view this as an indictment of your proposed transactions' credibility.

Since you have refused to meaningfully engage in our attempts to protect CMEC's rights, we have no choice but to ask the Court to provide CMEC with the protections it requires, including by opposing your motion to lift the stay of proceedings.

Yours very truly,



Jesse Mighton

JM

CC: Jay Swartz, James Doris (*Davies Ward Phillips & Vineberg LLP*)
Bobby Kofman, David Sieradzki (*KSV Kofman Inc.*)
Edmond Lamek, Danny Nunes (*DLA Piper (Canada) LLP*)

**This is Exhibit "D" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018.**

A handwritten signature in blue ink, appearing to read "Mahar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 18, 2018

2284649 Ontario Inc.
256 Phillip Street Limited Partnership
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8v 3Y3

Re: Blair House Student Residence - First Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") offers to make a first mortgage loan (the "Loan") to 2284649 Ontario Inc. (the "Borrower") on and subject to the terms and conditions set out in this letter and the attached Schedules (collectively, the "Commitment").

A. BUSINESS TERMS

Property: Blair House Student Residence, 256 Phillip Street, Waterloo, Ontario (registered condominium PINS 23614-0001 to and including 23614-0210), including all related improvements, leases, rents and other personal property (as defined in the Loan documents, collectively, the "Property").

Loan Amount: \$45,000,000 (the "Loan Amount").

Loan Purpose: The Loan Amount will be used to redeem the mortgage held by China Machinery Engineering Corporation over the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario.

Term: 21 months (the "Term"), the last day of which is the maturity date (the "Maturity Date").

Amortization: Interest only.

Closing: The Loan must be fully advanced on or before August 31, 2018 (the "Commitment Expiry Date"), subject to the terms and conditions of this Commitment.


Interest Accrual Period: Each calendar month of the Term, provided that the first Interest Accrual Period shall mean the period from and including the initial advance of the Loan to the last day of the same calendar month.

Interest Rate: The Interest Rate for each Interest Accrual Period will be set by the Lender on the last business day of the immediately preceding calendar month (or for the initial Interest Accrual Period, at the time of the initial advance of the Loan) based on the following formula. The determination of the Interest Rate by the Lender for each Interest Accrual Period shall be final and binding absent manifest error.

For each Interest Accrual Period during the Term (other than the final 3 Interest Accrual Periods), the Interest Rate will be the greater of (a) the annual prime rate of interest (the "Prime Rate") announced, quoted or charged from time to time by TD Canada Trust, at its head office location in Toronto, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made by TD Canada Trust to Canadian customers, plus 3.15%, and (b) 6.85%.

For each of the final 3 Interest Accrual Periods of the Term and thereafter until all outstanding Loan indebtedness is paid in full (the "Step-Up Date"), the Interest Rate will be the greater of (a) the Prime Rate plus 5.35%, and (b) 9.05% (the "Adjusted Rate").

Interest will be compounded and payable monthly not in advance.

- Recourse:** The Lender shall have full recourse to the Borrower for all Loan obligations.
- Guarantor:** 256 Phillip Street Limited Partnership, Development Phillips Inc., JD Development Group Limited, JD Property Canada Corp., Yue Qing (Julia) Zhang and such other guarantors satisfactory to the Lender (collectively, the "Guarantor") will guarantee all Loan obligations.
- Indemnitor:** The Borrower, 256 Phillip Street Limited Partnership, Development Phillips Inc., JD Development Group Limited, JD Property Canada Corp., Yue Qing (Julia) Zhang and such other indemnitors satisfactory to the Lender (collectively, the "Indemnitor") will provide an indemnity to the Lender and certain related persons for, among other things, fraud, environmental matters, misrepresentation and misappropriation of funds, in the Lender's standard form.
- Beneficial Owner:** 256 Phillip Street Limited Partnership will be the sole beneficial owner of the Property (the "Beneficial Owner").
- Maximum LTV:** At the time of the Loan advance, the LTV must not exceed 75% of the appraised value of the Property.
- Minimum DSCR:** At the time of the Loan advance, the Debt Service Coverage Ratio ("DSCR") shall not be less than 1.00x of underwritten net cash flow (as determined by the Lender).
- Payments:** Interest payments shall be on the first day of each month and shall be calculated monthly, not in advance, on the basis of the actual number of days in each month on the outstanding Loan balance and shall be paid by automatic debit. For the period following the Step-Up Date, the amount of each monthly interest payment will be reset by the Lender (or its Loan servicer) based on the Adjusted Rate. All outstanding Loan indebtedness is due and payable to the Lender in full on the maturity date.
- Interest Adjustment Date:** The first day of the calendar month following the Loan advance (or if advanced on the first day of a month, the date of the Loan advance).
- Prepayment:** The Borrower may prepay all (but not less than all) of the outstanding Loan indebtedness at any time, subject to the Borrower providing 60 days' prior written notice or payment of 60 days' interest in lieu of such notice, and subject to payment by the Borrower to the Lender of the prepayment charge and other amounts required under the Loan. If such prepayment occurs at any time prior to the applicable Minimum Interest Amount having been paid to the Lender in full, the Borrower must concurrently pay to the Lender, in addition to all other Loan indebtedness being prepaid, a prepayment charge equal to that portion of the applicable Minimum Interest Amount that remains unpaid at that time. Such prepayment charge will be fully earned by the Lender on such prepayment being made. "Minimum Interest Amount" means, in respect of any prepayment, a total amount of interest paid to the Lender under the Loan prior to such prepayment of not less than \$3,082,500 (the "Prepayment Charge").
- See Appendix A* 
- Prepayment Requires Full Month's Interest:** If any prepayment of the Loan permitted herein is made on a date which is not the first day of a month, the Borrower must pay to the Lender an amount equal to all interest that would have accrued on the Loan (absent such prepayment) at the applicable interest rate up to

and including the next regularly scheduled payment date, in addition to all other outstanding Loan indebtedness.

Fees:

The following fees will be payable by the Borrower:

- (a) An application fee in the amount of \$100,000 payable to IMC, in its capacity as mortgage broker, which is fully earned and non-refundable in all circumstances and whether or not the Loan closes. IMC acknowledges receipt of the \$100,000 application fee.
- (b) Transaction fees equal to 1.20% of the Loan Amount (\$540,000) as follows:
 - (i) A commitment fee in the amount \$405,000 payable to the Lender, which fee is fully earned and non-refundable upon credit committee approval to be obtained by July 24, 2018 and whether or not the Loan closes, subject only to default by the Lender. The Lender acknowledges receipt of the \$405,000 commitment fee.
 - (ii) A syndication fee in the amount of \$135,000 payable to IMC, in its capacity as mortgage broker, which fee is fully earned and non-refundable upon credit committee approval to be obtained by July 24, 2018 and whether or not the Loan closes, subject only to default by the Lender. The syndication fee shall be paid by the Borrower to IMC on the earlier of (i) successful completion of the advance under the Loan and deducted from the Loan advance, and (ii) default by the Borrower.
- (c) An annual loan administration fee in the amount of \$5,000 plus applicable taxes payable to the Lender's Loan servicer on each anniversary of the interest adjustment date until all Loan indebtedness is repaid in full.

Refinancing:

The Borrower agrees to provide the Lender the opportunity to provide refinancing of the Loan on market terms. The Borrower acknowledges and agrees that the Lender in its sole and absolute discretion may decide not to offer any such financing to the Borrower and nothing herein shall constitute or create any obligation or liability on the part of the Lender to do so.

Subordinate Liens:

No subordinate mortgages, liens, charges or other financial encumbrances or security interests are permitted in respect of the Property (including without limitation, financing leases or other security in respect of any fixtures, furniture, equipment or other personal property) at any time without the prior written consent of the Lender in its sole discretion.

Third Party Costs:

The Borrower will pay all costs and expenses incurred by or on behalf of the Lender in connection with the Loan ("third party costs"), including without limitation, all legal, appraisal, engineering, environmental assessments, title insurance, credit reports and insurance consultant fees, costs and expenses, including all applicable taxes, as such costs, expenses and taxes are incurred, whether or not the Loan closes.

Reserves:

The Borrower will establish and fund with the Lender (or its Loan servicer) all reserves required by Schedule A hereto.

Transfers:

Any transfer of any interest in the Property or any part thereof, or any change of effective voting control of any Borrower Entity having a registered, unregistered or beneficial ownership interest in the Property from time to time (including any change of ownership of more than 50% of the voting securities in the capital structure of such person) will require the prior written consent of the Lender in its sole discretion. Notwithstanding the foregoing, the Lender's consent to any transfer or change of control will remain subject to the satisfaction by the Borrower of certain conditions set out in the Loan documents, in each case at the Borrower's sole cost and expense, including without limitation, payment by the Borrower of all fees, costs and expenses (plus applicable taxes) incurred by the Lender, its Loan servicer and legal counsel relating to such transfer or change of control, and payment by the Borrower to the Lender (or its Loan servicer) of an assumption fee equal to 0.50% of the Loan Amount (such fee not to exceed \$25,000.00), plus applicable taxes.

Closing Conditions:

The Lender will not be obligated to advance the Loan unless and until all terms and conditions of this Commitment have been fully complied with by the Borrower at its sole cost

and expense on or before the Commitment Expiry Date and to the satisfaction of the Lender in its sole discretion. The Lender must be satisfied in its sole discretion with all due diligence investigations, inspections and reports with respect to all matters that it considers necessary or desirable with respect to the Loan, the Property and each Borrower Entity (and the principals thereof), including without limitation all closing/underwriting deliveries and other matters set out in Schedule B. Without limiting the foregoing, the Property, including its physical, environmental and financial condition, title (including title insurance and all title encumbrances) and all tenants and leases, will be subject to the Lender's approval in its sole discretion prior to the Loan advance. All such conditions are for the sole benefit of the Lender and may be waived by the Lender in writing at any time.

Credit Committee:

In addition to any other conditions set out in this Commitment, the Loan is subject to the approval by the Lender's credit committee in its sole discretion. If the Lender's credit committee does not approve the Loan, or if it approves the Loan on terms and conditions which differ from the terms and conditions of this Commitment and which the Borrower does not accept within three (3) business days following notice thereof to the Borrower, this Commitment will immediately terminate.

B. GENERAL PROVISIONS

1. Borrower Entity/Lender Entity: In this Commitment, (a) "Borrower Entity" means the Borrower, Indemnitee, any Guarantor and Beneficial Owner, each person having a registered, unregistered or beneficial ownership interest in the Property from time to time, and each other person defined as a Borrower Entity in the Loan documents, and (b) "Lender Entity" means each of the Lender, the Custodian (defined below), the Loan servicer, all persons having an ownership interest in the Loan from time to time, and their respective employees, officers, directors, partners, agents and consultants. Each mortgagor of the Property must be a corporation. Each Borrower and Beneficial Owner must be Canadian resident.
2. Property: In this Commitment, "Property" includes the entire freehold estate in the lands, and all present and future buildings, improvements, fixtures, equipment, chattels, leases and rents, as described in the Lender's standard Loan documents.
3. Loan Documents: The Loan will be evidenced and secured by (a) a first priority freehold mortgage, charge, assignment and security interest of the Property, including a mortgage, a general assignment of rents and leases, and a general security agreement (together with all necessary registrations in each applicable jurisdiction), (b) a full recourse guarantee from the Guarantor, (c) an indemnity from the Indemnitee, and (d) such other security as the Lender may otherwise reasonably require. The Beneficial Owner will execute a beneficial owners' agreement in favour of the Lender. Prior to the Loan advance, the Borrower will provide corporate and enforceability opinions from legal counsel in each jurisdiction in form and content satisfactory to the Lender. All Loan documents will be in the Lender's standard form, subject only to such modifications acceptable to the Lender to reflect the subject Loan transaction.
4. Events of Default: If an Event of Default occurs, the Lender, at its option, may immediately accelerate the Loan and enforce all of its rights and remedies under the Loan documents and applicable laws. "Event of Default" has the meaning set out in the Lender's standard Loan documents and includes, but is not limited to: (a) any default by the Borrower in any Loan payment or reserve payment when due; (b) any transfer or lien is granted or created in respect of the Property in breach of the Loan documents; (c) any failure by any Borrower Entity to comply with its insurance obligations under the Loan documents; (d) any failure by the Borrower to pay all utilities and realty taxes in respect of the Property when due; (e) any default by any Borrower Entity in observing or performing any other covenant, condition or obligation under any Loan document on its part to be observed or performed (except any default enumerated as a separate Event of Default or which is expressly stated to be immediate or to have no applicable notice, grace or cure period) which is not cured within the applicable notice, grace or cure period provided therein, or if no such period is expressly provided and is not expressly excluded, within 30 days following such written notice of such default; (f) any misrepresentation by any Borrower Entity in connection with the Loan; (g) certain acts of bankruptcy and insolvency in respect of any Borrower Entity as set out in the Lender's standard Loan documents; (h) any default or enforcement proceedings occur or are taken under any other encumbrance of the Property whether ranking prior or subsequent to the Lender's security; and (i) any expropriation of the Property occurs which, in the opinion of the Lender in its sole discretion, either (i) materially impairs the value or marketability of the remaining Property, or (ii) has or could reasonably be expected to have a material adverse effect (as defined in the Loan documents). Each Borrower Entity will immediately advise the Lender of an Event of Default in respect of its Loan.

Upon any acceleration or prepayment of all or any part the Loan (including any acceleration as a result of any Event of Default), the Borrower agrees to pay a Prepayment Charge to the Lender, in addition to all other amounts then due and owing under the Loan.

5. Closing: The Lender will have the right in its sole discretion to terminate this Commitment in respect of the Loan at any time if the Loan is not fully advanced on or before the Commitment Expiry Date for any reason (other than default by the Lender), notwithstanding any intervening negotiations, the preparation and/or delivery of the Loan documents, or any other dealings or course of conduct between any of the parties at any time, unless a written extension of the Commitment Expiry Date has been expressly agreed to and executed and delivered by each of the parties hereto.
6. Material Adverse Change: Notwithstanding the satisfaction of all Loan conditions and/or any other event or circumstance of any kind, the Lender will not be required to advance the Loan and may terminate this Commitment at any time if it determines, in its sole discretion, that any event or circumstance has occurred which, in the opinion of the Lender in its sole discretion, either has or could reasonably be expected to have a material adverse effect on (i) the value or marketability of the Property (including without limitation, the physical, environmental, or financial condition of the Property or any tenant or lease of the Property), or (iii) the financial or other condition of any Borrower Entity or its ability to observe and perform any of its respective covenants and obligations to the Lender under or in respect of the Loan and the Loan documents when due.
7. Changes to Property: Neither the Borrower nor any other Borrower Entity is permitted to demolish, remove, construct, materially alter, add to, repair or restore the Property or any portion thereof (collectively, "Alterations"), nor consent to or permit any other person to make such Alterations, without obtaining in each instance the Lender's prior written approval in its sole discretion. Nothing herein will prevent or restrict the Borrower or any other Borrower Entity from complying with its obligations to maintain and repair the Property in accordance with the Loan documents.
8. Property Management: The manager of the Property and each property management agreement will be subject to the prior written approval of the Lender in its sole discretion from time to time. The Lender acknowledges that Rez-ne Management Corp. is acceptable.
9. Approval of Leases: Each new commercial lease of the Property, including each renewal or extension of an existing lease (other than any extension or renewal of an existing lease which is exercised pursuant to, and the terms of which are governed by, such existing lease), must (i) be a commercially reasonable arm's length transaction made in the ordinary course of business and in accordance with prudent property management and leasing standards and practices, and (ii) provide for rental rates and other terms and conditions consistent with prevailing market rates, terms and conditions. The Loan documents will include certain other requirements for new leases and renewals and extensions of existing leases, and certain representations and warranties and other covenants from the Borrower concerning the status and future dealings with all leases and rents.

The Borrower must obtain the Lender's prior written consent to enter into, renew or extend any Material Commercial Lease, which consent may be given or withheld by the Lender in its sole discretion. This provision does not apply to any renewal or extension of an existing Material Commercial Lease which is exercised pursuant to, and the terms of which are governed by, any such Material Commercial Lease. In this Commitment and each of the Loan Documents, "Material Commercial Lease" means any lease (excluding a lease for one or more residential units, rooms or beds for residential purposes, but including any ground lease or head lease for residential or any other purposes) granted to any person for premises of more than 5,000 square feet and having a term (inclusive of all renewal and extension options, whether or not exercised) of 10 years or more.

In the case of residential leases, the Borrower's standard residential lease form will be subject to the prior approval of the Lender from time to time and all residential leases will be made by the Borrower using such standard form in effect from time to time. The Borrower represents and warrants to the Lender that (a) all rents charged to the residential tenants at the Property are legal under the applicable laws, (b) no proceedings exist which could result in a decrease in the legal rents chargeable or which could result in the issuance of an order prohibiting rent increases, and (c) no orders exist requiring any rent decreases or which prohibit rent increase.

10. Financial Statements: The Borrower must deliver quarterly rent rolls and operating statements for the Property and annual financial statements from each Borrower Entity prepared in accordance with generally accepted accounting principles, and such other information respecting the Property and each Borrower Entity as the Lender may reasonably require from time to time and as set out in the Loan documents.
11. Information and Materials: The Borrower represents and warrants that all information and materials provided or delivered to the Lender in connection with the Loan, including the Property and each Borrower Entity, are correct and complete as of the date provided and will continue to be correct and complete on Loan closing, failing which the

Lender will have no obligation to advance the Loan. The Borrower acknowledges that the Lender's decision to make the Loan will be based on all such information and materials. The Borrower must promptly disclose to the Lender from time to time any and all changes in such information and materials or any additional information or materials relating to the Property or any Borrower Entity which may reasonably be expected to influence the Lender's decision to make the Loan.

12. Credit Investigations: Each Borrower Entity authorizes the Lender or its representatives to make inquiries of, and exchange or obtain information, data and credit reports with, third parties regarding the character, general reputation, personal characteristics, financial and credit condition of such Borrower Entity, including its respective directors, officers, shareholders, partners and principals.
13. Consent to Disclosure: Each Borrower Entity acknowledges and agrees that the Loan may be sold or syndicated without restriction and without notice to or the consent of any Borrower Entity. Each Lender Entity may release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all financial and other information and materials relating to any Borrower Entity, the Property or the Loan (including financial statements and all other information relating to the Loan) provided to or obtained by it, without restriction and without notice to or the consent any Borrower Entity as follows: (i) to any existing or proposed Lender Entity; (ii) to any subsequent or proposed purchaser of or investor in the Loan; (iii) to any governmental authority having jurisdiction over such sale or syndication of the Loan; (iv) to any other person in connection with the sale or syndication of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan documents; and (v) to any third party advisors and agents of any of the foregoing persons, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers. Each Borrower Entity irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.
14. Custodian and Loan Servicer: Institutional Mortgage Capital Canada Inc., as general partner for IMC Limited Partnership and as custodian and agent for an investment fund managed by it and any other investors in the Loan from time to time (in such capacity, the "Custodian") will advance the Loan and will be named as the Lender in the Loan documents. The Custodian will have, and may exercise, at all times without restriction and either directly or through the Loan servicer, all of the rights and benefits of the Lender under this Commitment (without any assignment being required) and will hold the Loan, the Loan indebtedness and Loan documents solely as custodian and agent for an investment fund managed by it and all other persons having an ownership interest in the Loan from time to time. Each reference to "Lender" in this Commitment includes the Custodian. The Lender and such other Loan investors will be entitled to receive and enjoy, through the Custodian, all right, title and interest of the Custodian in respect of the Loan and the Loan documents and the full benefit thereof at all times. The Lender may also appoint a Loan servicer from time to time, without notice to or the consent of any Borrower Entity, to collect all Loan payments and proceeds and to exercise and enforce any or all rights, remedies or benefits, or perform any or all obligations, of the Lender and/or the Custodian under or in respect of the Loan, the Loan documents (whether or not expressly provided therein) and/or applicable laws, and such Loan servicer may appoint a sub-servicer from time to time in respect of any such matter. Each Borrower Entity will be entitled to deal exclusively with the Custodian and the Loan servicer in respect of all matters relating to the Loan and the Loan documents and agrees that all enforcement actions or proceedings may be brought by the Custodian and/or the Loan servicer on behalf of the Lender and all other persons having an ownership interest in the Loan from time to time and irrevocably waives any requirement that the Lender or such other Loan investors be a party thereto.
15. Full Recourse: Notwithstanding any other provision in any Loan document, the respective obligations and liabilities of each Borrower Entity under the Loan and each of the Loan documents are full recourse to each such Borrower Entity and all of its respective property and assets without limitation or restriction of any kind.
16. Limited Recourse to Lender Entities: No Lender Entity nor any of their respective assets will have or be subject to any actions, proceedings, losses, damages, liabilities, claims, demands, costs or expenses of any kind or nature made by or on behalf of any Borrower Entity arising from or relating to, directly or indirectly, the Loan, including the making or administration of the Loan or any default or other act or omission by any Lender Entity under or relating to the Loan or any of the Loan documents, and each Borrower Entity hereby agrees to indemnify and save each Lender Entity harmless from and against all such matters.
17. Brokerage Commission: The Borrower and Guarantor will be solely responsible for and will pay any brokerage or finder's fees, commissions or other compensation payable to any person not affiliated with or contracted by the Lender in connection with the Loan and will indemnify and hold each Lender Entity harmless in respect of same.
18. Assignment: The Lender and any Loan investor, at its cost, may sell, transfer or assign the Loan, the Loan indebtedness and the Loan documents, or any interest therein, from time to time before or after closing without notice

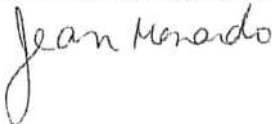
to or the consent of any Borrower Entity. Thereafter, the Lender will have no further obligations under or in respect of the Loan or the Loan documents. This Commitment may not be sold, transferred or assigned by any Borrower Entity.

