

Court File No. CV-22-00685200-00CL

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

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

B E T W E E N:

PRICEWATERHOUSECOOPERS INC.

(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

and

**NORTHERN CITADEL CAPITAL INC., ONE8ONE DAVENPORT INC. and 181
DAVENPORT RETAIL INC.**

Respondents

RESPONDENTS' APPLICATION RECORD

October 13, 2022

HENEIN HUTCHISON LLP

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Tel: (416) 227-5570

Theo Ikonomou
t.ikonomou@hanafn.com

PPSA registrant with respect to 181 Davenport Retail Inc.

AND TO: LAX O'SULLIVAN LISUS GOTTLIEB LLP
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Toronto, ON M5H 1J8

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Lawyers for Mizrahi Inc. and 2495159 Ontario Inc.

AND TO: DEPARTMENT OF JUSTICE (CANADA)

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Diane Winters
diane.winters@justice.gc.ca

**AND TO: HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF ONTARIO
AS REPRESENTED BY THE MINISTER OF FINANCE
INSOLVENCY UNIT**

6th Floor, 33 King Street West
Oshawa, ON L1H 8H5

Tel: (905) 433-5657

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insolvency.unit@ontario.ca

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A	E-Mail from Graham Marr dated June 22, 2020
B	E-Mail from Phil Taylor dated June 30, 2020
C	E-Mail from David Sharpe dated June 9, 2020
D	E-Mail from Phil Rimer dated May 14, 2021
E	E-Mail from Graham Marr dated April 23, 2021

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B E T W E E N:

PRICEWATERHOUSECOOPERS INC.

(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

and

**NORTHERN CITADEL CAPITAL INC., ONE8ONE DAVENPORT INC. and 181
DAVENPORT RETAIL INC.**

Respondents

AFFIDAVIT OF SAM MIZRAHI

I, Sam Mizrahi, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I was previously a director and officer of the respondents, Northern Citadel Capital Inc. ("NCCI"), One8One Davenport Inc. ("**One8One**") and 181 Davenport Retail Inc. ("**181 Retail**"), and as such have knowledge of the matters contained in this affidavit.
2. I make this affidavit on behalf of 181 Retail. 181 Retail opposes the appointment of a receiver for two reasons. First, there is no indebtedness owing from 181 Retail to Bridging Finance Inc. ("**BFI**"). Second, pursuant to an agreement between BFI and 181 Retail, the security registered by BFI against 181 Retail should have been discharged prior to the appointment of PricewaterhouseCoopers Inc. ("**PwC**") as receiver over BFI on April 30, 2021.

3. NCCI and One8One do not oppose the appointment of a receiver, although they do object to the scope of the appointment order, in particular the investigative powers, sought by PwC. This is an issue that counsel will discuss in legal argument.

4. I have reviewed the affidavit of Tyler Ray, sworn August 8, 2022 (the “**Ray Affidavit**”), and Mr. Ray’s supplementary affidavit, sworn September 20, 2022 (the “**Supplementary Ray Affidavit**”). I will not address each and every assertion made by Mr. Ray. This affidavit is limited to 181 Retail and its response to this application. However, the fact that this affidavit does not respond to all of Mr. Ray’s assertions should not be taken to mean that I agree with the contents of his affidavits.

The BFI Loan to NCCI for the 181 Davenport Project

5. The circumstances giving rise to this application relate to a loan made by BFI in respect of a condominium project defined in the Ray Affidavit as the “**181 Davenport Project**”, which is a luxury residential condominium project in Toronto.

6. In 2012, Bridging Capital Inc. advanced approximately \$16 million to NCCI. The purpose of this loan was to finance the 181 Davenport Project. Construction of the project commenced in 2013 and continued for several years until initial occupancy in 2017. During this period, further advances were made by BFI to NCCI pursuant to a loan agreement dated December 17, 2014 (the “**Loan Agreement**”), and subsequent amending agreements dated February 24, 2015; March 11, 2015; April 10, 2015; November 27, 2015; and June 30, 2016. A copy of the Loan Agreement and these amendments are attached as Exhibits A–F, respectively, to the Supplementary Ray Affidavit.

7. Together, the amounts advanced totalled approximately \$25,000,000, exclusive of interest and costs (the “**Loan**”). Although the Loan was guaranteed by One8One and Mizrahi Soaring Developments Inc. (“**Soaring Developments**”), NCCI was the only Borrower as defined in the Loan Agreement. Soaring Developments amalgamated with One8One on January 1, 2015, and continued as One8One.

8. 181 Retail was not a party to the Loan Agreement or any of the amending agreements referred to at paragraph 6 above. 181 Retail was incorporated on October 13, 2015, for the sole purpose of holding title to a retail unit (defined and discussed further below) within the 181 Davenport property. 181 Retail has never owned any other assets, nor has it ever held any interest in the 181 Davenport Project, NCCI, or One8One.

The BFI Loans to 2495159 Ontario Inc. and 181 Retail for the One Bloor Project

9. In late 2016, I approached BFI to obtain financing for two purposes unrelated to the 181 Davenport Project:

- (a) improvements to a retail unit located at 181 Davenport Road to be used as a sales and presentation gallery (the “**One Bloor Gallery**”) for a development at 1 Bloor West in Toronto (the “**One Bloor Project**”); and
- (b) the purchase by 2495159 Ontario Inc. (“**249**”) of real property located at 14 Dundonald Street in Toronto (the “**Dundonald Property**”) to be dedicated to the City of Toronto as parklands as part of the One Bloor Project. 249 is a single purpose corporation created solely for the purpose of holding the Dundonald Property.

10. Originally, David Sharpe (BFI's CEO), Graham Marr (who held various posts at BFI over the years) and I discussed entering into a separate agreement for this new financing given that its purpose related to the One Bloor Project and not to the 181 Davenport Project. The framework for this new financing is set out in an email I sent to Mr. Marr on November 19, 2016, a copy of which is attached as Exhibit "R" to the Ray Affidavit.

11. Subsequent to this email, Mr. Sharpe and Mr. Marr told me that BFI preferred to provide this new financing by way of an amending agreement for the Loan Agreement. They believed it would be easier and faster to advance the requested funding pursuant to an amendment, rather than a new loan agreement. I deferred to their preference.

12. Consistent with this, on November 30, 2016, the parties entered into an amending agreement (the "**Bloor-Related Agreement**") pursuant to which BFI advanced \$6,556,500 (the "**Bloor-Related Financing**"), of which \$2,500,000 was used for improvements to the One Bloor Gallery; \$4,000,000 was used to purchase the Dundonald Property; and the remaining amount was used for legal fees.

13. 249 and Mizrahi Inc. were identified as Borrowers for the limited purpose of the Bloor-Related Financing. It was always intended that, upon repayment of the Bloor-Related Financing, 249 and Mizrahi Inc. would be released as Borrowers. A copy of the Bloor-Related Agreement is attached as Exhibit "G" to the Ray Supplementary Affidavit.

14. Pursuant to section 14 of the Bloor-Related Agreement, it was agreed that the Bloor-Related Financing would be secured against a variety of assets, including the One Bloor Gallery

owned by 181 Retail, the Dundonald Property, and the “Accounts” as defined in section 18 of the agreement (collectively, the “**Security**”). The purpose of the Security was not to secure the Loan, which was already guaranteed, but rather to secure the Bloor-Related Financing. The intention and understanding of the parties was that, upon repayment of the Bloor-Related Financing, the Security would be discharged, and Mizrahi Inc. and 249 would be released as Borrowers.