19. Effect of Commitment. This Commitment, together with the Loan documents will constitute the entire agreement between the parties in respect of the Loan, and supersedes any letter of intent previously issued by or on behalf of the Lender in its entirety. Each Borrower Entity acknowledges that this Commitment is only a summary of the basic terms of the Loan, and that the Loan documents will include additional terms and conditions not specifically referenced herein as the Lender deems necessary or appropriate. This Commitment can only be changed, modified or extended by a written instrument executed and delivered by the Lender and each Borrower Entity. This Commitment and any amendments hereto will survive the execution and delivery of the Loan documents by the Borrower Entity, provided, however, that in the event of any express conflict or inconsistency between any provision of this Commitment and any provision of any Loan document, the provision of such Loan document will prevail to the extent of such conflict or inconsistency. The existence of additional terms, conditions or provisions (including any rights, remedies, representation and warranties) contained in any Loan document will not be construed or deemed as being in conflict with this Commitment.
20. Participation: Each Borrower Entity agrees to co-operate in good faith with all reasonable requests and/or inquiries made by or on behalf of the Lender (or any Loan owner) in connection with the sale, syndication and/or participation of the Loan, and further agrees, if requested by or on behalf of the Lender (or any Loan owner) to restructure all or any part of the Loan and the Loan documents (at no cost to the Borrower), including without limitation, the creation of multiple tranches evidenced by separate promissory notes or participation interests (which may be pari passu or senior/subordinate as required), to make all reasonable amendments to the Loan documents and to provide all additional and/or updated financial and other information concerning the Property, its tenants and/or each Borrower Entity as the Lender or Loan owner may require from time to time, provided that the financial terms of the amended and/or restructured Loan are not materially more onerous, in the aggregate, than its original financial terms.
21. Further Assurances: Each Borrower Entity must promptly cure any defect in the preparation, execution and delivery of the Loan documents to which it is a party and will promptly execute and deliver or cause to be executed or delivered, upon request by the Lender all such other and further documents, agreements, opinions, certificates and instruments as may be required by the Lender to more fully state its obligations as set out in any Loan document or to make any recording, file any notice or obtain any consent, including any documents required by the Lender in connection with the sale, syndication and/or securitization of the Loan.
22. Construction of Loan Documents: In this Commitment: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders, (b) reference to any Borrower Entity, Lender Entity or any other person includes their respective heirs, executors, administrators, legal representatives, successors and assigns, (c) all dollar amounts are expressed in Canadian dollars, (d) the division of any Loan document into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and will not affect the construction or interpretation of such Loan document, (e) if more than one person is named as, or otherwise becomes or assumes the obligations and liabilities of any Borrower Entity, then all obligations and liabilities of such persons will be joint and several, (f) notwithstanding any other provision of this Commitment, the Loan documents or applicable laws to the contrary, it is the express intention of the parties that the words "sole discretion" mean the exercise of discretion that is completely and absolutely subjective in all respects and does not create or imply a duty or obligation of any kind on the part of the person exercising such discretion to act objectively or to apply objective standards, and which is not subject to any restriction, limitation, challenge or review of any kind, (g) time is of the essence, and (h) the parties hereto have expressly agreed and required that this Commitment as well as all documents related thereto, including all agreements and notices, be drafted in English. Les parties aux présentes ont expressément exigé que la présente entente ainsi que tout document y relié, incluant toute entente et tout avis, soit rédigés en anglais. All schedules and addenda annexed hereto form part of this Commitment. The rights and obligations of the parties with respect to the Loan documents in respect of the Loan will be determined in accordance with the laws of the Province in which the Property is located and federal laws applicable thereto.
23. Withholding Taxes. This provision will not apply to any deduction or withholding for taxes under the laws of Canada or any province thereof ("Canadian taxes") or for taxes of a country or jurisdiction other than Canada ("foreign taxes") arising from or in respect of the Loan payment where such deduction or withholding arises solely as a result of a change in the current status of the Lender as a resident of Canada, or as a result of any assignment of the Loan by the Lender to a non-resident of Canada. Subject to the foregoing, to the extent that any payment on or in respect of the Loan will become subject to a deduction or withholding imposed on such Loan payment for Canadian taxes or foreign taxes (including any deduction or withholding arising from a change in applicable laws), the amount of such Loan payment will be automatically increased by an amount which ensures that the Lender receives, after such deduction or withholding is made including any additional withholding or deduction on such additional amount and without any credit to the Borrower therefor, the full amount of the payment specified in the Loan documents. The

Borrower will pay the amount of any such deduction or withholding to the applicable taxing authority as required by applicable laws and, upon request, provide the Lender with evidence of such payment.

24. Survival of Representations, Warranties and Covenants: The representations, warranties, covenants and obligations of each Borrower Entity contained in each Loan document in respect of the Loan will (a) survive any advance or repayment of the Loan, any full or partial release, termination or discharge of any Loan document, and any remedial proceedings taken by any Lender Entity under any Loan document or applicable law, (b) enure to the benefit of the Lender and each person having an ownership interest in the Loan from time to time notwithstanding such Loan owner is not a party to any Loan document, and (c) be fully effective and enforceable by the Lender notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach or other information (to the contrary or otherwise) known to any Lender Entity at any time. Such representations and warranties are deemed to be made on the date of execution of each such Loan document and are deemed repeated as of Loan closing.
25. Effect of Termination: No termination of this Commitment will limit, restrict or otherwise affect in any way (i) the obligations of any Borrower Entity to pay to the Lender all third party costs incurred by or on behalf of the Lender in connection with the Loan or any of the fees set out in this Commitment, and (ii) any rights and remedies of the Lender against any Borrower Entity arising from any breach of this Commitment by such Borrower Entity, including any claim for damages.
26. Counterparts/Facsimile Transmission: This Commitment may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this Commitment by any party may be made by facsimile or other electronic transmission to any other party, the broker or their respective agents and will be valid and binding as if it is an originally signed document.
27. Acceptance: If this Commitment is not executed by each Borrower Entity, and returned without amendment to the Lender on or before July 19, 2018, then this Commitment will immediately terminate and will be null and void and the Lender will have no further obligations hereunder. Each person executing and delivering this Commitment on behalf of each Borrower Entity has full power and authority to bind such Borrower Entity to the terms and conditions of this Commitment and is executing this Commitment on their behalf.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.

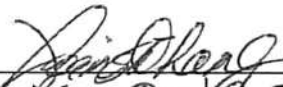


Per: _____
Jean Monardo


FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 19th day of July, 2018.


2284649 ONTARIO INC.

Per: 
Name: YUEQING ZHANG (CEO)
Title:

256 PHILLIP STREET LIMITED PARTNERSHIP,
BY ITS GENERAL PARTNER, DEVELOPMENT PHILLIPS INC.

Per: 
Name: YUEQING ZHANG (CEO)
Title:


DEVELOPMENT PHILLIPS INC.

Per: 
Name: YUEQING ZHANG
Title: CEO

JD DEVELOPMENT GROUP LIMITED

Per: 
Name: YUEQING ZHANG
Title: CEO

JD PROPERTY CANADA CORP.

Per: 
Name: YUEQING ZHANG
Title: CEO


YUE QING (JULIA) ZHANG
CEO

SCHEDULE A – RESERVES

1. **Realty Tax Reserve:** At Loan closing, the Borrower will pay all realty taxes due and payable within 60 days. Thereafter, the Borrower will deposit with the Lender on each payment date under the Loan 1/12th of the annual realty taxes as estimated by the Lender. In addition, on Loan closing, the Borrower will deposit with the Lender a further amount which, when added to such monthly deposits, will result in the Lender having sufficient funds to pay the next realty tax interim installment or final installment one month in advance. If at any time the deposits are not sufficient to pay realty taxes when due, the Borrower will pay the deficiency to the Lender within 10 days of written notice. The Borrower will provide the Lender with all realty tax bills immediately upon receipt.

Realty Tax Reserve (Immediate):	TBD
Realty Tax Reserve (Monthly):	TBD

2. **Additional Reserves:** Upon an Event of Default and within 10 days' notice from the Lender, the Borrower will establish additional reserves with the Lender to pay the reasonable costs of insurance premiums, utility charges, and/or the performance of specific maintenance, repairs or capital improvements to the Property or any work for the prevention, clean-up or remediation of environmental, health or safety conditions at the Property, as determined by the Lender acting reasonably.
3. **No Entitlement to Interest:** No Borrower Entity will be entitled to receive any interest or other investment earnings on any reserves or deposits held by or on behalf of the Lender for respect of any Loan, whether or not earned or arising from time to time.
4. **Security.** All reserves will be subject to a first priority security interest granted in favour of the Lender pursuant to the Loan documents as additional security for the Loan.
5. **Disbursement/General Provisions:** Upon completion or payment of any reserve item (and the satisfaction of any additional conditions specified in the Loan document governing disbursement of such reserve), the Borrower may submit to the Lender a request for payment or release of any reserve funds in a form specified by the Lender which will include and certify (a) the item and costs incurred (including evidence of completion or payment), (b) that all related work has been completed in a good and workmanlike manner in compliance with the Loan documents and all applicable laws, (c) documentary evidence that such work is fully paid and that all conditions governing disbursement of such reserve have been satisfied, and (d) evidence of compliance with all the applicable lien laws, including compliance with all holdback requirements and evidence that no lien is registered against the Property. Provided no Event of Default exists and upon the Lender's verification of the payment request, the Lender will pay to the Borrower an amount approved by the Lender from the applicable reserve, less any Lender's costs and expenses with respect thereto. The Lender will not be required to make disbursements more frequently than once monthly. The Lender reserves the right to make any such disbursement directly to the person(s) entitled to receive such payment and the Borrower will execute and deliver all necessary directions.
6. **Other Applicable Provisions:** Upon an Event of Default, the Lender may retain all reserves held and, at its sole option, apply same to the Loan indebtedness, or to any costs and expenses for which the reserve is held, or to cure any Event of Default. The Borrower shall reimburse the Lender and its Loan servicer on demand for all costs and expenses incurred in administering the reserves (which costs and expenses will bear interest at the interest rate and may be deducted from the reserves). The Lender has the sole right to direct the investment of the reserves. All interest and other investment earnings accruing on the reserves will be for the Lender's sole benefit.
7. **Loan Servicer:** Notwithstanding any other provision hereof, each reserve required by this Commitment will be established and administered on behalf of the Lender with and by its Loan servicer from time to time, and all rights, privileges and benefits of the Lender hereunder (including the right to receive, hold and administer all reserve funds) may be held, exercised and/or enforced by such Loan servicer on behalf of the Lender from time to time.

SCHEDULE B – UNDERWRITING / CLOSING DELIVERIES

On or before Loan closing, the Lender must receive and be satisfied in its sole discretion with each of the following deliveries. Notwithstanding that the Lender may retain and instruct all third party agents directly, the Borrower will remain solely responsible at all times for obtaining, delivering and completing, all at the Borrower's expense, all of the following deliveries and matters prior to Loan closing, and the Lender will have no responsibility or liability of any kind of any such deliveries and matters are not made or completed in form and content satisfactory to the Lender.

1. Appraisal report acceptable to the Lender establishing the market value of the Property. *(Avison Young appraisal dated November 24, 2017 received)*
2. Environmental assessments of the Property prepared by an environmental consultant acceptable to the Lender, confirming to the Lender's satisfaction, that the Property complies with all applicable environmental laws. The Lender reserves the right, in its sole discretion, to require a "Phase II" environmental assessment of the Property or such other environmental investigation reports of the Property, in each case at the Borrower's expense. The Loan documents will contain detailed environmental representations, warranties and covenants in addition to the environmental indemnity from the Indemnitor. *(Chung & Vander Doelen Engineering Ltd. Phase I Assessment dated February 27, 2013 received, subject to update)*
3. Best efforts to obtain and provide a property condition assessment of the Property prepared by an architect/engineer acceptable to the Lender and reporting a physical property condition acceptable to the Lender.
4. A reliance letter for each of the above reports, which letter must be acceptable to the Lender and must include the following language: "Institutional Mortgage Capital Canada Inc. as general partner of IMC Limited Partnership, and its successors, assigns and co-lenders (collectively, the "Lender") may rely on the above-referenced report as if it were an original addressee, and our potential liability to the Lender arising from this report is limited to the amount of professional liability insurance maintained in a minimum amount of \$1 million."
5. Building location survey/real property report/certificate of location of the Property prepared by a licensed surveyor and satisfactory to the Lender.
6. A Borrower certified copy of the most recent tenant rent roll of the Property. *(received)*
7. Copy of the property management agreement.
8. Property, liability and other insurance in compliance with the Lender's standard insurance. All insurance shall be in the form and amount and with such deductibles, endorsements and insurers as required by the Lender.
9. Certified or notarized copies of those documents evidencing formation, organization, valid existence, good standing and due authorization of and for each Borrower Entity for the execution, delivery and performance of the Loan documents.
10. All Loan documents required by this Commitment executed and delivered by each Borrower Entity, fully registered in all appropriate registries and in the priority required by the Lender.
11. Corporate and enforceability opinions from Borrower's counsel for each Borrower Entity.
12. Lender's title insurance policy (from a title insurer and with such endorsements as approved or required by the Lender). Title, zoning and all permitted encumbrances shall be satisfactory to the Lender.
13. Such financial and other information, statements and documents with respect to the Property, any Borrower Entity or otherwise as the Lender or its counsel may reasonably require in connection with the underwriting or closing of the Loan.
14. Such documentation and information, including identification, required by the Lender to comply with all applicable laws and regulations governing proceeds of crime, money laundering and terrorist financing.

Chris Shaule

From: Darren Schmidt <darren.schmidt@imcapital.com>
Sent: Thursday, July 19, 2018 11:30 AM
To: Chris Shaule; 'Peter Zivontsis'
Cc: 'Jean Monardo'
Subject: Various IMC loans relating to CMEC redemption being processed with IMC

Chris / Peter – you were asking for tweaks as follows:

\$45,000,000 Loan on Blair House. You requested IMC reduce the minimum interest from 12-month as noted in the Conditional Commitment to 9-months provided the Borrower refinance the loan with IMC. We are agreeable to this concept.

\$4,500,000 2nd mortgage on 7190 to 7200 Markham Road. You requested that the additional security contemplated relating to the pledge of Zhang interest in Fergus house be replaced with a Pledge of Zhang equity interest in “Marydale” property which is the lot that has no municipal address but is adjacent to 7190 to 7200 Markham Road. We are agreeable to this with the provision that upon request by IMC, Zhang will direct any distributions received or due to her under her the co-ownership agreement in Fergus house to IMC as additional collateral for the loan. While the loan is outstanding, there will also be a negative covenant from Zhang not to sell her interest in Fergus house without authorization from IMC.

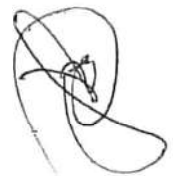
In the Interest of time, we will not be re-issuing Conditional Commitments with these changes. I will include these modifications in the respective Committee Presentations and upon Credit Committee approval of the loans we will re-issue commitments incorporating these modifications.

Best Regards,

Darren Schmidt
Managing Director
Institutional Mortgage Capital
TD Centre, Royal Trust Tower
77 King Street West, Suite 4120
Toronto, Ontario M5K 1G8
Direct - 416-814-2592
Mobile - 416-617-2735
Fax - 416-814-3905
Darren.Schmidt@imcapital.com

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**This is Exhibit "E" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**


A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 18, 2018

CSC King Street Limited
CSC Regina Street Limited
CSC Limited Partnership
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8v 3Y3

Re: Preston House and Bridgeport House - Second Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") offers to make a second mortgage loan (the "Loan") to CSC Regina Street Limited and CSC King Street Limited (collectively, the "Borrower") on and subject to the terms and conditions set out in this letter and the attached Schedules (collectively, the "Commitment").

A. BUSINESS TERMS

Property: Preston House and Bridgeport House, 315 King Street North and 324-328 Regina Street North, Waterloo, Ontario, including all related improvements, leases, rents and other personal property (as defined in the Loan documents, collectively, the "Property").

Loan Amount: \$9,500,000 (the "Loan Amount").

Loan Purpose: The Loan Amount will be used to redeem the mortgage held by China Machinery Engineering Corporation over the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario.

Term: 33 months (the "Term"), the last day of which is the maturity date (the "Maturity Date").

Amortization: Interest only.

Closing: The Loan must be fully advanced on or before August 31, 2018 (the "Commitment Expiry Date"), subject to the terms and conditions of this Commitment.

Interest Accrual Period: Each calendar month of the Term, provided that the first Interest Accrual Period shall mean the period from and including the initial advance of the Loan to the last day of the same calendar month.

Interest Rate: The Interest Rate for each Interest Accrual Period will be set by the Lender on the last business day of the immediately preceding calendar month (or for the initial Interest Accrual Period, at the time of the initial advance of the Loan) based on the following formula. The determination of the Interest Rate by the Lender for each Interest Accrual Period shall be final and binding absent manifest error.

For each Interest Accrual Period during the Term (other than the final 3 Interest Accrual Periods), the Interest Rate will be the greater of (a) the annual prime rate of interest (the "Prime Rate") announced, quoted or charged from time to time by TD Canada Trust, at its head office location in Toronto, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made by TD Canada Trust to Canadian customers, plus 7.00%, and (b) 10.70%.

For each of the final 3 Interest Accrual Periods of the Term and thereafter until all outstanding Loan indebtedness is paid in full (the "Step-Up Date"), the Interest Rate will be the greater of (a) the Prime Rate plus 9.50%, and (b) 13.20% (the "Adjusted Rate").

Interest will be compounded and payable monthly not in advance.

- Recourse:** The Lender shall have full recourse to the Borrower for all Loan obligations.
- Guarantor:** CSC Limited Partnership, CSC C GP Inc., CSC M GP Inc., JD Development Group Limited, JD Development Asset Management Ltd., Yue Qing (Julia) Zhang and such other guarantors satisfactory to the Lender (collectively, the "Guarantor") will guarantee all Loan obligations.
- Indemnitor:** The Borrower, CSC Limited Partnership, CSC C GP Inc., CSC M GP Inc., JD Development Group Limited, JD Development Asset Management Ltd., Yue Qing (Julia) Zhang and such other indemnitors satisfactory to the Lender (collectively, the "Indemnitor") will provide an indemnity to the Lender and certain related persons for, among other things, fraud, environmental matters, misrepresentation and misappropriation of funds, in the Lender's standard form.
- Beneficial Owner:** CSC Limited Partnership will be the sole beneficial owner of the Property (the "Beneficial Owner").
- Maximum Combined LTV:** At the time of the advance of the Loan, the combined LTV of both the first mortgage loan and the Loan must not to exceed 75% of the appraised value of the Property.
- Minimum Combined DSCR:** At the time of the advance of the Loan, the combined Debt Service Coverage Ratio ("DSCR") of both the first mortgage loan and the Loan must not be less than 1.00x of underwritten cash flow (as determined by the Lender).
- Payments:** Interest payments shall be on the first day of each month and shall be calculated monthly, not in advance, on the basis of the actual number of days in each month on the outstanding Loan balance and shall be paid by automatic debit. For the period following the Step-Up Date, the amount of each monthly interest payment will be reset by the Lender (or its Loan servicer) based on the Adjusted Rate. All outstanding Loan indebtedness is due and payable to the Lender in full on the maturity date.
- Interest Adjustment Date:** The first day of the calendar month following the Loan advance (or if advanced on the first day of a month, the date of the Loan advance).
- Prepayment:** The Borrower may prepay all (but not less than all) of the outstanding Loan indebtedness at any time, subject to the Borrower providing 60 days' prior written notice or payment of 60 days' interest in lieu of such notice, and subject to payment by the Borrower to the Lender of the prepayment charge and other amounts required under the Loan. If such prepayment occurs at any time prior to the applicable Minimum Interest Amount having been paid to the Lender in full, the Borrower must concurrently pay to the Lender, in addition to all other Loan indebtedness being prepaid, a prepayment charge equal to that portion of the applicable Minimum Interest Amount that remains unpaid at that time. Such prepayment charge will be fully earned by the Lender on such prepayment being made. "Minimum Interest Amount" means, in respect of any prepayment, a total amount of interest paid to the Lender under the Loan prior to such prepayment of not less than \$1,016,500 (the "Prepayment Charge").
- Prepayment Requires Full Month's Interest:** If any prepayment of the Loan permitted herein is made on a date which is not the first day of a month, the Borrower must pay to the Lender an amount equal to all interest that would

have accrued on the Loan (absent such prepayment) at the applicable interest rate up to and including the next regularly scheduled payment date, in addition to all other outstanding Loan indebtedness.

Fees:

The following fees will be payable by the Borrower:

- (a) A commitment fee equal to 2.0% of the Loan Amount (\$190,000) payable to the Lender, which fee is fully earned and non-refundable upon credit committee approval to be obtained by July 24, 2018 and whether or not the Loan closes, subject only to default by the Lender. The Lender acknowledges receipt of \$143,000 on account of the commitment fee with the balance to be paid on the earlier of (i) successful completion of the advance under the Loan and deducted from the Loan advance, and (ii) default by the Borrower.
- (b) An annual loan administration fee in the amount of \$2,000 plus applicable taxes payable to the Lender's Loan servicer on each anniversary of the interest adjustment date until all Loan indebtedness is repaid in full.

Refinancing:

The Borrower agrees to provide the Lender the opportunity to provide refinancing of the Loan on market terms. The Borrower acknowledges and agrees that the Lender in its sole and absolute discretion may decide not to offer any such financing to the Borrower and nothing herein shall constitute or create any obligation or liability on the part of the Lender to do so.

Subordinate Liens:

No subordinate mortgages, liens, charges or other financial encumbrances or security interests are permitted in respect of the Property (including without limitation, financing leases or other security in respect of any fixtures, furniture, equipment or other personal property) at any time without the prior written consent of the Lender in its sole discretion.

Third Party Costs:

The Borrower will pay all costs and expenses incurred by or on behalf of the Lender in connection with the Loan ("third party costs"), including without limitation, all legal, appraisal, engineering, environmental assessments, title insurance, credit reports and insurance consultant fees, costs and expenses, including all applicable taxes, as such costs, expenses and taxes are incurred, whether or not the Loan closes.

Reserves:

The Borrower will establish and fund with the Lender (or its Loan servicer) all reserves required by Schedule A hereto.

Transfers:

Any transfer of any interest in the Property or any part thereof, or any change of effective voting control of any Borrower Entity having a registered, unregistered or beneficial ownership interest in the Property from time to time (including any change of ownership of more than 50% of the voting securities in the capital structure of such person) will require the prior written consent of the Lender in its sole discretion. Notwithstanding the foregoing, the Lender's consent to any transfer or change of control will remain subject to the satisfaction by the Borrower of certain conditions set out in the Loan documents, in each case at the Borrower's sole cost and expense, including without limitation, payment by the Borrower of all fees, costs and expenses (plus applicable taxes) incurred by the Lender, its Loan servicer and legal counsel relating to such transfer or change of control, and payment by the Borrower to the Lender (or its Loan servicer) of an assumption fee equal to 0.50% of the Loan Amount (such fee not to exceed \$25,000.00), plus applicable taxes.

Closing Conditions:

The Lender will not be obligated to advance the Loan unless and until all terms and conditions of this Commitment have been fully complied with by the Borrower at its sole cost and expense on or before the Commitment Expiry Date and to the satisfaction of the Lender in its sole discretion. The Lender must be satisfied in its sole discretion with all due diligence investigations, inspections and reports with respect to all matters that it considers necessary or desirable with respect to the Loan, the Property and each Borrower Entity (and the principals thereof), including without limitation all closing/underwriting deliveries and other matters set out in Schedule B. Without limiting the foregoing, the Property, including its physical, environmental and financial condition, title (including title insurance and all title encumbrances) and all tenants and leases, will be subject to the Lender's approval in its sole discretion prior to the Loan advance. All such conditions are for the sole benefit of the Lender and may be waived by the Lender in writing at any time.

Credit Committee:

In addition to any other conditions set out in this Commitment, the Loan is subject to the approval by the Lender's credit committee in its sole discretion. If the Lender's credit committee does not approve the Loan, or if it approves the Loan on terms and conditions which differ from the terms and conditions of this Commitment and which the Borrower does not accept within three (3) business days following notice thereof to the Borrower, this Commitment will immediately terminate.

B. GENERAL PROVISIONS

1. Borrower Entity/Lender Entity: In this Commitment, (a) "Borrower Entity" means the Borrower, Indemnitor, any Guarantor and Beneficial Owner, each person having a registered, unregistered or beneficial ownership interest in the Property from time to time, and each other person defined as a Borrower Entity in the Loan documents, and (b) "Lender Entity" means each of the Lender, the Custodian (defined below), the Loan servicer, all persons having an ownership interest in the Loan from time to time, and their respective employees, officers, directors, partners, agents and consultants. Each mortgagor of the Property must be a corporation. Each Borrower and Beneficial Owner must be Canadian resident.
2. Property: In this Commitment, "Property" includes the entire freehold estate in the lands, and all present and future buildings, improvements, fixtures, equipment, chattels, leases and rents, as described in the Lender's standard Loan documents.
3. Loan Documents: The Loan will be evidenced and secured by (a) a second priority freehold mortgage, charge, assignment and security interest of the Property, including a mortgage, a general assignment of rents and leases, and a general security agreement (together with all necessary registrations in each applicable jurisdiction), (b) a full recourse guarantee from the Guarantor, (c) an indemnity from the Indemnitor, and (d) such other security as the Lender may otherwise reasonably require. The Beneficial Owner will execute a beneficial owners' agreement in favour of the Lender. Prior to the Loan advance, the Borrower will provide corporate and enforceability opinions from legal counsel in each jurisdiction in form and content satisfactory to the Lender. All Loan documents will be in the Lender's standard form, subject only to such modifications acceptable to the Lender to reflect the subject Loan transaction.
4. Events of Default: If an Event of Default occurs, the Lender, at its option, may immediately accelerate the Loan and enforce all of its rights and remedies under the Loan documents and applicable laws. "Event of Default" has the meaning set out in the Lender's standard Loan documents and includes, but is not limited to: (a) any default by the Borrower in any Loan payment or reserve payment when due; (b) any transfer or lien is granted or created in respect of the Property in breach of the Loan documents; (c) any failure by any Borrower Entity to comply with its insurance obligations under the Loan documents; (d) any failure by the Borrower to pay all utilities and realty taxes in respect of the Property when due; (e) any default by any Borrower Entity in observing or performing any other covenant, condition or obligation under any Loan document on its part to be observed or performed (except any default enumerated as a separate Event of Default or which is expressly stated to be immediate or to have no applicable notice, grace or cure period) which is not cured within the applicable notice, grace or cure period provided therein, or if no such period is expressly provided and is not expressly excluded, within 30 days following such written notice of such default; (f) any misrepresentation by any Borrower Entity in connection with the Loan; (g) certain acts of bankruptcy and insolvency in respect of any Borrower Entity as set out in the Lender's standard Loan documents; (h) any default or enforcement proceedings occur or are taken under any other encumbrance of the Property whether ranking prior or subsequent to the Lender's security; and (i) any expropriation of the Property occurs which, in the opinion of the Lender in its sole discretion, either (i) materially impairs the value or marketability of the remaining Property, or (ii) has or could reasonably be expected to have a material adverse effect (as defined in the Loan documents). Each Borrower Entity will immediately advise the Lender of an Event of Default in respect of its Loan.

Upon any acceleration or prepayment of all or any part the Loan (including any acceleration as a result of any Event of Default), the Borrower agrees to pay a Prepayment Charge to the Lender, in addition to all other amounts then due and owing under the Loan.
5. Closing: The Lender will have the right in its sole discretion to terminate this Commitment in respect of the Loan at any time if the Loan is not fully advanced on or before the Commitment Expiry Date for any reason (other than default by the Lender), notwithstanding any intervening negotiations, the preparation and/or delivery of the Loan documents, or any other dealings or course of conduct between any of the parties at any time, unless a written extension of the Commitment Expiry Date has been expressly agreed to and executed and delivered by each of the parties hereto.

6. Material Adverse Change: Notwithstanding the satisfaction of all Loan conditions and/or any other event or circumstance of any kind, the Lender will not be required to advance the Loan and may terminate this Commitment at any time if it determines, in its sole discretion, that any event or circumstance has occurred which, in the opinion of the Lender in its sole discretion, either has or could reasonably be expected to have a material adverse effect on (i) the value or marketability of the Property (including without limitation, the physical, environmental, or financial condition of the Property or any tenant or lease of the Property), or (iii) the financial or other condition of any Borrower Entity or its ability to observe and perform any of its respective covenants and obligations to the Lender under or in respect of the Loan and the Loan documents when due.
7. Changes to Property: Neither the Borrower nor any other Borrower Entity is permitted to demolish, remove, construct, materially alter, add to, repair or restore the Property or any portion thereof (collectively, "Alterations"), nor consent to or permit any other person to make such Alterations, without obtaining in each instance the Lender's prior written approval in its sole discretion. Nothing herein will prevent or restrict the Borrower or any other Borrower Entity from complying with its obligations to maintain and repair the Property in accordance with the Loan documents.
8. Property Management: The manager of the Property and each property management agreement will be subject to the prior written approval of the Lender in its sole discretion from time to time. The Lender acknowledges that Rez-One Management Corp. is acceptable.
9. Approval of Leases: Each new commercial lease of the Property, including each renewal or extension of an existing lease (other than any extension or renewal of an existing lease which is exercised pursuant to, and the terms of which are governed by, such existing lease), must (i) be a commercially reasonable arm's length transaction made in the ordinary course of business and in accordance with prudent property management and leasing standards and practices, and (ii) provide for rental rates and other terms and conditions consistent with prevailing market rates, terms and conditions. The Loan documents will include certain other requirements for new leases and renewals and extensions of existing leases, and certain representations and warranties and other covenants from the Borrower concerning the status and future dealings with all leases and rents.

The Borrower must obtain the Lender's prior written consent to enter into, renew or extend any Material Commercial Lease, which consent may be given or withheld by the Lender in its sole discretion. This provision does not apply to any renewal or extension of an existing Material Commercial Lease which is exercised pursuant to, and the terms of which are governed by, any such Material Commercial Lease. In this Commitment and each of the Loan Documents, "Material Commercial Lease" means any lease (excluding a lease for one or more residential units, rooms or beds for residential purposes, but including any ground lease or head lease for residential or any other purposes) granted to any person for premises of more than 5,000 square feet and having a term (inclusive of all renewal and extension options, whether or not exercised) of 10 years or more.

In the case of residential leases, the Borrower's standard residential lease form will be subject to the prior approval of the Lender from time to time and all residential leases will be made by the Borrower using such standard form in effect from time to time. The Borrower represents and warrants to the Lender that (a) all rents charged to the residential tenants at the Property are legal under the applicable laws, (b) no proceedings exist which could result in a decrease in the legal rents chargeable or which could result in the issuance of an order prohibiting rent increases, and (c) no orders exist requiring any rent decreases or which prohibit rent increase.

10. Financial Statements: The Borrower must deliver quarterly rent rolls and operating statements for the Property and annual financial statements from each Borrower Entity prepared in accordance with generally accepted accounting principles, and such other information respecting the Property and each Borrower Entity as the Lender may reasonably require from time to time and as set out in the Loan documents.
11. Information and Materials: The Borrower represents and warrants that all information and materials provided or delivered to the Lender in connection with the Loan, including the Property and each Borrower Entity, are correct and complete as of the date provided and will continue to be correct and complete on Loan closing, failing which the Lender will have no obligation to advance the Loan. The Borrower acknowledges that the Lender's decision to make the Loan will be based on all such information and materials. The Borrower must promptly disclose to the Lender from time to time any and all changes in such information and materials or any additional information or materials relating to the Property or any Borrower Entity which may reasonably be expected to influence the Lender's decision to make the Loan.
12. Credit Investigations: Each Borrower Entity authorizes the Lender or its representatives to make inquiries of, and exchange or obtain information, data and credit reports with, third parties regarding the character, general reputation, personal characteristics, financial and credit condition of such Borrower Entity, including its respective directors, officers, shareholders, partners and principals.

13. Consent to Disclosure: Each Borrower Entity acknowledges and agrees that the Loan may be sold or syndicated without restriction and without notice to or the consent of any Borrower Entity. Each Lender Entity may release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all financial and other information and materials relating to any Borrower Entity, the Property or the Loan (including financial statements and all other information relating to the Loan) provided to or obtained by it, without restriction and without notice to or the consent any Borrower Entity as follows: (i) to any existing or proposed Lender Entity; (ii) to any subsequent or proposed purchaser of or investor in the Loan; (iii) to any governmental authority having jurisdiction over such sale or syndication of the Loan; (iv) to any other person in connection with the sale or syndication of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan documents; and (v) to any third party advisors and agents of any of the foregoing persons, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers. Each Borrower Entity irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.
14. Custodian and Loan Servicer: Institutional Mortgage Capital Canada Inc., as general partner for IMC Limited Partnership and as custodian and agent for an investment fund managed by it and any other investors in the Loan from time to time (in such capacity, the "Custodian") will advance the Loan and will be named as the Lender in the Loan documents. The Custodian will have, and may exercise, at all times without restriction and either directly or through the Loan servicer, all of the rights and benefits of the Lender under this Commitment (without any assignment being required) and will hold the Loan, the Loan indebtedness and Loan documents solely as custodian and agent for an investment fund managed by it and all other persons having an ownership interest in the Loan from time to time. Each reference to "Lender" in this Commitment includes the Custodian. The Lender and such other Loan investors will be entitled to receive and enjoy, through the Custodian, all right, title and interest of the Custodian in respect of the Loan and the Loan documents and the full benefit thereof at all times. The Lender may also appoint a Loan servicer from time to time, without notice to or the consent of any Borrower Entity, to collect all Loan payments and proceeds and to exercise and enforce any or all rights, remedies or benefits, or perform any or all obligations, of the Lender and/or the Custodian under or in respect of the Loan, the Loan documents (whether or not expressly provided therein) and/or applicable laws, and such Loan servicer may appoint a sub-servicer from time to time in respect of any such matter. Each Borrower Entity will be entitled to deal exclusively with the Custodian and the Loan servicer in respect of all matters relating to the Loan and the Loan documents and agrees that all enforcement actions or proceedings may be brought by the Custodian and/or the Loan servicer on behalf of the Lender and all other persons having an ownership interest in the Loan from time to time and irrevocably waives any requirement that the Lender or such other Loan investors be a party thereto.
15. Full Recourse: Notwithstanding any other provision in any Loan document, the respective obligations and liabilities of each Borrower Entity under the Loan and each of the Loan documents are full recourse to each such Borrower Entity and all of its respective property and assets without limitation or restriction of any kind.
16. Limited Recourse to Lender Entities: No Lender Entity nor any of their respective assets will have or be subject to any actions, proceedings, losses, damages, liabilities, claims, demands, costs or expenses of any kind or nature made by or on behalf of any Borrower Entity arising from or relating to, directly or indirectly, the Loan, including the making or administration of the Loan or any default or other act or omission by any Lender Entity under or relating to the Loan or any of the Loan documents, and each Borrower Entity hereby agrees to indemnify and save each Lender Entity harmless from and against all such matters.
17. Brokerage Commission: The Borrower and Guarantor will be solely responsible for and will pay any brokerage or finder's fees, commissions or other compensation payable to any person not affiliated with or contracted by the Lender in connection with the Loan and will indemnify and hold each Lender Entity harmless in respect of same.
18. Assignment: The Lender and any Loan investor, at its cost, may sell, transfer or assign the Loan, the Loan indebtedness and the Loan documents, or any interest therein, from time to time before or after closing without notice to or the consent of any Borrower Entity. Thereafter, the Lender will have no further obligations under or in respect of the Loan or the Loan documents. This Commitment may not be sold, transferred or assigned by any Borrower Entity.
19. Effect of Commitment: This Commitment, together with the Loan documents will constitute the entire agreement between the parties in respect of the Loan, and supersedes any letter of intent previously issued by or on behalf of the Lender in its entirety. Each Borrower Entity acknowledges that this Commitment is only a summary of the basic terms of the Loan, and that the Loan documents will include additional terms and conditions not specifically referenced herein as the Lender deems necessary or appropriate. This Commitment can only be changed, modified or extended by a written instrument executed and delivered by the Lender and each Borrower Entity. This Commitment and any amendments hereto will survive the execution and delivery of the Loan documents by the

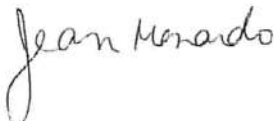
Borrower Entity, provided, however, that in the event of any express conflict or inconsistency between any provision of this Commitment and any provision of any Loan document, the provision of such Loan document will prevail to the extent of such conflict or inconsistency. The existence of additional terms, conditions or provisions (including any rights, remedies, representation and warranties) contained in any Loan document will not be construed or deemed as being in conflict with this Commitment.

20. Participation: Each Borrower Entity agrees to co-operate in good faith with all reasonable requests and/or inquiries made by or on behalf of the Lender (or any Loan owner) in connection with the sale, syndication and/or participation of the Loan, and further agrees, if requested by or on behalf of the Lender (or any Loan owner) to restructure all or any part of the Loan and the Loan documents (at no cost to the Borrower), including without limitation, the creation of multiple tranches evidenced by separate promissory notes or participation interests (which may be pari passu or senior/subordinate as required), to make all reasonable amendments to the Loan documents and to provide all additional and/or updated financial and other information concerning the Property, its tenants and/or each Borrower Entity as the Lender or Loan owner may require from time to time, provided that the financial terms of the amended and/or restructured Loan are not materially more onerous, in the aggregate, than its original financial terms.
21. Further Assurances: Each Borrower Entity must promptly cure any defect in the preparation, execution and delivery of the Loan documents to which it is a party and will promptly execute and deliver or cause to be executed or delivered, upon request by the Lender all such other and further documents, agreements, opinions, certificates and instruments as may be required by the Lender to more fully state its obligations as set out in any Loan document or to make any recording, file any notice or obtain any consent, including any documents required by the Lender in connection with the sale, syndication and/or securitization of the Loan.
22. Construction of Loan Documents: In this Commitment: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders, (b) reference to any Borrower Entity, Lender Entity or any other person includes their respective heirs, executors, administrators, legal representatives, successors and assigns, (c) all dollar amounts are expressed in Canadian dollars, (d) the division of any Loan document into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and will not affect the construction or interpretation of such Loan document, (e) if more than one person is named as, or otherwise becomes or assumes the obligations and liabilities of any Borrower Entity, then all obligations and liabilities of such persons will be joint and several, (f) notwithstanding any other provision of this Commitment, the Loan documents or applicable laws to the contrary, it is the express intention of the parties that the words "sole discretion" mean the exercise of discretion that is completely and absolutely subjective in all respects and does not create or imply a duty or obligation of any kind on the part of the person exercising such discretion to act objectively or to apply objective standards, and which is not subject to any restriction, limitation, challenge or review of any kind, (g) time is of the essence, and (h) the parties hereto have expressly agreed and required that this Commitment as well as all documents related thereto, including all agreements and notices, be drafted in English. Les parties aux présentes ont expressément exigé que la présente entente ainsi que tout document y relié, incluant toute entente et tout avis, soit rédigés en anglais. All schedules and addenda annexed hereto form part of this Commitment. The rights and obligations of the parties with respect to the Loan documents in respect of the Loan will be determined in accordance with the laws of the Province in which the Property is located and federal laws applicable thereto.
23. Withholding Taxes. This provision will not apply to any deduction or withholding for taxes under the laws of Canada or any province thereof ("Canadian taxes") or for taxes of a country or jurisdiction other than Canada ("foreign taxes") arising from or in respect of the Loan payment where such deduction or withholding arises solely as a result of a change in the current status of the Lender as a resident of Canada, or as a result of any assignment of the Loan by the Lender to a non-resident of Canada. Subject to the foregoing, to the extent that any payment on or in respect of the Loan will become subject to a deduction or withholding imposed on such Loan payment for Canadian taxes or foreign taxes (including any deduction or withholding arising from a change in applicable laws), the amount of such Loan payment will be automatically increased by an amount which ensures that the Lender receives, after such deduction or withholding is made including any additional withholding or deduction on such additional amount and without any credit to the Borrower therefor, the full amount of the payment specified in the Loan documents. The Borrower will pay the amount of any such deduction or withholding to the applicable taxing authority as required by applicable laws and, upon request, provide the Lender with evidence of such payment.
24. Survival of Representations, Warranties and Covenants: The representations, warranties, covenants and obligations of each Borrower Entity contained in each Loan document in respect of the Loan will (a) survive any advance or repayment of the Loan, any full or partial release, termination or discharge of any Loan document, and any remedial proceedings taken by any Lender Entity under any Loan document or applicable law, (b) enure to the benefit of the Lender and each person having an ownership interest in the Loan from time to time notwithstanding such Loan owner is not a party to any Loan document, and (c) be fully effective and enforceable by the Lender notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach or other information (to the contrary or

otherwise) known to any Lender Entity at any time. Such representations and warranties are deemed to be made on the date of execution of each such Loan document and are deemed repeated as of Loan closing.