15. At the time of the Bloor-Related Agreement, 181 Retail did not own legal title to the One Bloor Gallery. It was party to an agreement of purchase and sale in respect of the One Bloor Gallery. KEB Hana Bank Canada (“**KEB Bank**”) advanced \$4.5 million to close the purchase of the One Bloor Gallery in exchange for a first priority *PPSA* registration and a first mortgage registration against the One Bloor Gallery.

16. The purchase and sale of the One Bloor Gallery did not close until 2018, at which time 181 Retail executed a general security agreement in favour of BFI. BFI subsequently registered a second mortgage and completed a second *PPSA* registration against the One Bloor Gallery, as shown in Exhibit “I” to the Ray Affidavit.

The \$1.44 Million Payment to BFI in June 2018

17. Mr. Ray correctly notes, at paragraph 21 of the Ray Affidavit, that there was a repayment of approximately \$1,445,280 million to BFI in June 2018, made from the Accounts (as defined in the Bloor-Related Agreement).

18. This payment was intended to be deducted from the balance of the Bloor-Related Financing. However, when it came time to repay the Bloor-Related Financing so that we could transfer the Dundonald Property to the City and discharge the One Bloor Gallery, Mr. Sharpe did

not want to deduct the \$1,445,280 from the Bloor-Related Financing. Instead, he suggested that this amount be credited to a separate transaction, already in contemplation, related to 180 Steeles Avenue West. I agreed to this, in part because we were under pressure to transfer the Dundonald Property and time was of the essence. At no time, though, was it ever intended by the parties that the Accounts would be used to secure the original Loan Agreement. It was always intended that the Security would be limited to the Bloor-Related Financing.

Repayment of the Bloor-Related Financing

19. By mid-2020, it was time for the One Bloor Project to transfer the Dundonald Property to the City of Toronto as dedicated parklands, free and clear of all encumbrances. As a result, the funds that had been advanced pursuant to the Bloor-Related Agreement needed to be repaid to BFI in order to obtain a discharge of the Security.

20. On July 9, 2020, the sum of \$10,062,593.99 (being the total amount of the Bloor-Related Financing plus accrued interest and fees) was repaid to BFI. It was understood that this repayment was a full repayment of the Bloor-Related Financing:

- (a) On June 22, 2020, Mr. Marr asked me by email if everything was “going according to plan with the payout”, i.e., the full repayment of the Bloor-Related Financing. I answered in the affirmative. A copy of these communications is attached to this affidavit as **Exhibit “A”**.
- (b) From March to June 2020, 249 and 181 Retail’s counsel, Harris Shaeffer LLP, communicated extensively with BFI’s counsel, Chaitons LLP, about the exact amount owed for the full repayment of the Bloor-Related Financing (taking into

account the daily interest owed on the sum). A copy of these communications is attached to this affidavit as **Exhibit "B"**.

- (c) On July 9, the date of the repayment, I wrote to Mr. Sharpe and Mr. Marr to advise that BFI "should be in funds today for both the [Dundonald Property] discharge and the [One Bloor Gallery]". In his response, Mr. Sharpe confirmed this concluded the transaction concerning the Bloor-Related Financing: "Let's get together soon and discuss our **next project** together." My emphasis. He reiterated this in a follow-up message: "look forward to our **next project**". Again, my emphasis. A copy of these communications is attached to this affidavit as **Exhibit "C"**.

21. Based on these communications and my discussions with Mr. Sharpe and Mr. Marr, it was understood by all that the \$10,062,593.99 repayment of the Bloor-Related Financing was for both the Dundonald Property and the One Bloor Gallery and that the repayment relieved 181 Retail, Mizrahi Inc. and 249 of their obligations arising from the Bloor-Related Agreement.

22. Simultaneous with this repayment, BFI discharged the Security over the Dundonald Property. BFI also removed Mizrahi Inc. and 249 as Borrowers pursuant to an amending agreement dated December 31, 2020. A copy of this amendment is attached as Exhibit "J" to the Supplementary Ray Affidavit. To the best of my knowledge, this amendment, like the Loan Agreement and all its other amendments, was approved by BFI's Credit Committee.

23. Due to an oversight, BFI left signature lines for both 181 Retail and Soaring Developments on the December 2020 agreement. This was likely the result of BFI creating the December 2020

amending agreement from an earlier amending agreement that contained those signature lines and failing to remove them in the December 2020 agreement.

24. In any event, I did not sign the December 2020 amending agreement for either of these entities because Soaring Developments no longer existed due to its 2015 amalgamation with One8One and 181 Retail was supposed to have been discharged in exchange for the repayment.

25. In fact, although I initially signed a version of the December 2020 amending agreement for 249 and 181 Retail, as shown at Exhibit "AA" to the Ray Affidavit, Mr. Marr told me that that version had the wrong date on it and he sent a revised version of the agreement, as shown at Exhibit "BB" to the Ray Affidavit. By that time, I realized that I had accidentally signed for 249 and 181 Retail. I explained to Mr. Sharpe and Mr. Graham that I would not be signing for 249 or 181 Retail for the reasons given above. Neither Mr. Sharpe nor Mr. Graham disputed my rationale. As a result, I left those signature lines blank.

Discharge for 181 Retail not Obtained due to Oversight

26. In summer 2020, there was urgency in obtaining the discharge in respect of the Dundonald Property due to significant time pressures imposed by the City of Toronto in connection with the transfer of the property as dedicated parklands. As a result, the parties and their lawyers were focussed on discharging the Security in respect of the Dundonald Property.

27. Overlooked, in this urgency, was the discharge for 181 Retail in respect of the One Bloor Gallery. This came to my attention on April 21, 2021, when a representative from KEB Bank, which held and still holds the first security over the One Bloor Gallery, sent me an email inquiry about the status of the charge registered in favour of BFI. I forwarded this inquiry to Mr. Marr on the

same day given that it was always the intention of the parties and their lawyers that the security in respect of the One Bloor Gallery would be discharged as part of the repayment of the Bloor-Related Financing.

28. Two days later, April 23, I contacted Mr. Sharpe and Mr. Marr about the discharge issue, and they both verbally confirmed that the registration against 181 Retail would be discharged.

29. Immediately after receiving this confirmation, I sent an email responding to KEB Bank's inquiry and stated: "There is no default with Bridging Finance Inc. I have spoken to Bridging Finance and they will be deleting the registered mortgage charge off title of the property next week." By "they", I was referring to Mr. Sharpe and Mr. Marr, and by "property", I was referring to the One Bloor Gallery. A copy of an email thread containing this email is attached as **Exhibit "D"**.

30. That same day, Mr. Marr sent an email to me in which he confirmed his intention to speak with "Phil", who is Phil Taylor at Chaitons, then counsel for BFI. A copy of this email is attached as **Exhibit "E"**. I understood from this that Mr. Marr would be instructing Mr. Taylor to discharge the security over the One Bloor Gallery.

31. Unfortunately, the registration against 181 Retail was not discharged prior to April 30, 2021, when PwC was appointed as receiver over BFI.

32. This was, in part, because Mr. Taylor had planned to effect the discharge on Friday, April 30, but he ultimately did not attend the office that day and instead went to the cottage for the

weekend with the intent of attending to the matter the following Monday, May 3. Unfortunately, in the intervening period, PwC was appointed as receiver over BFI.