25. Effect of Termination: No termination of this Commitment will limit, restrict or otherwise affect in any way (i) the obligations of any Borrower Entity to pay to the Lender all third party costs incurred by or on behalf of the Lender in connection with the Loan or any of the fees set out in this Commitment, and (ii) any rights and remedies of the Lender against any Borrower Entity arising from any breach of this Commitment by such Borrower Entity, including any claim for damages.
26. Counterparts/Facsimile Transmission: This Commitment may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this Commitment by any party may be made by facsimile or other electronic transmission to any other party, the broker or their respective agents and will be valid and binding as if it is an originally signed document.
27. Acceptance: If this Commitment is not executed by each Borrower Entity, and returned without amendment to the Lender on or before July 19, 2018, then this Commitment will immediately terminate and will be null and void and the Lender will have no further obligations hereunder. Each person executing and delivering this Commitment on behalf of each Borrower Entity has full power and authority to bind such Borrower Entity to the terms and conditions of this Commitment and is executing this Commitment on their behalf.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.

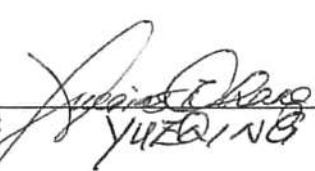


Per: _____
Jean Monardo

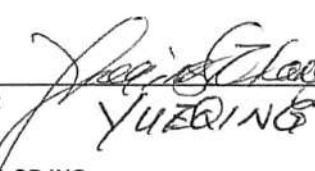
FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 19th day of July, 2018.

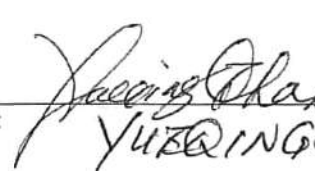
CSC KING STREET LIMITED

Per: 
Name: YUERING ZHANG (CEO)
Title:


CSC REGINA STREET LIMITED

Per: 
Name: YUERING ZHANG (CEO)
Title:


CSC CGP INC.

Per: 
Name: YUERING ZHANG (CEO)
Title:

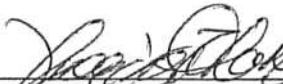
CSC M GP INC.

Per: 
Name: _____
Title: YUERONG ZHANG (CEO)


CSC LIMITED PARTNERSHIP, BY ITS GENERAL PARTNERS,
CSC M GP INC.

Per: 
Name: _____
Title: YUERONG ZHANG (CEO)

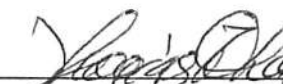
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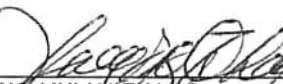
Per: 
Name: _____
Title: YUERONG ZHANG (CEO)

JD DEVELOPMENT GROUP LIMITED

Per: 
Name: _____
Title: YUERONG ZHANG (CEO)

JD DEVELOPMENT ASSET MANAGEMENT LTD.

Per: 
Name: _____
Title: YUERONG ZHANG (CEO)


YUE QING (JULIA) ZHANG

SCHEDULE A – RESERVES

1. **Realty Tax Reserve:** The Borrower shall be entitled to pay realty taxes directly to the municipality when due or, if the taxing municipality has a tax instalment or preauthorized payment plan, the Borrower may elect at any time to make the payments required by such payment plan provided that:
 - (a) An Event of Default has not occurred;
 - (b) There is no change in ownership of the Property;
 - (c) Realty taxes are paid to the municipality in full when due; and
 - (d) The Borrower provides to the Lender or its Loan servicer proof of payment of realty taxes as follows: (i) on a semi-annual basis, if the municipality issues interim and final realty tax bills, to be provided within 15 days of the interim realty tax due date and again at the final realty tax due date, and (ii) on an annual basis, within 15 days of the realty tax payment due date, if the municipality only requires one annual tax payment..

In the event that the Borrower fails to provide evidence of such realty tax payments as set out above, the Lender or its Loan servicer reserves the right to retain the services of an independent tax verification service to verify that realty taxes are in good standing, at the sole cost of the Borrower. If the Borrower breaches this provision or if an Event of Default otherwise occurs, the Borrower will immediately make all deposits required by this Commitment to a realty tax reserve established with the Lender or its Loan servicer for the remainder of the Term.
2. **Additional Reserves:** Upon an Event of Default and within 10 days' notice from the Lender, the Borrower will establish additional reserves with the Lender to pay the reasonable costs of insurance premiums, utility charges, and/or the performance of specific maintenance, repairs or capital improvements to the Property or any work for the prevention, clean-up or remediation of environmental, health or safety conditions at the Property, as determined by the Lender acting reasonably.
3. **No Entitlement to Interest:** No Borrower Entity will be entitled to receive any interest or other investment earnings on any reserves or deposits held by or on behalf of the Lender for respect of any Loan, whether or not earned or arising from time to time.
4. **Security.** All reserves will be subject to a first priority security interest granted in favour of the Lender pursuant to the Loan documents as additional security for the Loan.
5. **Disbursement/General Provisions:** Upon completion or payment of any reserve item (and the satisfaction of any additional conditions specified in the Loan document governing disbursement of such reserve), the Borrower may submit to the Lender a request for payment or release of any reserve funds in a form specified by the Lender which will include and certify (a) the item and costs incurred (including evidence of completion or payment), (b) that all related work has been completed in a good and workmanlike manner in compliance with the Loan documents and all applicable laws, (c) documentary evidence that such work is fully paid and that all conditions governing disbursement of such reserve have been satisfied, and (d) evidence of compliance with all the applicable lien laws, including compliance with all holdback requirements and evidence that no lien is registered against the Property. Provided no Event of Default exists and upon the Lender's verification of the payment request, the Lender will pay to the Borrower an amount approved by the Lender from the applicable reserve, less any Lender's costs and expenses with respect thereto. The Lender will not be required to make disbursements more frequently than once monthly. The Lender reserves the right to make any such disbursement directly to the person(s) entitled to receive such payment and the Borrower will execute and deliver all necessary directions.
6. **Other Applicable Provisions:** Upon an Event of Default, the Lender may retain all reserves held and, at its sole option, apply same to the Loan indebtedness, or to any costs and expenses for which the reserve is held, or to cure any Event of Default. The Borrower shall reimburse the Lender and its Loan servicer on demand for all costs and expenses incurred in administering the reserves (which costs and expenses will bear interest at the interest rate and may be deducted from the reserves). The Lender has the sole right to direct the investment of the reserves. All interest and other investment earnings accruing on the reserves will be for the Lender's sole benefit.
7. **Loan Servicer:** Notwithstanding any other provision hereof, each reserve required by this Commitment will be established and administered on behalf of the Lender with and by its Loan servicer from time to time, and all rights, privileges and benefits of the Lender hereunder (including the right to receive, hold and administer all reserve funds) may be held, exercised and/or enforced by such Loan servicer on behalf of the Lender from time to time.

SCHEDULE B – UNDERWRITING / CLOSING DELIVERIES

On or before Loan closing, the Lender must receive and be satisfied in its sole discretion with each of the following deliveries. Notwithstanding that the Lender may retain and instruct all third party agents directly, the Borrower will remain solely responsible at all times for obtaining, delivering and completing, all at the Borrower's expense, all of the following deliveries and matters prior to Loan closing, and the Lender will have no responsibility or liability of any kind of any such deliveries and matters are not made or completed in form and content satisfactory to the Lender.

1. Appraisal report acceptable to the Lender establishing the market value of the Property. *(Cushman & Wakefield appraisals dated April 30, 2015 and November 28, 2014 received)*
2. Environmental assessments of the Property prepared by an environmental consultant acceptable to the Lender, confirming to the Lender's satisfaction, that the Property complies with all applicable environmental laws. The Lender reserves the right, in its sole discretion, to require a "Phase II" environmental assessment of the Property or such other environmental investigation reports of the Property, in each case at the Borrower's expense. The Loan documents will contain detailed environmental representations, warranties and covenants in addition to the environmental indemnity from the Indemnitor. *(received)*
3. Best efforts to obtain and provide a property condition assessment of the Property prepared by an architect/engineer acceptable to the Lender and reporting a physical property condition acceptable to the Lender.
4. Best efforts to obtain and provide a reliance letter for each of the above reports, which letter must be acceptable to the Lender.
5. Mortgage statements from the first mortgagees confirming the first mortgage terms satisfactory to the Lender.
6. A Borrower certified copy of the most recent tenant rent roll of the Property. *(received)*
7. Copy of the property management agreement.
8. Property, liability and other insurance in compliance with the Lender's standard insurance. All insurance shall be in the form and amount and with such deductibles, endorsements and insurers as required by the Lender.
9. Certified or notarized copies of those documents evidencing formation, organization, valid existence, good standing and due authorization of and for each Borrower Entity for the execution, delivery and performance of the Loan documents.
10. All Loan documents required by this Commitment executed and delivered by each Borrower Entity, fully registered in all appropriate registries and in the priority required by the Lender.
11. Corporate and enforceability opinions from Borrower's counsel for each Borrower Entity.
12. Satisfactory resolution of any litigation or Certificate of Pending Litigation issues affecting the Property.
13. Lender's title insurance policy (from a title insurer and with such endorsements as approved or required by the Lender). Title, zoning and all permitted encumbrances shall be satisfactory to the Lender.
14. Such financial and other information, statements and documents with respect to the Property, any Borrower Entity or otherwise as the Lender or its counsel may reasonably require in connection with the underwriting or closing of the Loan.
15. Such documentation and information, including identification, required by the Lender to comply with all applicable laws and regulations governing proceeds of crime, money laundering and terrorist financing.

**This is Exhibit "F" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "Amakar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 18, 2018

2404099 Ontario Limited
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8v 3Y3

Re: 7190 - 7200 Markham Road, Markham, Ontario - Second Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") offers to make a second mortgage loan (the "Loan") to 2404099 Ontario Limited (the "Borrower") on and subject to the terms and conditions set out in this letter and the attached Schedules (collectively, the "Commitment").

A. BUSINESS TERMS

Property: 7190 – 7200 Markham Road, Markham, Ontario, including all related improvements, leases, rents and other personal property (as defined in the Loan documents, collectively, the "Property").

Loan Amount: \$4,500,000 (the "Loan Amount").

Loan Purpose: The Loan Amount will be used to redeem the mortgage held by China Machinery Engineering Corporation over the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario.

Term: 18 months (the "Term"), the last day of which is the maturity date (the "Maturity Date").

Amortization: Interest only.

Closing: The Loan must be fully advanced on or before August 31, 2018 (the "Commitment Expiry Date"), subject to the terms and conditions of this Commitment.

Interest Accrual Period: Each calendar month of the Term, provided that the first Interest Accrual Period shall mean the period from and including the initial advance of the Loan to the last day of the same calendar month.

Interest Rate: The Interest Rate for each Interest Accrual Period will be set by the Lender on the last business day of the immediately preceding calendar month (or for the initial Interest Accrual Period, at the time of the initial advance of the Loan) based on the following formula. The determination of the Interest Rate by the Lender for each Interest Accrual Period shall be final and binding absent manifest error.

For each Interest Accrual Period during the Term (other than the final 3 Interest Accrual Periods), the Interest Rate will be the greater of (a) the annual prime rate of interest (the

"Prime Rate") announced, quoted or charged from time to time by TD Canada Trust, at its head office location in Toronto, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made by TD Canada Trust to Canadian customers, plus 8.050%, and (b) 11.75%.

For each of the final 3 Interest Accrual Periods of the Term and thereafter until all outstanding Loan indebtedness is paid in full (the "Step-Up Date"), the Interest Rate will be the greater of (a) the Prime Rate plus 10.50%, and (b) 14.20% (the "Adjusted Rate").

Interest will be compounded and payable monthly not in advance.

- Recourse:** The Lender shall have full recourse to the Borrower for all Loan obligations.
- Guarantor:** Rez-One Management Corp., 2406461 Ontario Limited, Yue Qing (Julia) Zhang and such other guarantors satisfactory to the Lender (collectively, the "Guarantor") will guarantee all Loan obligations.
- Indemnitor:** The Borrower, Rez-One Management Corp., 2406461 Ontario Limited, Yue Qing (Julia) Zhang and such other indemnitors satisfactory to the Lender (collectively, the "Indemnitor") will provide an indemnity to the Lender and certain related persons for, among other things, fraud, environmental matters, misrepresentation and misappropriation of funds, in the Lender's standard form.
- Beneficial Owner:** The Borrower will disclose any and all Beneficial Owners of the Property upon signback of this Commitment.
- Maximum Combined LTV:** At the time of the advance of the Loan, the combined LTV of both the first mortgage loan and the Loan must not to exceed 85% of the appraised value of the Property.
- Payments:** Interest payments shall be on the first day of each month and shall be calculated monthly, not in advance, on the basis of the actual number of days in each month on the outstanding Loan balance and shall be paid by automatic debit. For the period following the Step-Up Date, the amount of each monthly interest payment will be reset by the Lender (or its Loan servicer) based on the Adjusted Rate. All outstanding Loan indebtedness is due and payable to the Lender in full on the maturity date.
- Interest Adjustment Date:** The first day of the calendar month following the Loan advance (or if advanced on the first day of a month, the date of the Loan advance).
- Prepayment:** The Borrower may prepay all (but not less than all) of the outstanding Loan indebtedness at any time, subject to the Borrower providing 60 days' prior written notice or payment of 60 days' interest in lieu of such notice, and subject to payment by the Borrower to the Lender of the prepayment charge and other amounts required under the Loan. If such prepayment occurs at any time prior to the applicable Minimum Interest Amount having been paid to the Lender in full, the Borrower must concurrently pay to the Lender, in addition to all other Loan indebtedness being prepaid, a prepayment charge equal to that portion of the applicable Minimum Interest Amount that remains unpaid at that time. Such prepayment charge will be fully earned by the Lender on such prepayment being made. "Minimum Interest Amount" means, in respect of any prepayment, a total amount of interest paid to the Lender under the Loan prior to such prepayment of not less than \$264,375 (the "Prepayment Charge").
- Prepayment Requires Full Month's Interest:** If any prepayment of the Loan permitted herein is made on a date which is not the first day of a month, the Borrower must pay to the Lender an amount equal to all interest that would have accrued on the Loan (absent such prepayment) at the applicable interest rate up to and including the next regularly scheduled payment date, in addition to all other outstanding Loan indebtedness.
- Fees:** The following fees will be payable by the Borrower:
- (a) A commitment fee equal to 3.0% of the Loan Amount (\$135,000) payable to the Lender, which fee is fully earned and non-refundable upon credit committee approval to be

obtained by July 24, 2018 and whether or not the Loan closes, subject only to default by the Lender. The Lender acknowledges receipt of \$102,000 on account of the commitment fee with the balance to be paid on the earlier of (i) successful completion of the advance under the Loan and deducted from the Loan advance, and (ii) default by the Borrower.

- (b) An annual loan administration fee in the amount of \$500 plus applicable taxes payable to the Lender's Loan servicer on each anniversary of the interest adjustment date until all Loan indebtedness is repaid in full.


Subordinate Liens: No subordinate mortgages, liens, charges or other financial encumbrances or security interests are permitted in respect of the Property (including without limitation, financing leases or other security in respect of any fixtures, furniture, equipment or other personal property) at any time without the prior written consent of the Lender in its sole discretion.

Third Party Costs: The Borrower will pay all costs and expenses incurred by or on behalf of the Lender in connection with the Loan ("third party costs"), including without limitation, all legal, appraisal, engineering, environmental assessments, title insurance, credit reports and insurance consultant fees, costs and expenses, including all applicable taxes, as such costs, expenses and taxes are incurred, whether or not the Loan closes.

Reserves: The Borrower will establish and fund with the Lender (or its Loan servicer) all reserves required by Schedule A hereto.

Transfers: Any transfer of any interest in the Property or any part thereof, or any change of effective voting control of any Borrower Entity having a registered, unregistered or beneficial ownership interest in the Property from time to time (including any change of ownership of more than 50% of the voting securities in the capital structure of such person) will require the prior written consent of the Lender in its sole discretion. Notwithstanding the foregoing, the Lender's consent to any transfer or change of control will remain subject to the satisfaction by the Borrower of certain conditions set out in the Loan documents, in each case at the Borrower's sole cost and expense, including without limitation, payment by the Borrower of all fees, costs and expenses (plus applicable taxes) incurred by the Lender, its Loan servicer and legal counsel relating to such transfer or change of control, and payment by the Borrower to the Lender (or its Loan servicer) of an assumption fee equal to 0.50% of the Loan Amount (such fee not to exceed \$25,000.00), plus applicable taxes.

Additional Security: The following will be required as additional security for the Loan indebtedness on terms satisfactory to the Lender:

See 
Appendix A

- (a) A second collateral charge on 98 Carrisbrooke Circle, Aurora, Ontario;
- (b) A pledge of equity from Yue Qing (Julia) Zhang in connection with her 40% ownership interest in 291 Mount Albert Road, East Gwillimbury, Ontario.
- (c) A pledge of equity from Yue Qing (Julia) Zhang in connection with her 50% ownership interest in Fergus House, 254 Phillip Street, Waterloo, Ontario.

Closing Conditions: The Lender will not be obligated to advance the Loan unless and until all terms and conditions of this Commitment have been fully complied with by the Borrower at its sole cost and expense on or before the Commitment Expiry Date and to the satisfaction of the Lender in its sole discretion. The Lender must be satisfied in its sole discretion with all due diligence investigations, inspections and reports with respect to all matters that it considers necessary or desirable with respect to the Loan, the Property and each Borrower Entity (and the principals thereof), including without limitation all closing/underwriting deliveries and other matters set out in Schedule B. Without limiting the foregoing, the Property, including its physical, environmental and financial condition and title (including title insurance and all title encumbrances), will be subject to the Lender's approval in its sole discretion prior to the Loan advance. All such conditions are for the sole benefit of the Lender and may be waived by the Lender in writing at any time.

Credit Committee: In addition to any other conditions set out in this Commitment, the Loan is subject to the approval by the Lender's credit committee in its sole discretion. If the Lender's credit

committee does not approve the Loan, or if it approves the Loan on terms and conditions which differ from the terms and conditions of this Commitment and which the Borrower does not accept within three (3) business days following notice thereof to the Borrower, this Commitment will immediately terminate.

B. GENERAL PROVISIONS

1. Borrower Entity/Lender Entity: In this Commitment, (a) "Borrower Entity" means the Borrower, Indemnitor, any Guarantor and Beneficial Owner, each person having a registered, unregistered or beneficial ownership interest in the Property from time to time, and each other person defined as a Borrower Entity in the Loan documents, and (b) "Lender Entity" means each of the Lender, the Custodian (defined below), the Loan servicer, all persons having an ownership interest in the Loan from time to time, and their respective employees, officers, directors, partners, agents and consultants. Each mortgagor of the Property must be a corporation. Each Borrower and Beneficial Owner must be Canadian resident.