33. In the wake of PwC's appointment, a tele-conference was convened between me, Mr. Taylor, and Phil Rimer of Dentons Canada LLP, who acts as counsel to various Mizrahi entities. During that tele-conference, Mr. Taylor:

- (a) confirmed that Mr. Marr had instructed him to discharge the registration against 181 Retail and that Mr. Marr had advised PwC of this fact;
- (b) said that the discharge of the registration against 181 Retail was in progress and that PwC was aware of this fact; and
- (c) explained that the delay in discharging the registration against 181 Retail was, in part, due to the closing of another transaction.

34. I have an audio recording of this tele-conference that can be made available upon request.

35. On May 4, just after PwC was appointed as receiver, I communicated by email with KEB Bank about BFI's failure to discharge the mortgage in time. I copied Mr. Taylor on this email. I wrote that BFI's counsel "were instructed by Bridging Finance approximately 10 days ago to remove the 2nd mortgage charge position off title, and their counsel copied here had drafted the mortgage discharge documents, etc to provide a copy of the discharge as well." Mr. Taylor did not dispute this. This email is contained in **Exhibit "D"**.

36. On May 11, I confirmed again that “we were in the process with Bridging’s counsel Philip Taylor copied here to have the registration deleted”. As indicated, Mr. Taylor was copied on this email. Again, Mr. Taylor did not dispute this. This is contained in **Exhibit “D”**.

37. On May 14, Mr. Rimer wrote to KEB Bank to confirm his understanding that the mortgage should have been discharged:

The loan relating to the 181 Davenport (1 Bloor Sales Gallery,) was to have been discharged. However the discharge was not completed as a consequence of the intervening Court appointment of PwC as Receiver of BFI. Indeed Chaitons LLP, BFI counsel, has confirmed to the undersigned (and had previously advised our client,) that the security was to have been discharged but same was not completed once PwC was appointed Receiver. We further understand that Mr. Mizrahi has had initial conversations with PwC to arrange for the discharge of the BFI security which we confirm remains subordinate to the security interest in favour of KEB Hana.

38. This email is contained in **Exhibit “D”**.

Security over 181 Retail Should be Discharged

39. At all material times, Mr. Sharpe and Mr. Marr repeatedly confirmed that 181 Retail would be discharged upon repayment of the Bloor-Related Financing, plus accrued interest and fees. There is no dispute that the Bloor-Related Financing was paid back in full. This should have resulted in the Security registered against 181 Retail being discharged fully, as it was with respect to 249.

40. I have since requested PWC to discharge 181 Retail. However, it has refused to do so notwithstanding that there is no indebtedness owed by 181 Retail to BFI. Instead, PWC seeks the

appointment of a receiver to 181 Retail's detriment and to the detriment of the secured first lender, KEB Bank.

41. I respectfully request this Honourable Court to direct PWC to discharge BFI's security registration over the One Bloor Gallery and to dismiss its application for the appointment of a receiver over 181 Retail.

The "Cerieco Claim"

42. Paragraphs 81–86 of the Ray Affidavit discuss a separate matter, referred to as the "Cerieco Claim", concerning a BFI investment fund's guarantee of an approximately \$213 million loan in respect of the One Bloor Project made by the plaintiff in that matter, Cerieco Canada Corp. The Ray Affidavit correctly states that Cerieco alleges that the BFI guarantor was improperly released from its guarantee and that Cerieco is challenging the validity of that release.

43. I am a defendant to the Cerieco Claim. The Bridging Receiver is not a party. No defences have been delivered yet because a motion to stay or dismiss the action is currently under reserve with Justice Kimmel. In the event I must deliver a defence, my defence may state that the release of the BFI guarantor is not effective because it was premised on the closing of a transaction wherein a holding company of mine would buy out the interest of my partner in the One Bloor Project, Jenny Coco (and family). (We each, respectively, through our holding companies own 50% of the Project.) That transaction has not closed, and Ms. Coco no longer appears interested in closing it.

SWORN remotely by Sam Mizrahi at the City of Toronto in the Province of Ontario before me on October 13, 2022 in accordance with O. Reg. 431/20, *Administering Oath or Declaration Remotely*.



David Postel
(LSO# 78102E)

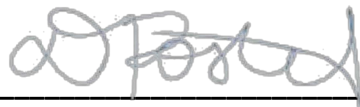
Commissioner for Taking Affidavits
(or as may be)



SAM MIZRAHI

B-1-64

**THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF SAM MIZRAHI
SWORN REMOTELY BEFORE ME ON OCTOBER 13, 2022**

A handwritten signature in blue ink, appearing to read 'D Postel', is written over a horizontal line.

David Postel (LSO# 78102E)

A Commissioner etc.

B-1-19

RE: Philip Chaiton 14 Dundonald

1 message

B-1-65

Graham Marr <GMarr@bridgingfinance.ca>
To: Sam Mizrahi <sam@mizrahidevelopments.ca>

Mon, Jun 22, 2020 at 9:10 PM

Thanks, Sam – and same to you

Graham Marr, CPA, CA, CFA

Senior Managing Director | **Bridging Finance Inc.**

77 King St W, Suite 2925 | Toronto | ON | M5K 1K7

T: (416) 777-1794 | C: (416) 906-0395

E: gmarr@bridgingfinance.ca

From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Sent: June 22, 2020 4:46 PM
To: Graham Marr <GMarr@bridgingfinance.ca>
Subject: Re: Philip Chaiton 14 Dundonald

Yes, thanks Graham.

Happy Belated fathers day by the way.



Sam Mizrahi
President

125 Hazelton Avenue
Toronto, Ontario M5R 2E4

T. 416.922.4200 ext.4210
C. 416.818.5288
F. 1.866.300.0219
E. Sam@MizrahiDevelopments.ca

www.MizrahiDevelopments.ca

On Jun 22, 2020, at 4:44 PM, Graham Marr <GMarr@bridgingfinance.ca> wrote:

Hi Sam, yes, will have it done for AM. Just circulating my update memo this evening and you should have it in hand by morning. Everything else going according to play with the payout?

B-1-20

Graham Marr, CPA, CA, CFA

Senior Managing Director | **Bridging Finance Inc.**

77 King St W, Suite 2925 | Toronto | ON | M5K 1K7

T: (416) 777-1794 | C: (416) 906-0395

E: gmarr@bridgingfinance.ca

B-1-66

From: Sam Mizrahi <sam@mizrahidevelopments.ca>

Sent: June 22, 2020 4:43 PM

To: Graham Marr <GMarr@bridgingfinance.ca>

Subject: Philip Chaiton 14 Dundonald

Hi Graham,

Just a friendly reminder to have Philip At Chaitons to send to Harris Sheaffer the revised updated discharge statement. Thanks.



Sam Mizrahi
President

125 Hazelton Avenue
Toronto, Ontario M5R 2E4

T. 416.922.4200 ext.4210

C. 416.818.5288

F. 1.866.300.0219

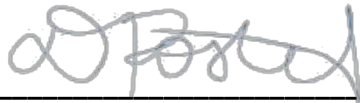
E. Sam@MizrahiDevelopments.ca

www.MizrahiDevelopments.ca

B-1-21

B-1-67

**THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF SAM MIZRAHI
SWORN REMOTELY BEFORE ME ON OCTOBER 13, 2022**

A handwritten signature in grey ink, appearing to read 'D Postel', is written over a horizontal line.

David Postel (LSO# 78102E)

A Commissioner etc.