2. Property: In this Commitment, "Property" includes the entire freehold estate in the lands, and all present and future buildings, improvements, fixtures, equipment, chattels, leases and rents, as described in the Lender's standard Loan documents.

3. Loan Documents: The Loan will be evidenced and secured by (a) a second priority freehold mortgage, charge, assignment and security interest of the Property, including a mortgage, a general assignment of rents and leases, and a general security agreement (together with all necessary registrations in each applicable jurisdiction), (b) a full recourse guarantee from the Guarantor, (c) an indemnity from the Indemnitor, (d) a second priority freehold mortgage, charge, assignment and security interest of 98 Carrisbrooke Circle, Aurora, Ontario, (e) a pledge from Yue Qing (Julia) Zhang in connection with her 50% ownership interest in Fergus House, 254 Phillip Street, Waterloo, Ontario, (f) a pledge of equity from Yue Qing (Julia) Zhang in connection with her 40% ownership interest in 291 Mount Albert Road, East Gwillimbury, Ontario, and (g) such other security as the Lender may otherwise reasonably require. The Beneficial Owner will execute a beneficial owners' agreement in favour of the Lender, if applicable. Prior to the Loan advance, the Borrower will provide corporate and enforceability opinions from legal counsel in each jurisdiction in form and content satisfactory to the Lender. All Loan documents will be in the Lender's standard form, subject only to such modifications acceptable to the Lender to reflect the subject Loan transaction.

4. Events of Default: If an Event of Default occurs, the Lender, at its option, may immediately accelerate the Loan and enforce all of its rights and remedies under the Loan documents and applicable laws. "Event of Default" has the meaning set out in the Lender's standard Loan documents and includes, but is not limited to: (a) any default by the Borrower in any Loan payment or reserve payment when due; (b) any transfer or lien is granted or created in respect of the Property in breach of the Loan documents; (c) any failure by any Borrower Entity to comply with its insurance obligations under the Loan documents; (d) any failure by the Borrower to pay all utilities and realty taxes in respect of the Property when due; (e) any default by any Borrower Entity in observing or performing any other covenant, condition or obligation under any Loan document on its part to be observed or performed (except any default enumerated as a separate Event of Default or which is expressly stated to be immediate or to have no applicable notice, grace or cure period) which is not cured within the applicable notice, grace or cure period provided therein, or if no such period is expressly provided and is not expressly excluded, within 30 days following such written notice of such default; (f) any misrepresentation by any Borrower Entity in connection with the Loan; (g) certain acts of bankruptcy and insolvency in respect of any Borrower Entity as set out in the Lender's standard Loan documents; (h) any default or enforcement proceedings occur or are taken under any other encumbrance of the Property whether ranking prior or subsequent to the Lender's security; and (i) any expropriation of the Property occurs which, in the opinion of the Lender in its sole discretion, either (i) materially impairs the value or marketability of the remaining Property, or (ii) has or could reasonably be expected to have a material adverse effect (as defined in the Loan documents). Each Borrower Entity will immediately advise the Lender of an Event of Default in respect of its Loan.

Upon any acceleration or prepayment of all or any part the Loan (including any acceleration as a result of any Event of Default), the Borrower agrees to pay a Prepayment Charge to the Lender, in addition to all other amounts then due and owing under the Loan.

5. Closing: The Lender will have the right in its sole discretion to terminate this Commitment in respect of the Loan at any time if the Loan is not fully advanced on or before the Commitment Expiry Date for any reason (other than default by the Lender), notwithstanding any intervening negotiations, the preparation and/or delivery of the Loan documents, or any other dealings or course of conduct between any of the parties at any time, unless a written extension of the Commitment Expiry Date has been expressly agreed to and executed and delivered by each of the parties hereto.

Sec
Appendix
A



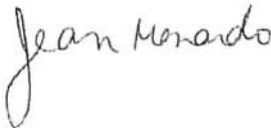
6. Material Adverse Change: Notwithstanding the satisfaction of all Loan conditions and/or any other event or circumstance of any kind, the Lender will not be required to advance the Loan and may terminate this Commitment at any time if it determines, in its sole discretion, that any event or circumstance has occurred which, in the opinion of the Lender in its sole discretion, either has or could reasonably be expected to have a material adverse effect on (i) the value or marketability of the Property (including without limitation, the physical, environmental, or financial condition of the Property), or (iii) the financial or other condition of any Borrower Entity or its ability to observe and perform any of its respective covenants and obligations to the Lender under or in respect of the Loan and the Loan documents when due.
7. Financial Statements: The Borrower must deliver annual financial statements from each Borrower Entity prepared in accordance with generally accepted accounting principles, and such other information respecting the Property and each Borrower Entity as the Lender may reasonably require from time to time and as set out in the Loan documents.
8. Information and Materials: The Borrower represents and warrants that all information and materials provided or delivered to the Lender in connection with the Loan, including the Property and each Borrower Entity, are correct and complete as of the date provided and will continue to be correct and complete on Loan closing, failing which the Lender will have no obligation to advance the Loan. The Borrower acknowledges that the Lender's decision to make the Loan will be based on all such information and materials. The Borrower must promptly disclose to the Lender from time to time any and all changes in such information and materials or any additional information or materials relating to the Property or any Borrower Entity which may reasonably be expected to influence the Lender's decision to make the Loan.
9. Credit Investigations: Each Borrower Entity authorizes the Lender or its representatives to make inquiries of, and exchange or obtain information, data and credit reports with, third parties regarding the character, general reputation, personal characteristics, financial and credit condition of such Borrower Entity, including its respective directors, officers, shareholders, partners and principals.
10. Consent to Disclosure: Each Borrower Entity acknowledges and agrees that the Loan may be sold or syndicated without restriction and without notice to or the consent of any Borrower Entity. Each Lender Entity may release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all financial and other information and materials relating to any Borrower Entity, the Property or the Loan (including financial statements and all other information relating to the Loan) provided to or obtained by it, without restriction and without notice to or the consent any Borrower Entity as follows: (i) to any existing or proposed Lender Entity; (ii) to any subsequent or proposed purchaser of or investor in the Loan; (iii) to any governmental authority having jurisdiction over such sale or syndication of the Loan; (iv) to any other person in connection with the sale or syndication of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan documents; and (v) to any third party advisors and agents of any of the foregoing persons, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers. Each Borrower Entity irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.
11. Custodian and Loan Servicer: Institutional Mortgage Capital Canada Inc., as general partner for IMC Limited Partnership and as custodian and agent for an investment fund managed by it and any other investors in the Loan from time to time (in such capacity, the "Custodian") will advance the Loan and will be named as the Lender in the Loan documents. The Custodian will have, and may exercise, at all times without restriction and either directly or through the Loan servicer, all of the rights and benefits of the Lender under this Commitment (without any assignment being required) and will hold the Loan, the Loan indebtedness and Loan documents solely as custodian and agent for an investment fund managed by it and all other persons having an ownership interest in the Loan from time to time. Each reference to "Lender" in this Commitment includes the Custodian. The Lender and such other Loan investors will be entitled to receive and enjoy, through the Custodian, all right, title and interest of the Custodian in respect of the Loan and the Loan documents and the full benefit thereof at all times. The Lender may also appoint a Loan servicer from time to time, without notice to or the consent of any Borrower Entity, to collect all Loan payments and proceeds and to exercise and enforce any or all rights, remedies or benefits, or perform any or all obligations, of the Lender and/or the Custodian under or in respect of the Loan, the Loan documents (whether or not expressly provided therein) and/or applicable laws, and such Loan servicer may appoint a sub-servicer from time to time in respect of any such matter. Each Borrower Entity will be entitled to deal exclusively with the Custodian and the Loan servicer in respect of all matters relating to the Loan and the Loan documents and agrees that all enforcement actions or proceedings may be brought by the Custodian and/or the Loan servicer on behalf of the Lender and all other persons having an ownership interest in the Loan from time to time and irrevocably waives any requirement that the Lender or such other Loan investors be a party thereto.

12. Full Recourse: Notwithstanding any other provision in any Loan document, the respective obligations and liabilities of each Borrower Entity under the Loan and each of the Loan documents are full recourse to each such Borrower Entity and all of its respective property and assets without limitation or restriction of any kind.
13. Limited Recourse to Lender Entities: No Lender Entity nor any of their respective assets will have or be subject to any actions, proceedings, losses, damages, liabilities, claims, demands, costs or expenses of any kind or nature made by or on behalf of any Borrower Entity arising from or relating to, directly or indirectly, the Loan, including the making or administration of the Loan or any default or other act or omission by any Lender Entity under or relating to the Loan or any of the Loan documents, and each Borrower Entity hereby agrees to indemnify and save each Lender Entity harmless from and against all such matters.
14. Brokerage Commission: The Borrower and Guarantor will be solely responsible for and will pay any brokerage or finder's fees, commissions or other compensation payable to any person not affiliated with or contracted by the Lender in connection with the Loan and will indemnify and hold each Lender Entity harmless in respect of same.
15. Assignment: The Lender and any Loan investor, at its cost, may sell, transfer or assign the Loan, the Loan indebtedness and the Loan documents, or any interest therein, from time to time before or after closing without notice to or the consent of any Borrower Entity. Thereafter, the Lender will have no further obligations under or in respect of the Loan or the Loan documents. This Commitment may not be sold, transferred or assigned by any Borrower Entity.
16. Effect of Commitment. This Commitment, together with the Loan documents will constitute the entire agreement between the parties in respect of the Loan, and supersedes any letter of intent previously issued by or on behalf of the Lender in its entirety. Each Borrower Entity acknowledges that this Commitment is only a summary of the basic terms of the Loan, and that the Loan documents will include additional terms and conditions not specifically referenced herein as the Lender deems necessary or appropriate. This Commitment can only be changed, modified or extended by a written instrument executed and delivered by the Lender and each Borrower Entity. This Commitment and any amendments hereto will survive the execution and delivery of the Loan documents by the Borrower Entity, provided, however, that in the event of any express conflict or inconsistency between any provision of this Commitment and any provision of any Loan document, the provision of such Loan document will prevail to the extent of such conflict or inconsistency. The existence of additional terms, conditions or provisions (including any rights, remedies, representation and warranties) contained in any Loan document will not be construed or deemed as being in conflict with this Commitment.
17. Participation: Each Borrower Entity agrees to co-operate in good faith with all reasonable requests and/or inquiries made by or on behalf of the Lender (or any Loan owner) in connection with the sale, syndication and/or participation of the Loan, and further agrees, if requested by or on behalf of the Lender (or any Loan owner) to restructure all or any part of the Loan and the Loan documents (at no cost to the Borrower).
18. Further Assurances: Each Borrower Entity must promptly cure any defect in the preparation, execution and delivery of the Loan documents to which it is a party and will promptly execute and deliver or cause to be executed or delivered, upon request by the Lender all such other and further documents, agreements, opinions, certificates and instruments as may be required by the Lender to more fully state its obligations as set out in any Loan document or to make any recording, file any notice or obtain any consent, including any documents required by the Lender in connection with the sale, syndication and/or securitization of the Loan.
19. Construction of Loan Documents: In this Commitment: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders, (b) reference to any Borrower Entity, Lender Entity or any other person includes their respective heirs, executors, administrators, legal representatives, successors and assigns, (c) all dollar amounts are expressed in Canadian dollars, (d) the division of any Loan document into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and will not affect the construction or interpretation of such Loan document, (e) if more than one person is named as, or otherwise becomes or assumes the obligations and liabilities of any Borrower Entity, then all obligations and liabilities of such persons will be joint and several, (f) notwithstanding any other provision of this Commitment, the Loan documents or applicable laws to the contrary, it is the express intention of the parties that the words "sole discretion" mean the exercise of discretion that is completely and absolutely subjective in all respects and does not create or imply a duty or obligation of any kind on the part of the person exercising such discretion to act objectively or to apply objective standards, and which is not subject to any restriction, limitation, challenge or review of any kind, (g) time is of the essence, and (h) the parties hereto have expressly agreed and required that this Commitment as well as all documents related thereto, including all agreements and notices, be drafted in English. Les parties aux présentes ont expressément exigé que la présente entente ainsi que tout document y relié, incluant toute entente et tout avis, soit rédigés en anglais. All schedules and addenda annexed hereto form part of this Commitment. The rights and

obligations of the parties with respect to the Loan documents in respect of the Loan will be determined in accordance with the laws of the Province in which the Property is located and federal laws applicable thereto.

20. Withholding Taxes. This provision will not apply to any deduction or withholding for taxes under the laws of Canada or any province thereof ("Canadian taxes") or for taxes of a country or jurisdiction other than Canada ("foreign taxes") arising from or in respect of the Loan payment where such deduction or withholding arises solely as a result of a change in the current status of the Lender as a resident of Canada, or as a result of any assignment of the Loan by the Lender to a non-resident of Canada. Subject to the foregoing, to the extent that any payment on or in respect of the Loan will become subject to a deduction or withholding imposed on such Loan payment for Canadian taxes or foreign taxes (including any deduction or withholding arising from a change in applicable laws), the amount of such Loan payment will be automatically increased by an amount which ensures that the Lender receives, after such deduction or withholding is made including any additional withholding or deduction on such additional amount and without any credit to the Borrower therefor, the full amount of the payment specified in the Loan documents. The Borrower will pay the amount of any such deduction or withholding to the applicable taxing authority as required by applicable laws and, upon request, provide the Lender with evidence of such payment.
21. Survival of Representations, Warranties and Covenants: The representations, warranties, covenants and obligations of each Borrower Entity contained in each Loan document in respect of the Loan will (a) survive any advance or repayment of the Loan, any full or partial release, termination or discharge of any Loan document, and any remedial proceedings taken by any Lender Entity under any Loan document or applicable law, (b) enure to the benefit of the Lender and each person having an ownership interest in the Loan from time to time notwithstanding such Loan owner is not a party to any Loan document, and (c) be fully effective and enforceable by the Lender notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach or other information (to the contrary or otherwise) known to any Lender Entity at any time. Such representations and warranties are deemed to be made on the date of execution of each such Loan document and are deemed repeated as of Loan closing.
22. Effect of Termination: No termination of this Commitment will limit, restrict or otherwise affect in any way (i) the obligations of any Borrower Entity to pay to the Lender all third party costs incurred by or on behalf of the Lender in connection with the Loan or any of the fees set out in this Commitment or any deposit for third party costs specified in this Commitment, and (ii) any rights and remedies of the Lender against any Borrower Entity arising from any breach of this Commitment by such Borrower Entity, including any claim for damages.
23. Counterparts/Facsimile Transmission: This Commitment may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this Commitment by any party may be made by facsimile or other electronic transmission to any other party, the broker or their respective agents and will be valid and binding as if it is an originally signed document.
24. Acceptance: If this Commitment is not executed by each Borrower Entity, and returned without amendment to the Lender on or before July 19, 2018, then this Commitment will immediately terminate and will be null and void and the Lender will have no further obligations hereunder. Each person executing and delivering this Commitment on behalf of each Borrower Entity has full power and authority to bind such Borrower Entity to the terms and conditions of this Commitment and is executing this Commitment on their behalf.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.

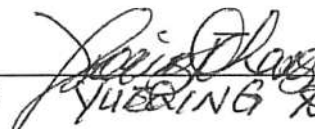


Per: _____
Jean Monardo


FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 19 day of July, 2018.

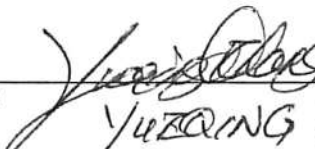
2404099 ONTARIO LIMITED


Per: 
Name: YUEQING ZHANG (CEO)
Title:

REZ-ONE MANAGEMENT CORP.

Per: 
Name: YUEQING ZHANG (CEO)
Title:

2406461 ONTARIO LIMITED

Per: 
Name: YUEQING ZHANG (CEO)
Title:


YUE QING (JULIA) ZHANG

SCHEDULE A – RESERVES

1. **Realty Tax Reserve:** The Borrower shall be entitled to pay realty taxes directly to the municipality when due or, if the taxing municipality has a tax instalment or preauthorized payment plan, the Borrower may elect at any time to make the payments required by such payment plan provided that:
 - (a) An Event of Default has not occurred;
 - (b) There is no change in ownership of the Property;
 - (c) Realty taxes are paid to the municipality in full when due; and
 - (d) The Borrower provides to the Lender or its Loan servicer proof of payment of realty taxes as follows: (i) on a semi-annual basis, if the municipality issues interim and final realty tax bills, to be provided within 15 days of the interim realty tax due date and again at the final realty tax due date, and (ii) on an annual basis, within 15 days of the realty tax payment due date, if the municipality only requires one annual tax payment.

In the event that the Borrower fails to provide evidence of such realty tax payments as set out above, the Lender or its Loan servicer reserves the right to retain the services of an independent tax verification service to verify that realty taxes are in good standing, at the sole cost of the Borrower. If the Borrower breaches this provision or if an Event of Default otherwise occurs, the Borrower will immediately make all deposits required by this Commitment to a realty tax reserve established with the Lender or its Loan servicer for the remainder of the Term.
2. **Interest Reserve:** On Loan closing, the Borrower shall establish an immediate interest reserve (the "Interest Reserve") in the amount of \$500,000 to be deducted from the Loan proceeds and held by the Lender or its Loan servicer. The Borrower shall be permitted to draw from the Interest Reserve on account of payment of the monthly interest payments until the Interest Reserve is depleted. Thereafter, monthly interest payments shall be paid by the Borrower by automatic debit.
3. **Additional Reserves:** Upon an Event of Default and within 10 days' notice from the Lender, the Borrower will establish additional reserves with the Lender to pay the reasonable costs of insurance premiums, utility charges, and/or the performance of specific maintenance, repairs or capital improvements to the Property or any work for the prevention, clean-up or remediation of environmental, health or safety conditions at the Property, as determined by the Lender acting reasonably.
4. **No Entitlement to Interest:** No Borrower Entity will be entitled to receive any interest or other investment earnings on any reserves or deposits held by or on behalf of the Lender for respect of any Loan, whether or not earned or arising from time to time.
5. **Security.** All reserves will be subject to a first priority security interest granted in favour of the Lender pursuant to the Loan documents as additional security for the Loan.
6. **Disbursement/General Provisions:** Upon completion or payment of any reserve item (and the satisfaction of any additional conditions specified in the Loan document governing disbursement of such reserve), the Borrower may submit to the Lender a request for payment or release of any reserve funds in a form specified by the Lender which will include and certify (a) the item and costs incurred (including evidence of completion or payment), (b) that all related work has been completed in a good and workmanlike manner in compliance with the Loan documents and all applicable laws, (c) documentary evidence that such work is fully paid and that all conditions governing disbursement of such reserve have been satisfied, and (d) evidence of compliance with all the applicable lien laws, including compliance with all holdback requirements and evidence that no lien is registered against the Property. Provided no Event of Default exists and upon the Lender's verification of the payment request, the Lender will pay to the Borrower an amount approved by the Lender from the applicable reserve, less any Lender's costs and expenses with respect thereto. The Lender will not be required to make disbursements more frequently than once monthly. The Lender reserves the right to make any such disbursement directly to the person(s) entitled to receive such payment and the Borrower will execute and deliver all necessary directions.
7. **Other Applicable Provisions:** Upon an Event of Default, the Lender may retain all reserves held and, at its sole option, apply same to the Loan indebtedness, or to any costs and expenses for which the reserve is held, or to cure any Event of Default. The Borrower shall reimburse the Lender and its Loan servicer on demand for all costs and expenses incurred in administering the reserves (which costs and expenses will bear interest at the interest rate and may be deducted from the reserves). The Lender has the sole right to direct the investment of the reserves. All interest and other investment earnings accruing on the reserves will be for the Lender's sole benefit.
8. **Loan Servicer:** Notwithstanding any other provision hereof, each reserve required by this Commitment will be established and administered on behalf of the Lender with and by its Loan servicer from time to time, and all rights, privileges and benefits of the Lender hereunder (including the right to receive, hold and administer all reserve funds) may be held, exercised and/or enforced by such Loan servicer on behalf of the Lender from time to time.