B-1-22

From: Philip L. Taylor [mailto:Philip@chaitons.com]
Sent: June 30, 2020 12:26 PM
To: Melissa McKenzie; Jeffrey Silver
Cc: Denise Borzi; Jeffrey Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

I have confirmed with BFI that you can add another 2 days per diem if after 2pm today (as tomorrow is a holiday). So it would be \$10,039,552.37 CAD plus 7 days at \$3,291.66 for \$23,041.62 for a total of \$10,062,593.99 to BFI plus our legal fees. Please let us know once funds are wired.

Philip L. Taylor | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1125**

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>
Sent: Tuesday, June 30, 2020 11:58 AM
To: Philip L. Taylor <Philip@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Hi

Can you please provide an updated discharge amount as of today, together with the per diem amount.

Thanks.

From: Melissa McKenzie
Sent: June 30, 2020 10:10 AM
To: 'Philip L. Taylor'; Jeffrey Silver
Cc: Denise Borzi; Jeffrey Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

I will ask Jeff and get back to you.

From: Philip L. Taylor [<mailto:Philip@chaitons.com>]
Sent: June 30, 2020 7:15 AM
To: Melissa McKenzie; Jeffrey Silver
Cc: Denise Borzi; Jeffrey Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Further to my note below, please advise as to the status of this matter.

Philip L. Taylor | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1125

From: Philip L. Taylor <Philip@chaitons.com>
Sent: Monday, June 29, 2020 8:57 AM
To: Melissa McKenzie <mmckenzie@harris-sheaffer.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Please advise as to status and if you still anticipate funds being wired by 2pm today.
Thanks,

Philip L. Taylor | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1125

From: Philip L. Taylor <Philip@chaitons.com>
Sent: Friday, June 26, 2020 3:32 PM
To: Melissa McKenzie <mmckenzie@harris-sheaffer.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

No problem.

Pt

Philip L. Taylor | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1125

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>

Sent: Friday, June 26, 2020 3:31 PM

To: Philip L. Taylor <Philip@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>

Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>

Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Thanks

Sorry about that I forgot we had it ☺

From: Philip L. Taylor [<mailto:Philip@chaitons.com>]

Sent: June 26, 2020 3:30 PM

To: Melissa McKenzie; Jeffrey Silver

Cc: Denise Borzi; Jeffrey Silver

Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Graham Marr.

pt

Philip L. Taylor | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1125

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>

Sent: Friday, June 26, 2020 3:30 PM

To: Philip L. Taylor <Philip@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>

Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>

Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Sorry that is correct
My apologies
Who signed I can't read the signature

From: Philip L. Taylor [<mailto:Philip@chaitons.com>]
Sent: June 26, 2020 3:29 PM
To: Melissa McKenzie; Jeffrey Silver
Cc: Denise Borzi; Jeffrey Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Didn't you prepare it? It is not my form of A&D...

Philip L. Taylor | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1125**

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>
Sent: Friday, June 26, 2020 3:24 PM
To: Philip L. Taylor <Philip@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Thank you
Would you be able to message the discharge to me in Teraview and not sign until you have the funds?

From: Philip L. Taylor [<mailto:Philip@chaitons.com>]
Sent: June 26, 2020 3:16 PM
To: Melissa McKenzie; Jeffrey Silver
Cc: Denise Borzi; Jeffrey Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

I am not at my desk and will be slow to reply. See attached in escrow pending BFI confirming receipt of funds. As it is after 2, you need to add the per diem of \$3,291.66 (to be clear per day) until Monday. If it will be after 2 Monday, you need to contact us for further instructions. Our fees from Dec to date are \$1,350 plus HST for a total of \$1,525.50. Please let us know when the wires are done and we will follow-up with BFI so you can register.

Philip L. Taylor | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1125

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>
Sent: Friday, June 26, 2020 3:06 PM
To: Jeffrey Silver <jsilver@harris-sheaffer.com>; Philip L. Taylor <Philip@chaitons.com>
Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Can you please message me the Discharge in Teraview.
Upon receipt of the funds you can sign the Discharge.

Please confirm.

Thanks.

From: Melissa McKenzie
Sent: June 26, 2020 2:47 PM
To: Jeffrey Silver; Philip L. Taylor
Cc: Denise Borzi; Jeffery Silver
Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario
Importance: High

Sorry is the per diem per day from June 25 or do you mean it is included until Monday. We are hoping to do this today.

Do you have a signed copy of the Discharge.

Please get back to us ASAP as we want to start today.

We will advance the funds directly to Bridging non the understanding that you have the Discharge.

Please let us know your legal fees.

Thanks.

From: Jeffrey Silver
Sent: June 26, 2020 2:24 PM
To: Philip L. Taylor
Cc: Melissa McKenzie; Denise Borzi
Subject: Re: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Hi Phil

B-1-73

We have to try and coordinate the closing and pay out with you. Melissa who I am copying will also hopefully assist.

I have not been in contact with you directly on this but can you let me know if you have the executed discharge in hand. Thinking that if all goes as planned funds would be wired as per your message and we coordinate on the registration of the discharge.

I am remote and actually on the road now and will be in further contact with Melissa. Let me have any suggestions or comments.

Jeff

Sent from my iPhone

On Jun 24, 2020, at 8:56 PM, Philip L. Taylor <Philip@chaitons.com> wrote:

Assuming the payment is received tomorrow (June 25th) the payout will be \$10,039,552.37 CAD plus \$3,291.66 per diem from 2:00pm valid until Monday plus legal fees TBD. The BFI wire information is attached. Denise will forward our wire information. I can have the A&D by noon. What escrow arrangements are proposed?

Philip L. Taylor | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1125

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>

Sent: Monday, June 22, 2020 4:17 PM

To: Philip L. Taylor <Philip@chaitons.com>

Cc: Denise Borzi <Denise@chaitons.com>; Jeffrey Silver <jsilver@harris-sheaffer.com>

Subject: RE: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Hi

Can you please confirm the required amount as of today's date.

B-1-28

Hope you are both doing well.

Thanks so much.

From: Philip L. Taylor [<mailto:Philip@chaitons.com>]
Sent: April 2, 2020 3:31 PM
To: Melissa McKenzie
Cc: Melissa McKenzie; Denise Borzi
Subject: FW: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Melissa – the amount required for a discharge will be \$15,000,000. Please let us know the anticipated closing date.

Thanks,
Pt

Philip L. Taylor
Partner | Chaitons LLP | Tel: 416.218.1125

From: Denise Borzi <Denise@chaitons.com>
Sent: Wednesday, April 1, 2020 8:03 AM
To: Philip L. Taylor <Philip@chaitons.com>
Subject: FW: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Denise Borzi
Law Clerk/Assistant to Philip Taylor and Katharine Ho | Chaitons LLP | Tel: 416.218.1755

From: Melissa McKenzie <mmckenzie@harris-sheaffer.com>
Sent: Tuesday, March 31, 2020 4:21 PM
To: Denise Borzi <Denise@chaitons.com>
Cc: Jeffrey Silver <jsilver@harris-sheaffer.com>
Subject: BRIDGING FINANCE INC. loan to 2495159 Ontario Inc.-14 Dundonald Street, Toronto, Ontario

Hi Denise

We are the solicitors for 2495159 Ontario Inc. In this regard, our client is conveying the above-noted Property to the City of Toronto. A copy of the Transfer is enclosed for your records. In connection with the conveyance, the City requires a Discharge of your

clients Charge. In this regard, I am enclosing an Acknowledgement and Direction in connection with the Discharge to be signed and returned to us upon receipt of any amounts owing. Please provide us with your Discharge Statement for Discharge purposes. It can be currently dated.

We look forward to hearing from you.

Thanks.

<image001.jpg>

Melissa McKenzie

Law Clerk

Tel. (416) 250-2853

Email: mmckenzie@harris-sheaffer.com

Yonge Corporate Centre

4100 Yonge Street, Suite 610, Toronto, ON M2P 2B5

Tel.:(416) 250-5800

Fax:(416) 250-5300

www.harris-sheaffer.com

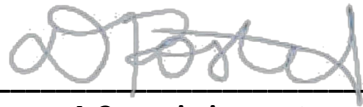
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<BIF CAD wire instructions.pdf>

**THIS IS EXHIBIT "C" TO THE AFFIDAVIT OF SAM MIZRAHI
SWORN REMOTELY BEFORE ME ON OCTOBER 13, 2022**

A handwritten signature in grey ink, appearing to read 'D Postel', is written over a horizontal line.

David Postel (LSO# 78102E)

A Commissioner etc.

11/17/21, 2:44 PM

Mizrahi Developments Mail - Re: Discharge

Re: Discharge

1 message

B-1-77

David Sharpe <dsharpe@bridgingfinance.ca>
To: Sam Mizrahi <sam@mizrahidevelopments.ca>
Cc: Graham Marr <GMarr@bridgingfinance.ca>

Thanks Sam, your friendship is so appreciated. All the very best to you and family and look forward to discussing our next project.

David

David Sharpe, LL.B., LL.M., MBA
Chief Executive Officer | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
C: (647) 981 5658
Web: www.bridgingfinance.ca
Canada's Premier Private Debt Provider

On Jul 9, 2020, at 5:34 PM, Sam Mizrahi <sam@mizrahidevelopments.ca> wrote:

My pleasure David, and thank you again for your friendship and continued support.

Amen! To our next project together. I will get this put together soon and look forward to getting together.

We are getting 181 Davenport PH closed as well shortly this month and getting you funds for that as well.

Wishing you and your family continued good health.



Building Futures.

Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5288
F: 1.866.300.0219
E: Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

On Jul 9, 2020, at 5:32 PM, David Sharpe <dsharpe@bridgingfinance.ca> wrote:

Thanks Sam! Let's get together soon and discuss our next project together.

David

David Sharpe, LL.B., LL.M., MBA
Chief Executive Officer | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
C: (647) 981 5658
Web: www.bridgingfinance.ca
Canada's Premier Private Debt Provider

On Jul 9, 2020, at 5:06 PM, Sam Mizrahi <sam@mizrahidevelopments.ca> wrote:

Good afternoon David and Graham,

Just wanted to let you know that two wires were sent to your account. You should be in funds today for both the 14 Dundonald discharge and the presentation gallery as well as for the per diem interest.

Thank you again and wishing you a great afternoon.



Building Futures.

Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5288
F: 1.866.300.0219
E: Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

On Jun 30, 2020, at 9:49 AM, David Sharpe <dsharpe@bridgingfinance.ca> wrote:

Thanks Sam, I greatly appreciate all of your efforts and friendship.

Please keep us updated,

David

David Sharpe, LL.B., LL.M., MBA
Chief Executive Officer | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
C: (647) 981 5658
Web: www.bridgingfinance.ca
Canada's Premier Private Debt Provider

On Jun 30, 2020, at 9:36 AM, Sam Mizrahi <sam@mizrahidevelopments.ca> wrote:

Good morning David, I am pushing this through as fast as possible and have navigated every obstacle that has been put in front of me. As you know, its been delayed this for months, as I would have this completed 30-45 days ago, if it was not for her delays and disruption. I have had to go to Arbitration with her

B-1-32

11/17/21, 2:44 PM

Mizrahi Developments Mail - Re: Discharge

and that took months and costs as well.

Thank you for your continued support and friendship.



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T. 416.922.4200 ext.4210
C. 416.818.5288
F. 1.866.300.0219
E. Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

B-1-78

On Jun 30, 2020, at 6:31 AM, David Sharpe <dsharpe@bridgingfinance.ca> wrote:

Sam, please make it this week. I know there are always challenges and we stepped up and support you and your business. Please try and push through these obs

Thank you,

David

David Sharpe, LLB, LL.M, MBA
Chief Executive Officer | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
C: (647) 981 5658
Web: www.bridgingfinance.ca
Canada's Premier Private Debt Provider

On Jun 29, 2020, at 10:00 PM, Sam Mizrahi <sam@mizrahidevelopments.ca> wrote:

I'm trying for this week. Worse case next week.

Sincerely,



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T. 416.922.4200 ext.4210
C. 416.818.5288
F. 1.866.300.0219
E. Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

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On Jun 29, 2020, at 9:03 PM, Graham Marr <GMarr@bridgingfinance.ca> wrote:

Thanks Sam

Is there a chance this falls to next week or can we make it happen this week?

Graham Marr, CPA, CA, CFA
Senior Managing Director | Bridging Finance Inc.
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
T: (416) 777-1794 | C: (416) 906-0395
E: gmarr@bridgingfinance.ca
www.bridgingfinance.ca
Canada's Premier Private Debt Provider

From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Sent: Monday, June 29, 2020 9:33:20 AM
To: Graham Marr <GMarr@bridgingfinance.ca>
Cc: David Sharpe <dsharpe@bridgingfinance.ca>
Subject: Re: Discharge

Will advise as soon as I receive confirmation from Altus and the bank. Altus has to release their report and Maria Jenny's person has held it up. I am working on it this week to get funds released now that Jenny signed the agreement late Friday afternoon which delayed everything as well.

Sincerely,



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T. 416.922.4200 ext.4210
C. 416.818.5288
F. 1.866.300.0219
E. Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

B-1-33

11/17/21, 2:44 PM

Mizrahi Developments Mail - Re: Discharge

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On Jun 29, 2020, at 8:41 AM, Graham Marr <GMarr@bridgingfinance.ca> wrote:

Hi Sam, hope you had a nice weekend. Just wanted to touch base on timing of when you expect funds to flow.

Thank you

Graham Marr, CPA, CA, CFA
Senior Managing Director | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
T: (416) 777-1794 | C: (416) 906-0395
E: gmarr@bridgingfinance.ca

From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Sent: June 25, 2020 6:38 PM
To: Graham Marr <GMarr@bridgingfinance.ca>
Cc: David Sharpe <dsharpe@bridgingfinance.ca>
Subject: Re: Discharge

Hi Graham and David,

Thank you for your email.

Our Counsel has received the discharge statement. Thank you again for your continued support of both me and my projects. It does not go unnoticed.

I am to obtain Jenny's signatures hopefully tomorrow as I am meeting with her at 2 PM and we will have funds flow next week.

Wishing you both continued good health and good fortune.



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: [416.922.4200 ext.4210](tel:4169224200)
C: [416.818.5288](tel:4168185288)
F: [1.866.300.0219](tel:18663000219)
E: Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

On Jun 25, 2020, at 4:52 PM, Graham Marr <GMarr@bridgingfinance.ca> wrote:

Sam, please let me know if your counsel hasn't received the discharge. I have approvals on my end and have asked Phil to send these to you.

Let me know, thanks

When are funds expected to flow?