SCHEDULE B – UNDERWRITING / CLOSING DELIVERIES

On or before Loan closing, the Lender must receive and be satisfied in its sole discretion with each of the following deliveries. Notwithstanding that the Lender may retain and instruct all third party agents directly, the Borrower will remain solely responsible at all times for obtaining, delivering and completing, all at the Borrower's expense, all of the following deliveries and matters prior to Loan closing, and the Lender will have no responsibility or liability of any kind of any such deliveries and matters are not made or completed in form and content satisfactory to the Lender.

1. Appraisal report acceptable to the Lender establishing the market value of the Property. *(received)*
2. Environmental assessments of the Property prepared by an environmental consultant acceptable to the Lender, confirming to the Lender's satisfaction, that the Property complies with all applicable environmental laws. The Lender reserves the right, in its sole discretion, to require a "Phase II" environmental assessment of the Property or such other environmental investigation reports of the Property, in each case at the Borrower's expense. The Loan documents will contain detailed environmental representations, warranties and covenants in addition to the environmental indemnity from the Indemnitor.
3. A reliance letter for each of the above reports, which letter must be acceptable to the Lender.
4. Mortgage statements from the first mortgagees confirming the first mortgage terms satisfactory to the Lender.
5. Property, liability and other insurance in compliance with the Lender's standard insurance. All insurance shall be in the form and amount and with such deductibles, endorsements and insurers as required by the Lender.
6. Certified or notarized copies of those documents evidencing formation, organization, valid existence, good standing and due authorization of and for each Borrower Entity for the execution, delivery and performance of the Loan documents.
7. All Loan documents required by this Commitment executed and delivered by each Borrower Entity, fully registered in all appropriate registries and in the priority required by the Lender.
8. Corporate and enforceability opinions from Borrower's counsel for each Borrower Entity.
9. Lender's title insurance policy (from a title insurer and with such endorsements as approved or required by the Lender). Title, zoning and all permitted encumbrances shall be satisfactory to the Lender.
10. Such financial and other information, statements and documents with respect to the Property, any Borrower Entity or otherwise as the Lender or its counsel may reasonably require in connection with the underwriting or closing of the Loan.
11. Such documentation and information, including identification, required by the Lender to comply with all applicable laws and regulations governing proceeds of crime, money laundering and terrorist financing.

Chris Shaule

From: Darren Schmidt <darren.schmidt@imcapital.com>
Sent: Thursday, July 19, 2018 11:30 AM
To: Chris Shaule; 'Peter Zivontsis'
Cc: 'Jean Monardo'
Subject: Various IMC loans relating to CMEC redemption being processed with IMC

Chris / Peter – you were asking for tweaks as follows:

\$45,000,000 Loan on Blair House. You requested IMC reduce the minimum interest from 12-month as noted in the Conditional Commitment to 9-months provided the Borrower refinance the loan with IMC. We are agreeable to this concept.

\$4,500,000 2nd mortgage on 7190 to 7200 Markham Road. You requested that the additional security contemplated relating to the pledge of Zhang interest in Fergus house be replaced with a Pledge of Zhang equity interest in "Marydale" property which is the lot that has no municipal address but is adjacent to 7190 to 7200 Markham Road. We are agreeable to this with the provision that upon request by IMC, Zhang will direct any distributions received or due to her under her the co-ownership agreement in Fergus house to IMC as additional collateral for the loan. While the loan is outstanding, there will also be a negative covenant from Zhang not to sell her interest in Fergus house without authorization from IMC.

In the Interest of time, we will not be re-issuing Conditional Commitments with these changes. I will include these modifications in the respective Committee Presentations and upon Credit Committee approval of the loans we will re-issue commitments incorporating these modifications.

Best Regards,

Darren Schmidt
Managing Director
Institutional Mortgage Capital
TD Centre, Royal Trust Tower
77 King Street West, Suite 4120
Toronto, Ontario M5K 1G8
Direct - 416-814-2592
Mobile - 416-617-2735
Fax - 416-814-3905
Darren.Schmidt@imcapital.com

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You may unsubscribe from e-communications at any time by clicking [here](#).



**This is Exhibit "G" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "Mahar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 19, 2018

Yue Qing (Julia) Zhang and
JD Development Group Limited
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8V 3Y3

Re: Standby Credit Facility

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") offers to extend a full recourse standby credit facility (the "Credit Facility") to the Borrower (as defined below) on and subject to the terms and conditions set out in this letter and the attached Schedules (collectively, the "Commitment").

A. BUSINESS TERMS

- Borrower:** Yue Qing (Julia) Zhang ("Zhang"), JD Development Group Limited, 2284649 Ontario Inc., 256 Phillip Street Limited Partnership, Development Phillips Inc., JD Property Canada Corp., JD Development Asset Management Ltd., CSC King Street Limited, CSC Regina Street Limited, CSC Limited Partnership, CSC C GP Inc., CSC M GP Inc., 2404099 Ontario Limited, Rez-One Management Corp., 2406461 Ontario Limited, any other Person having a direct or indirect ownership interest in the Collateral and such other persons and entities satisfactory to the Lender, on a joint and several basis (collectively, the Borrower).
- Properties:** The properties as set out on Schedule A and which shall be satisfactory to the Lender, including all related improvements, leases, rents and other personal property, provided as security for the Credit Facility (collectively, the "Properties", which includes the enter freehold estate in the lands, and all present and future buildings, improvements, fixtures, equipment, chattels, leases and rents, as described in the Lender's standard Loan documents).
- Additional Collateral:** The additional collateral as described on Schedule A and which shall be satisfactory to the Lender (the "Additional Collateral" and, together with the Properties, collectively, the "Collateral").
- Security:** The Lender's security in the Collateral shall be in form and content satisfactory to the Lender in its sole discretion and shall have priority over all other mortgages, charges, pledges, security interests and liens of any kind, except for the permitted prior mortgages set out on Schedule A (the "Permitted Prior Mortgages").
- Credit Facility Amount:** \$42,230,000

- Credit Facility Purpose:** The Credit Facility Amount will be used, together with the proceeds of other loans being provided by the Lender to the Borrower or its affiliates pursuant to other commitments, to fully repay and discharge the mortgage held by China Machinery Engineering Corporation ("CMEC") over the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario.
- Availability:** Single advance, subject to ten (10) business days' prior written notice (the "Advance Notice") and full compliance with all terms and conditions of the loan documents. At the time that the Borrower gives the Lender the Advance Notice, the Borrower shall concurrently pay to the Lender (i) an amount equal to 90 days' interest on the Credit Facility Amount, and (ii) a further transaction fee equal to 1.0% of the Credit Facility Amount as set out below. The Advance Notice, one given, is final and cannot be revoked by the Borrower.
- Interest Adjustment Date:** The first day of the calendar month following the advance under the Credit Facility (or if advanced on the first day of a month, the date of the advance under the Credit Facility).
- Term:** 12 months from the Interest Adjustment Date (the "Term"), the last day of which is the maturity date (the "Maturity Date").
- Interest Accrual Period:** Each calendar month of the Term, provided that the first Interest Accrual Period shall mean the period from and including the advance under the Credit Facility to the last day of the same calendar month.
- Interest Rate:** The Interest Rate for each Interest Accrual Period will be set by the Lender on the last business day of the immediately preceding calendar month (or for the initial Interest Accrual Period, at the time of the advance under the Credit Facility) based on the formula set out below. The determination of the Interest Rate by the Lender for each Interest Accrual Period shall be final and binding on the Borrower absent manifest error.
- For each Interest Accrual Period for months 1, 2 and 3 of the Term, the Interest Rate will be the greater of (a) the annual prime rate of interest announced, quoted or charged from time to time by TD Canada Trust, at its head office location in Toronto, as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made by TD Canada Trust to Canadian customers (the "Prime Rate") plus 8.30%, and (b) 12.00% (the "Initial Rate").
- For each Interest Accrual Period commencing with month 4 of the Term and each month thereafter until all outstanding amounts under the Credit Facility are paid in full, the Interest Rate will be the greater of (a) the Prime Rate plus 12.30%, and (b) 25.00% (the "Adjusted Rate").
- Interest will be compounded monthly not in advance and payable as further set out below.
- Payments:** Interest payments shall be on the first day of each month and shall be calculated monthly, not in advance, on the basis of the actual number of days in each month on the outstanding balance of the Credit Facility and shall be paid as follows:
- (a) Interest at the Initial Rate for each Interest Accrual Period for months 1, 2 and 3 of the Term shall be paid monthly from the Interest Reserve set out below;
 - (b) Interest at the Adjusted Rate for each Interest Accrual Period for month 4 of the Term and each month thereafter until the Credit Facility is paid in full, shall be paid as follows:
 - (i) interest for such Interest Accrual Period equal to the Current Pay Interest shall be paid by the Borrower on a monthly (current) basis by automatic debit from the Borrower's account;
 - (ii) the remaining interest accruing during such Interest Accrual Period shall be compounded monthly and shall be due and payable to the Lender on the earlier of the Maturity Date or default;

For each Interest Accrual Period commencing with month 4 of the Term, the "Current Pay Interest" will be equal to that portion of the interest accruing during such Interest Accrual Period equal to the Initial Rate (the "Accrued Interest").

The principal amount and all other outstanding indebtedness under the Credit Facility is due and payable by the Borrower to the Lender in full on the earlier of the Maturity Date or default.

Interest Reserve: The Lender shall require an immediate interest reserve (the "Interest Reserve") to be established on the closing of the Credit Facility in the amount of \$1,230,000 to be deducted from the advance under the Credit Facility and held by the Lender or its Loan servicer. The Borrower shall be permitted to draw from the Interest Reserve on account of payment of the monthly interest payments for the Interest Accrual Periods relating to months 1, 2 and 3 of the Term until the Interest Reserve is depleted. Thereafter, monthly interest payments shall be paid by the Borrower or accrued as set out above.

General Reserve Provisions: The Borrower will not be entitled to receive any interest or other investment earnings on any reserves or deposits held by or on behalf of the Lender for respect of the Credit Facility, whether or not earned or arising from time to time. All reserves will be subject to a first priority security interest granted in favour of the Lender pursuant to the loan documents as additional security for the Credit Facility. Disbursement of reserves will be subject to the Lender's customary terms and conditions. Each reserve required by this Commitment will be established and administered on behalf of the Lender with and by its Loan servicer from time to time.

Closing: The Credit Facility must be fully advanced, by way of a single advance, on or before August 31, 2018 (the "Commitment Expiry Date"), subject to the terms and conditions of this Commitment.

Prepayment: The Borrower may prepay all (but not less than all) of the outstanding indebtedness under the Credit Facility at any time, subject to (i) the Borrower providing not less than 90 days' prior written notice or payment of 90 days' interest in lieu of such notice, and (ii) payment by the Borrower to the Lender of the prepayment charge and other amounts required under the Credit Facility. If such prepayment occurs at any time prior to the applicable Minimum Interest Amount having been paid to the Lender in full, the Borrower must concurrently pay to the Lender, in addition to all other indebtedness (including any Accrued Interest), a prepayment charge equal to that portion of the applicable Minimum Interest Amount that remains unpaid at that time. Such prepayment charge will be fully earned by the Lender on such prepayment being made. "Minimum Interest Amount" means, in respect of any prepayment, a total amount of interest paid to the Lender under the Credit Facility prior to such prepayment, (but excluding any interest paid in lieu of the 90-day notice) of not less than \$1,025,000 (the "Prepayment Charge").

Prepayment Requires Full Month's Interest: If any prepayment of the indebtedness under the Credit Facility permitted herein is made on a date which is not the first day of a month, the Borrower must pay to the Lender an amount equal to all interest that would have accrued on the Loan (absent such prepayment) at the applicable interest rate up to and including the next regularly scheduled payment date, in addition to all other outstanding indebtedness under the Credit Facility.

Mandatory Repayment: All outstanding indebtedness under the Credit Facility (including all Accrued Interest) must be paid on the earlier of the Maturity Date or default.

Fees: The following fees will be payable by the Borrower:

- (a) An initial non-refundable transaction fee equal to 1.0% of the Credit Facility Amount (\$422,300). Such transaction fee is payable to, and will be fully earned by, the Lender and/or IMC, as mortgage broker, upon credit committee approval to be obtained by July 24, 2018 and whether or not the Borrower draws on the Credit Facility. The sum of \$40,000 shall be payable upon the Borrower's acceptance of this Commitment and the balance of the initial transaction fee shall be payable on or before July 27, 2018.

(b) A further non-refundable transaction fee equal to 1.0% of the Credit Facility Amount (\$422,300). Such additional transaction fee is payable to, and will be fully earned by, the Lender and/or IMC, as mortgage broker, upon the Borrower providing ten (10) business days' prior written notice to the Lender of their intent to draw upon the Credit Facility.

The transaction fees may be allocated by IMC between commitment, syndication and/or other fees as IMC may determine.

The transaction fees set out above shall be payable when due by wire transfer as follows:

Beneficiary Name:	IMC Limited Partnership
Beneficiary Address:	TD Centre, TD North Tower, 77 King Street W. Suite 4120, Toronto, ON
Bank Name:	TD CANADA TRUST
Bank Address:	55 King Street West, Toronto, ON
Swift Code:	TDOMCATTOR
Bank #:	004
Transit #:	19922
Account #:	5278974.

Any unpaid transaction fees and interest under this Credit Facility due upon the Borrower's notice to draw upon the Credit Facility shall be deducted from the advance of the other loans to related entities provided by the Lender.

Third Party Costs: The Borrower will pay all fees, costs and expenses incurred by or on behalf of the Lender in connection with the Credit Facility.

Covenants/Representations and Warranties: All loan covenants, representations and warranties to be satisfactory to the Lender in its sole discretion.

Closing Conditions: The Lender will not be obligated to complete the advance under the Credit Facility unless and until all terms and conditions of this Commitment have been fully complied with by the Borrower at its sole cost and expense on or before the Commitment Expiry Date and to the satisfaction of the Lender in its sole discretion. The Lender must be satisfied in its sole discretion with all credit and due diligence investigations, inspections and reports with respect to all matters that it considers necessary or desirable with respect to the Credit Facility, the Collateral and each Borrower (and the principals thereof), including without limitation all closing/underwriting deliveries and other matters set out in Schedule B (including the status and all amounts secured under each Permitted Prior Mortgages).

Credit Committee: In addition to any other conditions set out in this Commitment, the Credit Facility is subject to the approval by the Lender's credit committee in its sole discretion. If the Lender's credit committee does not approve the Credit Facility or if it approves the Credit Facility on terms and conditions which differ from the terms and conditions of this Commitment and which the Borrower does not accept within three (3) business days following notice thereof to the Borrower, this Commitment will immediately terminate. The satisfaction or waiver of this credit committee condition will not constitute satisfaction or waiver of any other closing condition set out in this Commitment.

CMEC Condition: It is a condition of the advance of the Credit Facility that (a) all existing indebtedness owing to and all claims made by CMEC be fully and finally repaid, satisfied, released and discharged except for the disputed amount of \$10,000,000 (the "Disputed Amount") which shall be paid into Court, and (b) that the existing receivership and related Court proceedings with respect to the Borrower and the Collateral be fully withdrawn and discontinued.

B. GENERAL PROVISIONS

1. **Borrower Entity/Lender Entity:** In this Commitment, (a) "Borrower Entity" means the Borrower, any indemnitor, any guarantor and any beneficial owner, each person having a registered, unregistered or beneficial ownership interest in the Properties from time to time, and each other person defined as a Borrower Entity in the loan documents, and (b)

"Lender Entity" means each of the Lender, the Custodian (defined below), the Loan servicer, all persons having an ownership interest in the Credit Facility from time to time, and their respective employees, officers, directors, partners, agents and consultants. Each Borrower must be Canadian resident.

2. Security/Loan Documents: The loan documents shall be in form and content acceptable to the Lender in its sole discretion, including:
 - (a) Loan Agreement / Promissory Note, to include full recourse covenants from the Borrower;
 - (b) Fixed, specific and registered freehold mortgages, charges, assignments, pledges and security interests of the Collateral, including mortgages, general assignments of rents and leases, and general security agreements (together with all necessary registrations in each applicable jurisdiction) in such priority as set out on Schedule A;
 - (c) Fixed and specific pledge and security interest in the Disputed Amount;
 - (d) Corporate and enforceability opinions from legal counsel in each jurisdiction in form and content satisfactory to the Lender.
 - (e) Such other security as the Lender may otherwise require.
3. Events of Default: If an Event of Default occurs, the Lender, at its option, may immediately accelerate the Credit Facility and enforce all of its rights and remedies under the loan documents and applicable laws. "Event of Default" has the meaning set out in the Lender's standard Loan documents and includes, but is not limited to: (a) any default by the Borrower in any loan payment or reserve payment when due; (b) any transfer or lien is granted or created in respect of the Collateral in breach of the loan documents; (c) any failure by any Borrower Entity to comply with its insurance obligations under the loan documents; (d) any failure by the Borrower to pay all utilities and realty taxes in respect of the Collateral when due; (e) any default by any Borrower Entity in observing or performing any other covenant, condition or obligation under any loan document on its part to be observed or performed (except any default enumerated as a separate Event of Default or which is expressly stated to be immediate or to have no applicable notice, grace or cure period) which is not cured within the applicable notice, grace or cure period provided therein, or if no such period is expressly provided and is not expressly excluded, within 30 days following such written notice of such default; (f) any misrepresentation by any Borrower Entity in connection with the Credit Facility; (g) certain acts of bankruptcy and insolvency in respect of any Borrower Entity as set out in the Lender's standard loan documents; (h) any default or enforcement proceedings occur or are taken under any other encumbrance of the Properties whether ranking prior or subsequent to the Lender's security; (i) any default under any other indebtedness secured by any Collateral, and (j) any expropriation of the Properties occurs which, in the opinion of the Lender in its sole discretion, either (i) materially impairs the value or marketability of the Properties, or (ii) has or could reasonably be expected to have a material adverse effect (as defined in the loan documents). Each Borrower Entity will immediately advise the Lender of an Event of Default in respect of the Credit Facility.

Upon any acceleration or prepayment of all or any part the Credit Facility (including any acceleration as a result of any Event of Default), the Borrower agrees to pay the Prepayment Charge to the Lender, in addition to all other amounts then due and owing under the Credit Facility.
4. Closing: The Lender will have the right in its sole discretion to terminate this Commitment in respect of the Credit Facility at any time if the Credit Facility is not fully advanced on or before the Commitment Expiry Date for any reason (other than default by the Lender), notwithstanding any intervening negotiations, the preparation and/or delivery of the loan documents, or any other dealings or course of conduct between any of the parties at any time, unless a written extension of the Commitment Expiry Date has been expressly agreed to and executed and delivered by each of the parties hereto.
5. Material Adverse Change: Notwithstanding the satisfaction of all loan conditions and/or any other event or circumstance of any kind, the Lender will not be required to advance the Credit Facility and may terminate this Commitment at any time if it determines, in its sole discretion, that any event or circumstance has occurred which, in the opinion of the Lender in its sole discretion, either has or could reasonably be expected to have a material adverse effect on (i) the value or marketability of the Collateral (including without limitation, the physical, environmental, or financial condition of the Collateral), or (iii) the financial or other condition of any Borrower Entity or its ability to observe and perform any of its respective covenants and obligations to the Lender under or in respect of the Credit Facility and the loan documents when due.

6. Changes to Properties: Neither the Borrower nor any other Borrower Entity is permitted to demolish, remove, construct, materially alter, add to, repair or restore the Properties or any portion thereof (collectively, "Alterations"), nor consent to or permit any other person to make such Alterations, without obtaining in each instance the Lender's prior written approval in its sole discretion. Nothing herein will prevent or restrict the Borrower or any other Borrower Entity from complying with its obligations to maintain and repair the Properties in accordance with the loan documents.
7. Property Management: The manager of the Properties and each property management agreement will be subject to the prior written approval of the Lender in its sole discretion from time to time. The Lender acknowledges that Rez-One Management Corp. is acceptable. The manager may be replaced at any time if required by the Lender.
8. Approval of Leases: Each new commercial lease of the Properties, including each renewal or extension of an existing lease (other than any extension or renewal of an existing lease which is exercised pursuant to, and the terms of which are governed by, such existing lease), must (i) be a commercially reasonable arm's length transaction made in the ordinary course of business and in accordance with prudent property management and leasing standards and practices, and (ii) provide for rental rates and other terms and conditions consistent with prevailing market rates, terms and conditions. The loan documents will include certain other requirements for new leases and renewals and extensions of existing leases, and certain representations and warranties and other covenants from the Borrower concerning the status and future dealings with all leases and rents.

The Borrower must obtain the Lender's prior written consent to enter into, renew or extend any commercial lease, which consent may be given or withheld by the Lender in its sole discretion.