Thank you

Graham Marr, CPA, CA, CFA
Senior Managing Director | **Bridging Finance Inc.**
77 King St W, Suite 2925 | Toronto | ON | M5K 1K7
T: (416) 777-1794 | C: (416) 906-0395
E: gmarr@bridgingfinance.ca
www.bridgingfinance.ca

Canada's Premier Private Debt Provider

B-1-34

B-1-80

**THIS IS EXHIBIT "D" TO THE AFFIDAVIT OF SAM MIZRAHI
SWORN REMOTELY BEFORE ME ON OCTOBER 13, 2022**

A handwritten signature in blue ink, appearing to read 'D Postel', is written over a horizontal line.

David Postel (LSO# 78102E)

A Commissioner etc.

B-1-35

From: "Rimer, Philip" <philip.rimer@dentons.com>
Date: Friday, May 14, 2021 at 1:54 PM
To: Young Choi <youngchoi@hanafn.com>
Cc: Remy Del Bel <remy@mizrahidevelopments.ca>, Jaekwon Lee <jaekwonlee@hanafn.com>, Terry Choi <terry.choi@hanafn.com>, Sam Mizrahi <sam@mizrahidevelopments.ca>
Subject: RE: Renewal Notice for 181 Davenport Retail Inc.

Gentlemen

We confirm we are solicitors for the Mizrahi entities.
We understand the following in respect of the status of loans extended by Bridging Finance Inc., ("BFI")

1. The loan relating to the Dundonald Property has in fact been repaid and the BFI security interest had been discharged
2. The loan relating to the 181 Davenport (1 Bloor Sales Gallery) was to have been discharged. However the discharge was not completed as a consequence of the intervening Court appointment of PwC as Receiver of BFI. Indeed Chaltons LLP, BFI counsel, has confirmed to the undersigned (and had previously advised our client,) that the security was to have been discharged but same was not completed once PwC was appointed Receiver. We further understand that Mr. Mizrahi has had initial conversations with PwC to arrange for the discharge of the BFI security which we confirm remains subordinate to the security interest in favour of KEB Hana.

Pleased to discuss further.

P



Philip Rimer
Partner

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D +1 613 783 9634 | M +1 613 614 3700
philip.rimer@dentons.com
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Dentons Canada LLP
99 Bank Street, Suite 1420 Ottawa, ON K1P 1H4 Canada

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From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Sent: Friday, May 14, 2021 11:24 AM
To: Young Choi <youngchoi@hanafn.com>; Rimer, Philip <philip.rimer@dentons.com>
Cc: Remy Del Bel <remy@mizrahidevelopments.ca>; Jaekwon Lee <jaekwonlee@hanafn.com>; Terry Choi <terry.choi@hanafn.com>
Subject: Re: Renewal Notice for 181 Davenport Retail Inc.

[WARNING: EXTERNAL SENDER]

Good morning Young,

Thank you for your email, I have copied my counsel on this email and we will get you a letter as soon as possible.

Thank you in advance.

Sincerely,

Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5288
F: 1.866.300.0212
E: Sam.Mizrahi@developments.ca
www.MizrahiDevelopments.ca

On May 14, 2021, at 11:19 AM, Young Choi <youngchoi@hanafn.com> wrote:

Hi Sam,

Further to our discussion over the phone yesterday, please be advised as follow:

1. The Bank would renew the mortgage loan to 181 Davenport Retail Inc. taking consideration of Bridging Finance Inc. situation
2. The letter from your counsel confirming the following shall be provided before the end of today:
 - a. The loan from the Bridging Finance Inc. is paid off and the 2nd charge on title will be removed
 - b. A copy of discharge on title shall be provided as soon as possible.

Thank you.

YOUNG CHOI
General Manager
<youngchoi.png> Bloor Branch, KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON M6G 1K8
T: 416.533.8593 Ext. 238

--- Original Message ---

From : "Sam Mizrahi" <sam@mizrahidevelopments.ca>
To : "Young Choi" <youngchoi@hanafn.com>, "Philip Rimer" <philip.rimer@dentons.com>
Cc : "Remy Del Bel" <remy@mizrahidevelopments.ca>, "Jaekwon Lee" <jaekwonlee@hanafn.com>, "Terry Choi" <terry.choi@hanafn.com>
Date : 2021/05/13 목요일 오후 10:52:01
Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Good morning Young,

I am copying in Phil Rimer on this email. Perhaps we can set up a conference call and discuss as we are working to having the registration removed by PWC who is now the receiver for Bridging. Bridging counsel was to have it removed prior to the issue that occurred with Bridging on April 30. You and my counsel is and was aware of this as everyone was emailed confirming same. Its unfortunate that Bridging's lawyer did not remove and delete the charge as quickly as possible as we would not have this issue right now, and as a result, we have spoken to PWC to next steps to having it removed. PWC was pre occupied last week as they just got into the receivership role to manage Bridging and they are getting up to speed on everything and the lawyer at Chaitons Phil Taylor who was deleting the charge for Bridging was also in touch with PWC and explained the situation.

I am working this as quickly as I can, but unfortunately we are dealing with the receiver PWC to get this now resolved.

Regardless, this does not impact the banks security on the asset or payments being made to the bank to service the loan. The issue is a registration behind the bank that should never have been registered and was being deleted by Bridging's Counsel when we all learned of this issue and we all got caught timing wise due to the unforeseen receivership of Bridging.

I am working it out with my counsel and PWC and will get back to you shortly. Perhaps we can obtain a temporary waiver in good faith of this default condition, while we are working with the receiver to have the charge discharged.

Thank you in advance.



Sam Mirzahi
President
125 Hazleton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5248
F: 416.309.0219
E: Sam@MirzahiDevelopments.ca
www.MirzahiDevelopments.ca

On May 13, 2021, at 9:28 AM, Young Choi <youngchoi@hanafn.com> wrote:

Hi Sam,

I just checked and found that you left me a voice message during a conference meeting yesterday.

Your loan is now 11 days overdue and, in the bank's usual business, no lawyers are involved at this stage. The Bank's lawyers will be appointed when the problem is not resolved and the Bank enters a legal recovery process. Therefore, if your lawyer has something to say, please tell the bank directly.

Thank you,

<youngchoi.png>
YOUNG CHOI
General Manager
Bloor Branch, KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON M6G 1K8
T: 416-533-8593 Ext. 238

--- Original Message ---

From : "Sam Mirzahi" <sam@mirzahidevelopments.ca>
To : "Young Choi" <youngchoi@hanafn.com>
Cc : "Remy Del Bel" <remy@mirzahidevelopments.ca>, "Jaekwon Lee" <jaekwonlee@hanafn.com>, "Terry Choi" <terry.choi@hanafn.com>, "Philip Rimer" <philip.rimer@dentons.com>
Date : 2021/05/13 목요일 오전 7:16:48
Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Dear Young,

Thank you for your email.

Kindly have your legal counsel reach out to my legal counsel (Philip Rimer) copied on this email, in order to resolve this matter as quickly as possible.

Thank you again for your continued support and wishing you a restful evening.

Sincerely,



Sam Mirzahi
President
125 Hazleton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5248
F: 416.309.0219
E: Sam@MirzahiDevelopments.ca
www.MirzahiDevelopments.ca

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On May 12, 2021, at 5:55 PM, Young Choi <youngchoi@hanafn.com> wrote:

Hi Sam,

As advised in the previous email, the term for your loan was expired on May 2, 2021 and the Bank would not be in a position to extend the maturity without confirming a discharge of the 2nd mortgage on title. I understand that there is an issue with the Bridging Finance Inc. and it might take a while to get this issue resolved. But most importantly, you should note that your loan defaulted and the Bank shall call the loan in principal.

I am trying to help and resolve the issue for you, but we are running out of time and cannot wait until all documents are provided. That's why I previously asked you to provide me 'Undertaking Letter' signed from your legal counsel. I will ask our legal counsel to contact you but, meanwhile, could you ask your legal counsel to confirm in writing that the bridging finance loan is fully paid off and they are working on the case to be discharged? It is already 10 days past due, so we need to act quickly.

Thank you.

Regards,

Young

<youngchoi.png>
YOUNG CHOI
General Manager
Bloor Branch, KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON M6G 1K8
T: 416-533-8593 Ext. 238

--- Original Message ---

From : "Sam Mizrahi" <sam@mizrahidevelopments.ca>
 To : "Young Choi" <youngchoi@hanafn.com>, "Philip Rimer" <philip.rimer@dentons.com>
 Cc : "Remy Del Bel" <remy@mizrahidevelopments.ca>, "Jaekwon Lee" <jaekwonlee@hanafn.com>, "Terry Choi" <terry.choi@hanafn.com>
 Date : 2021/05/13 목요일 오전 6:28:28
 Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Hi Young Choi

As you requested in your earlier email I instructed our project legal counsel to immediately investigate matters. They have since reported that they can address the issue but strongly suggest that they also correspond with KEB Hana's counsel as the issue has been complicated by the intervening receivership of Bridging Finance Inc.

They ask that I confirm with you who is KEB Hana's Canadian legal counsel. Are we correct in assuming its Faskens? I await your confirmation.

Sincerely,


Sam Mizrahi
 President
 125 Hazelton Avenue
 Toronto, Ontario M5R 2E4
 T: 416.922.4200 ext.4210
 C: 416.818.5288
 F: 1.866.300.0219
 E: Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

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On May 12, 2021, at 12:15 PM, Young Choi <youngchoi@hanafn.com> wrote:

Dear Mr. Sam Mizrahi,

I trust you are keeping well.

As previously advised, the term maturity for the mortgage loan to 181 Davenport Retail Inc. was on **May 2, 2021**.

While reviewing documents, we discovered that there is a 2nd charge mortgage loan registered on title, which violates covenant of the borrower:

<Section 6 under the Loan Agreement>
 (j) The borrower shall not without the lender's prior written consent;
 (3) create or permit or allow, including its subsidiaries, any mortgage, charge, lien or other security interest any or all of its assets unless simultaneously with the grant of that security interest provision is then made to secure amounts owing under this Agreement equally and ratably with the indebtedness to which that security interest relates.

This is considered as an event of default, so we discussed with you and requested 181 Davenport Retail Inc. to provide us a copy of discharge to resolve the issue. We have been waiting for the copy of Discharge for the past few weeks to resolve the issue before term maturity of your mortgage loan but it is 10 days past due now.

We received your email yesterday explaining what is going on with Bridging Finance Inc. but your legal counsel should have registered a discharge on title when the bridging finance loan was fully paid off in **July 2020**.

The failure to comply resulted in two problems as follow:

1. The mortgage loan to 181 Davenport Retail Inc. is 10 days past due now and the Bank would not be in a position to renew the mortgage loan without confirmation of discharge on title.
2. Furthermore, correct me if I am wrong but it is my understanding that the **IGIS Construction Financing** in the amount of **\$10,052,719.01** was released to pay out the bridging finance loan on July 9, 2020.

I strongly suggest your legal counsel to resolve the issue and send us a copy of discharge registered on title as soon as possible. Since we are running out of time, what I could suggest is to ask your legal counsel to send us a **written "undertaking letter" before the end of today**, confirming that the said loan was fully paid off and the charge on title will be deleted **before the end of May 2021**. I will see what I can do once I receive this undertaking letter signed by your legal counsel.

Regards,

Young Choi


YOUNG CHOI
 General Manager
 Bloor Branch, KEB Hana Bank Canada
 627 Bloor Street West, Toronto, ON M6G 1K8
 T: 416.533.8593 Ext. 238

--- Original Message ---

From : "Sam Mizrahi" <sam@mizrahidevelopments.ca>
 To : "Jaekwon Lee" <jaekwonlee@hanafn.com>
 Cc : "Philip Rimer" <philip.rimer@dentons.com>, "Philip Taylor" <Philip@chaitons.com>, "Remy Del Bel" <remy@mizrahidevelopments.ca>, "Young Choi" <youngchoi@hanafn.com>
 Date : 2021/05/11 화요일 오전 7:01:42
 Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Dear Jaekwon,

I trust you and the family are well.

I am not sure if you are aware as we just found out last week, of the issues now surrounding Bridging Finance Inc. and the current receivership with PWC.

<https://www.theglobeandmail.com/business/article-private-debt-manager-bridging-finance-placed-in-receivership-as-osc/>

We are now dealing with this unfortunate situation, as we were in the process with Bridging's counsel Philip Taylor copied here to have the registration deleted, as you were aware.

Please call me Jaekwon, at your earliest opportunity on my cell at 416-818-5288, so that I explain further our progress and understanding of this current PWC process that we spoke with recently.

Thank you in advance.


Sam Mizrahi
 President
 125 Hazelton Avenue
 Toronto, Ontario M5R 2E4
 T: 416.922.4200 ext.4210
 C: 416.818.5288
 F: 1.866.300.0219
 E: Sam@MizrahiDevelopments.ca



www.MirahDevelopments.ca

On May 10, 2021, at 2:31 PM, Jaekwon Lee <jaekwonlee@hanafn.com> wrote:

Dear Mr. Mizrahi,

Kindly give us the status update regarding the discharge of the 2nd mortgage by May 12, 2021, as the branch needs to report to the head office for the delay.

Your prompt response would be greatly appreciated.

Regards,

Jaekwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada

627 Bloor Street West, Toronto, ON, M6G 1K8

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--- Original Message ---

From : "Sam Mizrahi" <sam@mizrahidevelopments.ca>

To : "Jaekwon Lee" <jaekwonlee@hanafn.com>, "Philip Rimer" <philip.rimer@dentons.com>, "Philip Taylor" <Philip@challons.com>

Cc : "Remy Del Bel" <remy@mizrahidevelopments.ca>, "Young Choi" <youngchoi@hanafn.com>

Date : 2021/05/04 화요일 오전 1:18:00

Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Good afternoon Jaekwon,

Thank you for your email.

I am copying in my counsel as well as Bridging Finance Inc counsel on this email and matter, as they were instructed by Bridging Finance approximately 10 days ago to remove the 2nd mortgage charge position off title, and their counsel copied here had drafted the mortgage discharge documents, etc to provide a copy of the discharge as well.

Remy, will provide the revised insurance certificate with the 2nd loss payee removed, as requested.

Thank you in advance and wishing everyone a great day.

Sincerely,



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5288
F: 416.630.0243
E: Sam@MirahDevelopments.ca
www.MirahDevelopments.ca

On May 3, 2021, at 11:58 AM, Jaekwon Lee <jaekwonlee@hanafn.com> wrote:

Dear Mr. Mizrahi,

Please be reminded that your loan has matured as of today.

The renewal is on hold at the moment due to the 2nd charge registration.

Please let me know when the following documents can be provided:

- Discharge of 2nd charge registration
- Revised insurance certificate with 2nd loss payee removed

Your prompt response will be greatly appreciated.