In the case of residential leases, the Borrower's standard residential lease form will be subject to the prior approval of the Lender from time to time and all residential leases will be made by the Borrower using such standard form in effect from time to time. The Borrower represents and warrants to the Lender that (a) all rents charged to the residential tenants at the Properties are legal under the applicable laws, (b) no proceedings exist which could result in a decrease in the legal rents chargeable or which could result in the issuance of an order prohibiting rent increases, and (c) no orders exist requiring any rent decreases or which prohibit rent increase.

9. Financial Statements: The Borrower must deliver quarterly rent rolls and operating statements for the Properties and annual financial statements from each Borrower Entity prepared in accordance with generally accepted accounting principles, and such other information respecting the Collateral and each Borrower Entity as the Lender may reasonably require from time to time and as set out in the loan documents.
10. Information and Materials: The Borrower represents and warrants that all information and materials provided or delivered to the Lender in connection with the Credit Facility, including the Collateral and each Borrower Entity, are correct and complete as of the date provided and will continue to be correct and complete on closing of the Credit Facility, failing which the Lender will have no obligation to make the advance under the Credit Facility. The Borrower acknowledges that the Lender's decision to extend the Credit Facility will be based on all such information and materials. The Borrower must promptly disclose to the Lender from time to time any and all changes in such information and materials or any additional information or materials relating to the Collateral or any Borrower Entity which may reasonably be expected to influence the Lender's decision to extend the Credit Facility.
11. Credit Investigations: Each Borrower Entity authorizes the Lender or its representatives to make inquiries of, and exchange or obtain information, data and credit reports with, third parties regarding the character, general reputation, personal characteristics, financial and credit condition of such Borrower Entity, including its respective directors, officers, shareholders, partners and principals.
12. Consent to Disclosure: Each Borrower Entity acknowledges and agrees that the Credit Facility may be sold or syndicated without restriction and without notice to or the consent of any Borrower Entity. Each Lender Entity may release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all financial and other information and materials relating to any Borrower Entity, the Collateral or the Credit Facility (including financial statements and all other information relating to the Credit Facility) provided to or obtained by it, without restriction and without notice to or the consent any Borrower Entity as follows: (i) to any existing or proposed Lender Entity; (ii) to any subsequent or proposed purchaser of or investor in the Credit Facility; (iii) to any governmental authority having jurisdiction over such sale or syndication of the Credit Facility; (iv) to any other person in connection with the sale or syndication of the Credit Facility or in connection with any collection or enforcement proceedings taken under or in respect of the Credit Facility and/or the loan documents; and (v) to any third party advisors and agents of any of the foregoing persons, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers. Each Borrower Entity irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.

13. Custodian and Loan Servicer: Institutional Mortgage Capital Canada Inc., as general partner for IMC Limited Partnership and as custodian and agent for an investment fund managed by it and any other investors in the Credit Facility from time to time (in such capacity, the "Custodian") will complete the advance under the Credit Facility and will be named as the Lender in the loan documents. The Custodian will have, and may exercise, at all times without restriction and either directly or through the loan servicer, all of the rights and benefits of the Lender under this Commitment (without any assignment being required) and will hold the Credit Facility, the indebtedness under the Credit Facility and the loan documents solely as custodian and agent for itself and on behalf of investors in the Credit Facility and all other persons having an ownership interest in the Credit Facility from time to time. Each reference to "Lender" in this Commitment includes the Custodian. The Lender and such other investors will be entitled to receive and enjoy, through the Custodian, all right, title and interest of the Custodian in respect of the Credit Facility and the loan documents and the full benefit thereof at all times. The Lender may also appoint a loan servicer from time to time, without notice to or the consent of any Borrower Entity, to collect all loan payments and proceeds and to exercise and enforce any or all rights, remedies or benefits, or perform any or all obligations, of the Lender and/or the Custodian under or in respect of the Credit Facility, the loan documents (whether or not expressly provided therein) and/or applicable laws, and such loan servicer may appoint a sub-servicer from time to time in respect of any such matter. Each Borrower Entity will be entitled to deal exclusively with the Custodian and the loan servicer in respect of all matters relating to the Credit Facility and the loan documents and agrees that all enforcement actions or proceedings may be brought by the Custodian and/or the loan servicer on behalf of the Lender and all other persons having an ownership interest in the Loan from time to time and irrevocably waives any requirement that the Lender or such other investors be a party thereto.
14. Full Recourse: Notwithstanding any other provision in any loan document, the respective obligations and liabilities of each Borrower Entity under the Credit Facility and each of the loan documents are full recourse to each such Borrower Entity and all of its respective property and assets without limitation or restriction of any kind.
15. Limited Recourse to Lender Entities: No Lender Entity nor any of their respective assets will have or be subject to any actions, proceedings, losses, damages, liabilities, claims, demands, costs or expenses of any kind or nature made by or on behalf of any Borrower Entity arising from or relating to, directly or indirectly, the Credit Facility, including the making or administration of the Credit Facility or any default or other act or omission by any Lender Entity under or relating to the Credit Facility or any of the loan documents, and each Borrower Entity hereby agrees to indemnify and save each Lender Entity harmless from and against all such matters.
16. Brokerage Commission: The Borrower will be solely responsible for and will pay any brokerage or finder's fees, commissions or other compensation payable to any person not affiliated with or contracted by the Lender in connection with the Credit Facility and will indemnify and hold each Lender Entity harmless in respect of same.
17. Assignment: The Lender and any investor, at its cost, may sell, transfer or assign the Credit Facility, the indebtedness under the Credit Facility and the loan documents, or any interest therein, from time to time before or after closing without notice to or the consent of any Borrower Entity. Thereafter, the Lender will have no further obligations under or in respect of the Credit Facility or the loan documents. This Commitment may not be sold, transferred or assigned by any Borrower Entity.
18. Effect of Commitment: This Commitment, together with the loan documents will constitute the entire agreement between the parties in respect of the Credit Facility, and supersedes any letter of intent previously issued by or on behalf of the Lender in its entirety. Each Borrower Entity acknowledges that this Commitment is only a summary of the basic terms of the Credit Facility, and that the loan documents will include additional terms and conditions not specifically referenced herein as the Lender deems necessary or appropriate. This Commitment can only be changed, modified or extended by a written instrument executed and delivered by the Lender and each Borrower Entity. This Commitment and any amendments hereto will survive the execution and delivery of the loan documents by the Borrower Entity, provided, however, that in the event of any express conflict or inconsistency between any provision of this Commitment and any provision of any loan document, the provision of such loan document will prevail to the extent of such conflict or inconsistency. The existence of additional terms, conditions or provisions (including any rights, remedies, representation and warranties) contained in any loan document will not be construed or deemed as being in conflict with this Commitment.
19. Participation: Each Borrower Entity agrees to co-operate in good faith with all reasonable requests and/or inquiries made by or on behalf of the Lender (or any loan owner) in connection with the sale, syndication and/or participation of the Credit Facility, and further agrees, if requested by or on behalf of the Lender (or any loan owner) to restructure all or any part of the Credit Facility and the loan documents (at no cost to the Borrower), including without limitation, the creation of multiple tranches evidenced by separate promissory notes or participation interests (which may be pari passu or senior/subordinate as required), to make all reasonable amendments to the loan documents and to provide

all additional and/or updated financial and other information concerning the Properties and/or each Borrower Entity as the Lender or loan owner may require from time to time, provided that the financial terms of the amended and/or restructured Credit Facility are not materially more onerous, in the aggregate, than its original financial terms.

20. Further Assurances: Each Borrower Entity must promptly cure any defect in the preparation, execution and delivery of the loan documents to which it is a party and will promptly execute and deliver or cause to be executed or delivered, upon request by the Lender all such other and further documents, agreements, opinions, certificates and instruments as may be required by the Lender to more fully state its obligations as set out in any Loan document or to make any recording, file any notice or obtain any consent, including any documents required by the Lender in connection with the sale or syndication of the Credit Facility.
21. Construction of Loan Documents: In this Commitment: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders, (b) reference to any Borrower Entity, Lender Entity or any other person includes their respective heirs, executors, administrators, legal representatives, successors and assigns, (c) all dollar amounts are expressed in Canadian dollars, (d) the division of any loan document into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and will not affect the construction or interpretation of such loan document, (e) if more than one person is named as, or otherwise becomes or assumes the obligations and liabilities of any Borrower Entity, then all obligations and liabilities of such persons will be joint and several, (f) notwithstanding any other provision of this Commitment, the loan documents or applicable laws to the contrary, it is the express intention of the parties that the words "sole discretion" mean the exercise of discretion that is completely and absolutely subjective in all respects and does not create or imply a duty or obligation of any kind on the part of the person exercising such discretion to act objectively or to apply objective standards, and which is not subject to any restriction, limitation, challenge or review of any kind, (g) time is of the essence, and (h) the parties hereto have expressly agreed and required that this Commitment as well as all documents related thereto, including all agreements and notices, be drafted in English. Les parties aux présentes ont expressément exigé que la présente entente ainsi que tout document y relié, incluant toute entente et tout avis, soit rédigés en anglais. All schedules and addenda annexed hereto form part of this Commitment. The rights and obligations of the parties with respect to the loan documents in respect of the Credit Facility will be determined in accordance with the laws of the Province in which the Properties are located and federal laws applicable thereto.
22. Withholding Taxes. This provision will not apply to any deduction or withholding for taxes under the laws of Canada or any province thereof ("Canadian taxes") or for taxes of a country or jurisdiction other than Canada ("foreign taxes") arising from or in respect of the loan payment where such deduction or withholding arises solely as a result of a change in the current status of the Lender as a resident of Canada, or as a result of any assignment of the Credit Facility by the Lender to a non-resident of Canada. Subject to the foregoing, to the extent that any payment on or in respect of the Credit Facility will become subject to a deduction or withholding imposed on such loan payment for Canadian taxes or foreign taxes (including any deduction or withholding arising from a change in applicable laws), the amount of such loan payment will be automatically increased by an amount which ensures that the Lender receives, after such deduction or withholding is made including any additional withholding or deduction on such additional amount and without any credit to the Borrower therefor, the full amount of the payment specified in the loan documents. The Borrower will pay the amount of any such deduction or withholding to the applicable taxing authority as required by applicable laws and, upon request, provide the Lender with evidence of such payment.
23. Survival of Representations, Warranties and Covenants: The representations, warranties, covenants and obligations of each Borrower Entity contained in each loan document in respect of the Credit Facility will (a) survive any advance or repayment of the Credit Facility, any full or partial release, termination or discharge of any loan document, and any remedial proceedings taken by any Lender Entity under any loan document or applicable law, (b) enure to the benefit of the Lender and each person having an ownership interest in the Credit Facility from time to time notwithstanding such loan owner is not a party to any loan document, and (c) be fully effective and enforceable by the Lender notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach or other information (to the contrary or otherwise) known to any Lender Entity at any time. Such representations and warranties are deemed to be made on the date of execution of each such loan document and are deemed repeated as of closing of the Credit Facility.
24. Effect of Termination: No termination of this Commitment will limit, restrict or otherwise affect in any way (i) the obligations of any Borrower Entity to pay to the Lender all third party costs incurred by or on behalf of the Lender in connection with the Credit Facility or any of the fees set out in this Commitment, and (ii) any rights and remedies of the Lender against any Borrower Entity arising from any breach of this Commitment by such Borrower Entity, including any claim for damages.
25. Counterparts/Facsimile Transmission: This Commitment may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document.

Delivery of this Commitment by any party may be made by facsimile or other electronic transmission to any other party, the broker or their respective agents and will be valid and binding as if it is an originally signed document.

26. Acceptance: If this Commitment is not executed by each Borrower Entity, and returned without amendment to the Lender on or before July 20, 2018, then this Commitment will immediately terminate and will be null and void and the Lender will have no further obligations hereunder. Each person executing and delivering this Commitment on behalf of each Borrower Entity has full power and authority to bind such Borrower Entity to the terms and conditions of this Commitment and is executing this Commitment on their behalf.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.

Jean Monardo

Per: _____
Jean Monardo

FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 9th day of July, 2018.

Yue Qing Zhang

YUE QING (JULIA) ZHANG

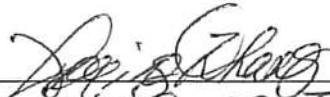
JD DEVELOPMENT GROUP LIMITED

Per: *Yue Qing Zhang*
Name: _____
Title: CEO YUE QING ZHANG
2284649 ONTARIO INC.

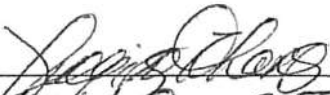
Per: *Yue Qing Zhang*
Name: _____
Title: YUE QING ZHANG (CEO)
256 PHILLIP STREET LIMITED PARTNERSHIP,
BY ITS GENERAL PARTNER, DEVELOPMENT PHILLIPS INC.

Per: *Yue Qing Zhang*
Name: _____
Title: YUE QING ZHANG (CEO)

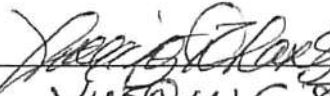
DEVELOPMENT PHILLIPS INC.

Per: 
Name: YUE DING ZHANG (CEO)
Title:

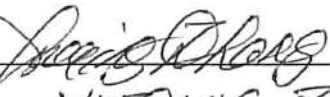
JD PROPERTY CANADA CORP.

Per: 
Name: YUE DING ZHANG (CEO)
Title:

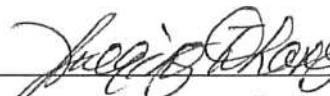
JD DEVELOPMENT ASSET MANAGEMENT LTD.

Per: 
Name: YUE DING ZHANG (CEO)
Title:


CSC KING STREET LIMITED

Per: 
Name: YUE DING ZHANG (CEO)
Title:

CSC REGINA STREET LIMITED

Per: 
Name: YUE DING ZHANG (CEO)
Title:

CSC C GP INC.


Per: 
Name: YUE DING ZHANG (CEO)
Title:

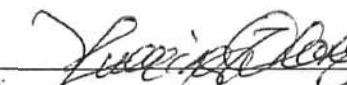
CSC M GP INC.

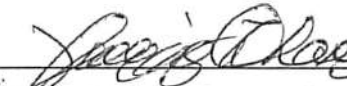
Per: 
Name:

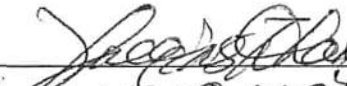
Title:


CSC LIMITED PARTNERSHIP, BY ITS GENERAL PARTNERS,
CSC M GP INC.

Per: 
Name: _____
Title: YUEQING SHANG (CEO)
CSC GP INC.

Per: 
Name: _____
Title: YUEQING SHANG (CEO)
2404099 ONTARIO LIMITED

Per: 
Name: _____
Title: YUEQING SHANG (CEO)
REZ-ONE MANAGEMENT CORP.

Per: 
Name: _____
Title: YUEQING SHANG (CEO)
2406461 ONTARIO LIMITED

Per: 
Name: _____
Title: CEO YUEQING SHANG

SCHEDULE A – COLLATERAL AND PRIORITY

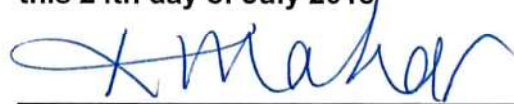
Priority	Collateral and Collateral Address	Prior Encumbrances			
		First Mortgage	Lender	Second Mortgage	Lender
First Mortgage	Block B, 250 Phillip Street, Waterloo, ON	N/A	N/A	N/A	N/A
First Mortgage	Block D, 252 Phillip Street, Waterloo, ON	N/A	N/A	N/A	N/A
Second Mortgage	Blair House, 256 Phillip Street, Waterloo, ON	\$45,000,000	IMC	N/A	N/A
Third Mortgage	Preston House, 315 King Street North, Waterloo, ON	\$18,593,000	BMO	\$9,500,000	IMC
Third Mortgage	Bridgeport House, 328 Regina Street North, Waterloo, ON	\$30,488,000	Bank of China	\$9,500,000	IMC
Third Mortgage	Zhang Residence, 98 Carrisbrooke Circle, Aurora, ON	\$2,150,000	HSBC	\$4,500,000	N/A
Third Mortgage	Markahm Road, 7190 to 7200 Markham Road, Markham, ON	\$13,000,000	Rescon	\$4,500,000	IMC
Pledge of Zhang 50% Equity Interest	Fergus House, 254 Phillip Street, Waterloo, ON	\$38,600,000	Desjardin	N/A	N/A
Pledge on Zhang 50% Equity Interest	Lot Adjacent to 7190 - 7200 Markham Road, Markham, ON	N/A	N/A	N/A	N/A
Pledge on Zhang 35% Equity Interest	Hespeler Road, 258 Hespeler Road, Cambridge, ON	\$1,650,000	RBC	N/A	N/A
Pledge on Zhang 75% Equity Interest	Lakeside Terrace - 3 Phases, 50 Lakeside Terrace, Barrie, ON	\$4,130,000	Meridian	N/A	N/A
Pledge on Zhang 25% Equity Interest	Jefferson Homes, Wickerson Hills and Foxwood Meadows, London, ON	\$12,600,000	VTB Private	N/A	N/A

SCHEDULE B – UNDERWRITING / CLOSING DELIVERIES

On or before closing of the Credit Facility, the Lender must receive and be satisfied in its sole discretion with each of the following deliveries. Notwithstanding that the Lender may retain and instruct all third party agents directly, the Borrower will remain solely responsible at all times for obtaining, delivering and completing, all at the Borrower's expense, all of the following deliveries and matters prior to Loan closing, and the Lender will have no responsibility or liability of any kind of any such deliveries and matters are not made or completed in form and content satisfactory to the Lender.

1. Appraisal report acceptable to the Lender establishing the market value of the Properties. *(received)*
2. Environmental assessments of the Properties prepared by an environmental consultant acceptable to the Lender, confirming to the Lender's satisfaction, that the Properties comply with all applicable environmental laws. The Lender reserves the right, in its sole discretion, to require a "Phase II" environmental assessment of the Properties or such other environmental investigation reports of the Properties, in each case at the Borrower's expense. The loan documents will contain detailed environmental representations, warranties and covenants. *(received)*
3. Copy of the property management agreement.
4. Property, liability and other insurance in compliance with the Lender's standard insurance. All insurance shall be in the form and amount and with such deductibles, endorsements and insurers as required by the Lender.
5. Certified or notarized copies of those documents evidencing formation, organization, valid existence, good standing and due authorization of and for each Borrower for the execution, delivery and performance of the Loan documents.
6. All Loan documents required by this Commitment executed and delivered by each Borrower Entity, fully registered in all appropriate registries and in the priority required by the Lender.
7. Corporate and enforceability opinions from Borrower's counsel for each Borrower Entity.
8. Lender's title insurance policy (from a title insurer and with such endorsements as approved or required by the Lender). Title, zoning and all permitted encumbrances shall be satisfactory to the Lender.
9. Such financial and other information, statements and documents with respect to the Property, any Borrower Entity or otherwise as the Lender or its counsel may reasonably require in connection with the underwriting or closing of the Loan.
10. Such documentation and information, including identification, required by the Lender to comply with all applicable laws and regulations governing proceeds of crime, money laundering and terrorist financing.

**This is Exhibit "H" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018.**

A handwritten signature in blue ink, appearing to read "X. Mahar", is written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 24, 2018

2284649 Ontario Inc.
256 Phillip Street Limited Partnership
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8V 3Y3

Re: Blair House Student Residence - First Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") hereby amends the commitment letter issued to 2284649 Ontario Inc. (the "Borrower") dated July 18, 2018 (the "Commitment") as follows:

1. **General.** Terms not specifically defined herein shall have the same meanings as set forth in the Commitment and/or the Loan documents. Except as otherwise expressly provided herein, the terms of the Commitment shall remain unamended and in full force and affect.

2. **Loan Amendments.** The proposed amendments to the Loan are summarized below and are subject to the satisfaction of all conditions set out in this letter:

Prepayment: The Lender agrees to reduce the Minimum Interest Amount required to be paid by the Borrower in the event of a prepayment from \$3,082,500 to \$2,311,875 if the Loan is refinanced by the Lender. Nothing herein shall require the Lender to offer the Borrower any refinancing, and the reduction only applies if such refinancing is offered by the Lender and funded on terms satisfactory to the Lender. The Minimum Interest Amount does not include any interest paid in lieu of notice.

Maximum LTV: As at the date of this letter, the Lender confirms that the LTV condition has been satisfied.

Minimum DSCR: As at the date of this letter, the Lender confirms that the DSCR condition has been satisfied.

Credit Committee: The Lender confirms that the credit committee condition has been satisfied.

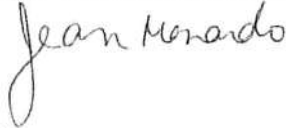
CMEC Condition: It is a condition of the advance of the Loan that (a) all existing indebtedness owing to and all claims made by China Machinery Engineering Corporation be fully and finally repaid, satisfied, released and discharged, except for the disputed amount of approximately \$23,000,000, which shall be paid into Court, and (b) that the existing receivership and related Court proceedings with respect to the Borrower or its affiliates and the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario be fully withdrawn and discontinued.

3. **Conditions Precedent.** Closing of the Loan remains subject to satisfaction of all conditions in the Commitment.

4. **Acceptance/Termination.** The Commitment shall automatically terminate upon the earlier of, (a) July 25, 2018 without acceptance by each Borrower Entity set out below; and (b) if the Loan does not close on or before August 31, 2018.

5. **Counterparts/Facsimile Transmission.** This commitment amending letter may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this commitment amending letter by any party may be made by facsimile or other electronic transmission to any other party, or their respective agents and will be valid and binding as if it is an originally signed document.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.



Per: _____
Jean Monardo

FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 24th day of July, 2018.

2284649 ONTARIO INC.

Per:  _____
Yue Qing (Julia) Zhang, CEO

**256 PHILLIP STREET LIMITED PARTNERSHIP,
BY ITS GENERAL PARTNER, DEVELOPMENT PHILLIPS INC.**

Per:  _____
Yue Qing (Julia) Zhang, CEO

DEVELOPMENT PHILLIPS INC.

Per:  _____
Yue Qing (Julia) Zhang, CEO

JD DEVELOPMENT GROUP LIMITED

Per:  _____
Yue Qing (Julia) Zhang, CEO

JD PROPERTY CANADA CORP.

Per:  _____
Yue Qing (Julia) Zhang, CEO

 _____
YUE QING (JULIA) ZHANG

**This is Exhibit "I" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "K. Mahan", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 24, 2018

CSC King Street Limited
CSC Regina Street Limited
CSC Limited Partnership
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8v 3Y3

Re: Preston House and Bridgeport House - Second Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") hereby amends the commitment letter issued to CSC Regina Street Limited and CSC King Street Limited (collectively, the "Borrower") dated July 18, 2018 (the "Commitment") as follows:

1. **General.** Terms not specifically defined herein shall have the same meanings as set forth in the Commitment and/or the Loan documents. Except as otherwise expressly provided herein, the terms of the Commitment shall remain unamended and in full force and affect.
2. **Loan Amendments.** The proposed amendments to the Loan are summarized below and are subject to the satisfaction of all conditions set out in this letter:

Prepayment: The Prepayment section in the Commitment is hereby deleted and replaced with the following:

The Borrower may prepay all (but not less than all) of the outstanding Loan indebtedness at any time, subject to the Borrower providing 60 days' prior written notice or payment of 60 days' interest in lieu of such notice, and subject to payment by the Borrower to the Lender of the applicable prepayment charge as set out below and in addition to all other outstanding Loan indebtedness then owing under the Loan.

- (a) If such prepayment occurs in months 1 to 6 prior to the Minimum Interest Amount having been paid to the Lender in full, the Borrower must concurrently pay to the Lender, in addition to all other Loan indebtedness being prepaid, a prepayment charge equal to that portion of the applicable Minimum Interest Amount that remains unpaid at that time. Such prepayment charge will be fully earned by the Lender on such prepayment being made. "Minimum Interest Amount" means, in respect of any prepayment, a total amount of interest paid to the Lender under the Loan prior to such prepayment of not less than \$508,250.
- (b) If such prepayment occurs in months 7 to 12, the Borrower must concurrently pay to the Lender, in addition to all other Loan indebtedness being prepaid, a prepayment charge in the amount of \$254,135.

**Maximum Combined
LTV:**

As at the date of this letter, the Lender confirms that the LTV condition has been satisfied.

Minimum Combined DSCR:

As at the date of this letter, the Lender confirms that the DSCR condition has been satisfied.

Credit Committee:

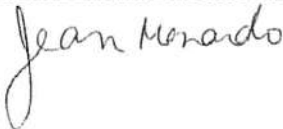
The Lender confirms that the credit committee condition has been satisfied.

CMEC Condition:

It is a condition of the advance of the Loan that (a) all existing indebtedness owing to and all claims made by China Machinery Engineering Corporation be fully and finally repaid, satisfied, released and discharged, except for the disputed amount of approximately \$23,000,000, which shall be paid into Court, and (b) that the existing receivership and related Court proceedings with respect to the Borrower or its affiliates and the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario be fully withdrawn and discontinued.

- 3. **Conditions Precedent.** Closing of the Loan remains subject to satisfaction of all conditions in the Commitment.
- 4. **Acceptance/Termination.** The Commitment shall automatically terminate upon the earlier of, (a) July 25, 2018 without acceptance by each Borrower Entity set out below; and (b) if the Loan does not close on or before August 31, 2018.
- 5. **Counterparts/Facsimile Transmission.** This commitment amending letter may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this commitment amending letter by any party may be made by facsimile or other electronic transmission to any other party, or their respective agents and will be valid and binding as if it is an originally signed document.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.



Per: _____
Jean Monardo

FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 24th day of July, 2018.

CSC KING STREET LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

CSC REGINA STREET LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

CSC C GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC M GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC LIMITED PARTNERSHIP, BY ITS GENERAL PARTNERS,
CSC M GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC C GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

JD DEVELOPMENT GROUP LIMITED

Per: 
Name:
Title:

JD DEVELOPMENT ASSET MANAGEMENT LTD.

Per: 
Yue Qing (Julia) Zhang, CEO


YUE QING (JULIA) ZHANG

**This is Exhibit "J" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "Mahar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 24, 2018

2404099 Ontario Limited
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8v 3Y3

Re: 7190 - 7200 Markham Road, Markham, Ontario - Second Mortgage Loan

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") hereby amends the commitment letter issued to 2404099 Ontario Limited (the "Borrower") dated July 18, 2018 (the "Commitment") as follows:

1. **General.** Terms not specifically defined herein shall have the same meanings as set forth in the Commitment and/or the Loan documents. Except as otherwise expressly provided herein, the terms of the Commitment shall remain unamended and in full force and affect.
2. **Loan Amendments.** The proposed amendments to the Loan are summarized below and are subject to the satisfaction of all conditions set out in this letter:

Additional Security: The Lender agrees to replace the pledge of equity from Yue Qing (Julia) Zhang ("Zhang") in connection with her 50% ownership interest (the "Fergus Interest") in Fergus House, 254 Phillip Street, Waterloo, Ontario (the "Fergus Property") with a pledge of equity from Zhang in connection with her interest in the Marydale Avenue property adjacent to the Property, legally described as PIN 02939-0070, Parcel 93-1, Sec 65M-2599, Block 93, Plan 65M-2599, Markham.

Zhang shall further covenant and agree not to transfer, sell, surrender, mortgage, pledge, assign or otherwise dispose or encumber all or any part of the Fergus Interest, including any proceeds thereof, or agree to any amendment or modification of the applicable partnership, co-ownership or other agreements governing the Fergus Interest without the prior written consent of the Lender and, upon request by the Lender, Zhang shall irrevocably assign and direct all distributions received or due to her in connection with the Fergus Interest to the Lender as additional security for the Loan.

**Maximum Combined
LTV:**

As at the date of this letter, the Lender confirms that the LTV condition has been satisfied.

Credit Committee:

The Lender confirms that the credit committee condition has been satisfied.

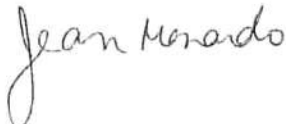
CMEC Condition:

It is a condition of the advance of the Loan that (a) all existing indebtedness owing to and all claims made by China Machinery Engineering Corporation be fully and finally repaid, satisfied, released and discharged, except for the disputed amount of approximately \$23,000,000, which shall be paid into Court, and (b) that the existing receivership and related Court proceedings with

respect to the Borrower or its affiliates and the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario be fully withdrawn and discontinued.

3. **Conditions Precedent.** Closing of the Loan remains subject to satisfaction of all conditions in the Commitment.
4. **Acceptance/Termination.** The Commitment shall automatically terminate upon the earlier of, (a) July 25, 2018 without acceptance by each Borrower Entity set out below; and (b) if the Loan does not close on or before August 31, 2018.
5. **Counterparts/Facsimile Transmission.** This commitment amending letter may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this commitment amending letter by any party may be made by facsimile or other electronic transmission to any other party, or their respective agents and will be valid and binding as if it is an originally signed document.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.



Per: _____
Jean Monardo

FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 24th day of July, 2018.

2404099 ONTARIO LIMITED

Per: _____
Yue Qing (Julia) Zhang, CEO

REZ-ONE MANAGEMENT CORP.

Per: _____
Yue Qing (Julia) Zhang, CEO

2406461 ONTARIO LIMITED

Per: _____
Yue Qing (Julia) Zhang, CEO

YUE QING (JULIA) ZHANG

**This is Exhibit "K" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**



A COMMISSIONER FOR TAKING AFFIDAVITS

IMC INSTITUTIONAL MORTGAGE CAPITAL

TD Centre, TD North Tower, 77 King Street West
Suite 4120, P.O. Box 117, Toronto, ON M5K 1G8

July 24, 2018

Yue Qing (Julia) Zhang and
JD Development Group Limited
c/o Peter Zivontsis
Business Financial & Realty Corp.
2275 Lakeshore Boulevard West
5th Floor
Toronto, Ontario
M8V 3Y3

Re: Standby Credit Facility

Dear Sirs:

Institutional Mortgage Capital Canada Inc., as general partner of IMC Limited Partnership ("IMC"), for itself and on behalf of investors in the Loan (collectively, the "Lender") hereby amends the commitment letter issued to the Borrower dated July 18, 2018 (the "Commitment") as follows:

1. **General.** Terms not specifically defined herein shall have the same meanings as set forth in the Commitment and/or the Loan documents. Except as otherwise expressly provided herein, the terms of the Commitment shall remain unamended and in full force and affect.
2. **Loan Amendments.** The proposed amendments to the Loan are summarized below and are subject to the satisfaction of all conditions set out in this letter:

Availability: For further clarity, the Lender acknowledges and agrees that the 90 days' interest on the Credit Facility Amount in the amount of \$1,249,545 to be paid by the Borrower upon the Borrower providing Advance Notice shall be paid as a deposit on account of interest to be used to fund the Interest Reserve upon completion of the Advance by the Lender to the Borrower under the Credit Facility. In the event that the Borrower provides Advance Notice and defaults in drawing on the Credit Facility, then without limiting any other rights and remedies of the Lender, such deposit previously paid to the Lender will not be refundable to the Borrower in any circumstances and will be retained by the Lender as an additional transaction fee.

Prepayment: The Prepayment section in the Commitment is hereby deleted and replaced with the following:

The Borrower may prepay all (but not less than all) of the outstanding indebtedness under the Credit Facility at any time, subject to (i) the Borrower providing not less than 90 days' prior written notice or payment of 90 days' interest in lieu of such notice, and (ii) payment by the Borrower to the Lender of a prepayment charge in the amount of \$1,025,000 (the "Prepayment Charge") in addition to all other amounts required to be paid on account of then outstanding indebtedness under the Credit Facility.

Fees: The Lender acknowledges receipt of the sum of \$40,000 on account of the initial non-refundable transaction fee. The balance of the initial non-refundable transaction fee in the amount of \$382,300 shall be payable by the Borrower to the Lender **on or before 4:30 pm on July 25, 2018** by wire transfer as follows:

Beneficiary Name: IMC Limited Partnership
Beneficiary Address: TD Centre, TD North Tower, 77 King St. W., Suite 4120, Toronto, ON
Bank Name: TD CANADA TRUST
Bank Address: 55 King Street West, Toronto, ON
Swift Code: TDOMCATTTOR

Bank #: 004
Transit #: 19922
Account #: 5278974

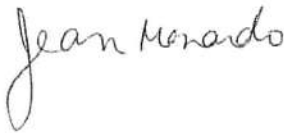
Credit Committee: The Lender confirms that the credit committee condition has been satisfied.

CMEC Condition: It is a condition of the advance of the Loan that (a) all existing indebtedness owing to and all claims made by China Machinery Engineering Corporation be fully and finally repaid, satisfied, released and discharged, except for the disputed amount of approximately \$23,000,000 (the "Disputed Amount"), which shall be paid into Court, and (b) that the existing receivership and related Court proceedings with respect to the Borrower or its affiliates and the properties municipally known as 250, 252 and 256 Phillip Street, Waterloo, Ontario be fully withdrawn and discontinued.

Schedule A: Schedule A shall be modified to confirm all amounts successfully received by the Borrower or any of its affiliates from the outcome of the litigation relating to the Disputed Amount shall be used to pay down the Credit Facility.

3. **Conditions Precedent.** Closing of the Loan remains subject to satisfaction of all conditions in the Commitment.
4. **Acceptance/Termination.** The Commitment shall automatically terminate upon the earlier of, (a) July 25, 2018 without acceptance by each Borrower Entity set out below and payment of the balance of the initial non-refundable transaction fee; and (b) if the Loan does not close on or before August 31, 2018.
5. **Counterparts/Facsimile Transmission.** This commitment amending letter may be executed in counterparts, and each such counterpart will be deemed to be an original and all of which together constitute one and the same document. Delivery of this commitment amending letter by any party may be made by facsimile or other electronic transmission to any other party, or their respective agents and will be valid and binding as if it is an originally signed document.

IMC LIMITED PARTNERSHIP, by its general partner,
INSTITUTIONAL MORTGAGE CAPITAL CANADA INC.



Per: _____
Jean Monardo

FSCO Licence No. 11975

ACCEPTED AND AGREED as of the 24th day of July, 2018.



YUE QING (JULIA) ZHANG

JD DEVELOPMENT GROUP LIMITED

Per:  _____
Yue Qing (Julia) Zhang, CEO

2284649 ONTARIO INC.

Per: 
Yue Qing (Julia) Zhang, CEO

256 PHILLIP STREET LIMITED PARTNERSHIP,
BY ITS GENERAL PARTNER, DEVELOPMENT PHILLIPS INC.

Per: 
Yue Qing (Julia) Zhang, CEO

DEVELOPMENT PHILLIPS INC.

Per: 
Yue Qing (Julia) Zhang, CEO

JD PROPERTY CANADA CORP.

Per: 
Yue Qing (Julia) Zhang, CEO

JD DEVELOPMENT ASSET MANAGEMENT LTD.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC KING STREET LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

CSC REGINA STREET LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

CSC C GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC M GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC LIMITED PARTNERSHIP, BY ITS GENERAL PARTNERS,
CSC M GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

CSC C GP INC.

Per: 
Yue Qing (Julia) Zhang, CEO

2404099 ONTARIO LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

REZ-ONE MANAGEMENT CORP.

Per: 
Yue Qing (Julia) Zhang, CEO

2406461 ONTARIO LIMITED

Per: 
Yue Qing (Julia) Zhang, CEO

**This is Exhibit "L" referred to in the affidavit
of YUEQING ZHANG, SWORN BEFORE ME
this 24th day of July 2018**

A handwritten signature in blue ink, appearing to read "K. Mahar", written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

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

CHINA MACHINERY ENGINEERING CORPORATION

Applicant

-and-

**2284649 ONTARIO INC., 2270613 LIMITED PARTNERSHIP
and 2270613 ONTARIO INC.**

Respondents

Application Under Section 101 of the *Courts of Justice Act*, R.S.O. 1990,
c.C.43, as amended, and Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, as amended

STATEMENT OF ISSUES OF THE RESPONDENTS

Overview

1. KSV Kofman Inc. in its capacity as Court-appointed receiver and manager of the Respondents (in such capacity, the “Receiver”) brought a motion, among other things, seeking the approval of a sale process as set out in the Receiver’s Report dated June 15, 2018 (the “Sale Process Motion”). The Motion was originally returnable on June 22, 2018 and the portion of the motion relating to the approval of the sale process was adjourned by Justice McEwen to July 5, 2018.
2. The Respondents, 2284649 Ontario Inc. (the “Debtor”), 2270613 Limited Partnership and 2270613 Ontario Inc. (collectively, the “Respondents”), upon receiving the Sale Process Motion, advised the Receiver that it may seek an Order lifting the stay of proceedings to allow the Debtor to repay the indebtedness (the “Indebtedness”) owing to China Machinery Engineering Corporation (“CMEC”) and redeem the Mortgage and Charge registered on June 10, 2017 as Instrument Number WR820800 in the maximum principal amount of U.S. \$61,380,000, as amended pursuant to an Amendment to

Mortgage and Charge dated May 27, 2015 and registered as instrument number WR885069 on June 5, 2015 and a second Amendment to Mortgage and Charge dated June 6, 2016 and registered as instrument number WR958443 on June 13, 2016 (collectively, the “Mortgage”).

3. As set out below, the Respondents requested the Receiver to consider changes to the Sale Process to preserve the ability of the Debtor to bring a motion to lift the stay of proceedings and redeem the Mortgage in the event it had financing in place prior to the conclusion of the sale process.
4. The Receiver and CMEC have taken the position that:
 - (a) The Debtor does not have the right to redeem the Mortgage; and
 - (b) In the event that the Debtor does have the right to redeem the Mortgage, the stay of proceedings should not be lifted to allow the Debtor to do so as the possibility of such a redemption would unduly interfere with the integrity of the sale process and chill the market for the Respondents’ assets.

Issues

5. The Respondents submit that the issues before this Honourable Court are as follows:
 - (a) Whether the Debtor has a right to repay the Indebtedness and redeem the Mortgage, subject to the stay of proceedings; and
 - (b) Whether the stay of proceedings should be lifted to allow for repayment and redemption.

Respondents’ Position

6. The Respondents submit that the repayment and redemption process that they contemplate should be permitted, as in the event that the Debtor elects to proceed with same it proposes to do so in a manner that would neither unduly interfere with the integrity of the sale process nor chill the market for the Respondents’ assets. Furthermore, the Debtor would proceed with the repayment and redemption process in a manner that would not expose the Receiver or CMEC to any unreasonable closing risk.

7. At the original motion date, the Respondents initially sought to extend the bid deadline under the Sale Process from September 19 to October 17, 2018 and to confirm that until bids are received by the Receiver that the Debtor could bring a motion to seek to lift the stay of proceedings to redeem the mortgage. The Respondents acknowledged then and continue to acknowledge that any right to redeem is subject to the stay of proceedings and that a motion to lift the stay of proceedings would need to be brought.
8. In light of the concerns expressed by the Receiver and CMEC at the original motion date, the Respondents have reconsidered their position on the Sale Process Motion to address same.
9. Specifically, the Debtor is no longer seeking the extension of the bid deadline. Further the Debtor is seeking confirmation that its efforts to repay the Indebtedness and redeem the Mortgage would be on the following terms:
 - (a) A motion to lift the stay of proceedings would be brought by the Debtor on or before July 27, 2018 (*i.e.*, prior to the date upon which the proposed sale process would be opened to the market) and, if not brought by this date, then the Debtor would be limited to participating as a bidder under the Sale Process;
 - (b) The Debtor's motion would be supported by materials which include a financing commitment letter; and
 - (c) Provided an order lifting the stay of proceedings is issued, the Debtor would immediately deliver a deposit in an amount sufficient to cover any costs "thrown away" in relation to the nascent sale process in the event that the financing under the commitment letter fails to close in accordance with its terms and the sale process has to then be undertaken by the Receiver. The amount of the deposit would be as agreed to by the parties or as set by the Court.
10. The Respondents are of the view that their position does not impact the integrity of the sale process.

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

Proceedings commenced at Toronto

**SUPPLEMENTAL AFFIDAVIT OF YUEQING ZHANG
(Sworn July 24, 2018)**

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M5H 3S1, Canada

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Lawyers for the Respondents, 2284649 Ontario Inc.,
2270613 Limited Partnership and 2270613 Ontario Inc.

CHINA MACHINERY and
ENGINEERING CORPORATION

2284649 ONTARIO INC., et al.

Applicant

Respondents

Court File No.: CV-18-591534-00CL

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

Proceedings commenced at Toronto

SUPPLEMENTARY MOTION RECORD

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2270613 Limited Partnership and 2270613 Ontario Inc.