Regards,

Jaekwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada

627 Bloor Street West, Toronto, ON, M6G 1K8

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--- Original Message ---

From : "Sam Mizrahi" <sam@mizrahidevelopments.ca>

To : "Jaekwon Lee" <jaekwonlee@hanafn.com>

Cc : "Remy Del Bel" <remy@mizrahidevelopments.ca>, "Young Choi" <youngchoi@hanafn.com>

Date : 2021/04/24 토요일 오전 12:28:58

Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Yes, of course, we will take care of this next week, as per your request.

Thank you.



Sam Mizrahi
President
125 Hazelton Avenue
Toronto, Ontario M5R 2E4
T: 416.922.4200 ext.4210
C: 416.818.5288
F: 416.630.0243
E: Sam@MirahDevelopments.ca
www.MirahDevelopments.ca

On Apr 23, 2021, at 11:21 AM, Jaekwon Lee <jaekwonlee@hanafn.com> wrote:

Dear Mr. Mizrahi,

Thank you very much for your prompt response.

Can you forward the title search result upon the discharge of the 2nd registration as well as the revised insurance certificate with 2nd loss payee removed?

The underwriter needs to confirm this before processing the renewal. Thank you.

Hoping that all is well with your family,

Regard,

Jackwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON, M6G 1K8
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--- Original Message ---
From : 'Sam Mizrahi' <sam@mizrahidevelopments.ca>
To : 'Jaekwon Lee' <jaekwonlee@hanafn.com>
Cc : 'Remy Del Bel' <remy@mizrahidevelopments.ca>, 'Young Choi' <youngchoi@hanafn.com>
Date : 2021/04/23 금요일 오후 11:32:29
Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Good morning Jackwon,

Thank you for your email. I trust you and your family are well.

There is no default with Bridging Finance Inc.

I have spoken to Bridging Finance and they will be deleting the registered mortgage charge off title of the property next week.

Thank you again and wishing you and your families continued good health and a restful weekend.

Sincerely,



Sam Mizrahi
President
125 Hazen Avenue
Toronto, Ontario M5R 2E4
T: 416.977.2500 ext.4210
C: 416.518.5205
F: 1.866.300.0219
E: Sam@MizrahiDevelopments.ca
www.MizrahiDevelopments.ca

On Apr 21, 2021, at 3:27 PM, Jackwon Lee <jaekwonlee@hanafn.com> wrote:

Dear Mr. Mizrahi,

It appears that the 2nd charge of \$12M against the subject property is registered in favor of Bridging Finance Inc..

Your legal council at the time of disbursal mentioned that the subject charge would remain unregistered and would be registered only in the event of an act of default.

I found a wiring instruction to pay off a loan owed to 'Bridging Finance Inc.' dated June 2020. Please confirm if this should have cleared the 2nd charge registration. If so, please have the 2nd charge to be discharged immediately and contact your insurance broker to remove the second mortgagee from loss payee.

If not, please provide the details of 'Event of Default' which led to the registration of the 2nd charge against the subject property and the plan to cure the default. So, the branch can further discuss the matter with the Credit Department in relation to the renewal of the mortgage loan.

I have attached relevant documents related to the above. Please let me know if you have any question.

Your prompt response will be greatly appreciated.

Regards,

Jackwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON, M6G 1K8
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--- Original Message ---
From : 'Jaekwon Lee' <jaekwonlee@hanafn.com>
To : 'Sam Mizrahi' <sam@mizrahidevelopments.ca>
Cc : 'Remy Del Bel' <remy@mizrahidevelopments.ca>
Date : 2021/03/09 화요일 오전 6:23:06
Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Dear Mr. Mizrahi,

Attached please find renewal notice for the commercial loan to 181 Davenport Retail Inc. maturing on Mar. 2, 2021.

Please provide the required documents by Apr. 8, 2021 for timely renewal.

Kindly let us know if you have any question about our renewal process. Thank you.

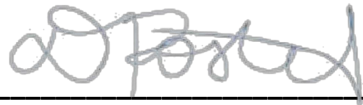
Regards,

Jackwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON, M6G 1K8
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<youngchoi.png> <youngchoi.png>
<youngchoi.png><youngchoi.png>

B-1-87

**THIS IS EXHIBIT "E" TO THE AFFIDAVIT OF SAM MIZRAHI
SWORN REMOTELY BEFORE ME ON OCTOBER 13, 2022**

A handwritten signature in black ink, appearing to read "David Postel", written over a horizontal line.

David Postel (LSO# 78102E)

A Commissioner etc.

B-1-42

RE: Renewal Notice for 181 Davenport Retail Inc.

1 message

B-1-88

Graham Marr <GMarr@bridgingfinance.ca>
To: Sam Mizrahi <sam@mizrahidevelopments.ca>

Fri, Apr 23, 2021 at 10:39 AM

Thanks Sam, I am speaking to Phil on Monday and will be back to you

Graham Marr, CPA, CA, CFA

President | **Bridging Finance Inc.**

77 King St W, Suite 2925 | Toronto | ON | M5K 1K7

T: (416) 777-1794 | C: (416) 906-0395

E: gmarr@bridgingfinance.ca

From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Sent: April 23, 2021 10:33 AM
To: Graham Marr <GMarr@bridgingfinance.ca>
Subject: Fwd: Renewal Notice for 181 Davenport Retail Inc.

FYI



Sam Mizrahi
President

125 Hazelton Avenue
Toronto, Ontario M5R 2E4

T. 416.922.4200 ext.4210
C. 416.818.5288
F. 1.866.300.0219
E. **Sam@MizrahiDevelopments.ca**

www.MizrahiDevelopments.ca

Begin forwarded message:

From: Sam Mizrahi <sam@mizrahidevelopments.ca>
Subject: Re: Renewal Notice for 181 Davenport Retail Inc.
Date: April 23, 2021 at 10:32:29 AM EDT
To: Jaekwon Lee <jaekwonlee@hanafn.com>

B-1-43

11/10/21, 1:33 PM

Mizrahi Developments Mail - RE: Renewal Notice for 181 Davenport Retail Inc.

Cc: Remy Del Bel <remy@mizrahidevelopments.ca>, Young Choi <youngchoi@hanafn.com>

B-1-89

Good morning Jaekwon,

Thank you for your email. I trust you and your family are well.

There is no default with Bridging Finance Inc.

I have spoken to Bridging Finance and they will be deleting the registered mortgage charge off title of the property next week.

Thank you again and wishing you and your families continued good health and a restful weekend.

Sincerely,



Sam Mizrahi
President

125 Hazelton Avenue
Toronto, Ontario M5R 2E4

T. [416.922.4200](tel:416.922.4200) ext.4210
C. [416.818.5288](tel:416.818.5288)
F. [1.866.300.0219](tel:1.866.300.0219)
E. Sam@MizrahiDevelopments.ca

www.MizrahiDevelopments.ca

On Apr 21, 2021, at 3:27 PM, Jaekwon Lee <jaekwonlee@hanafn.com> wrote:

Dear Mr. Mizrahi,

It appears that the 2nd charge of \$12M against the subject property is registered in favor of Bridging Finance Inc..

Your legal council at the time of disbursal metioned that the subject charge would remain unregistered and would be registered only in the event of an act of default.

I found a wiring instruction to pay off a loan owed to 'Bridging Finance Inc.' dated June 2020. Please confirm if this should have cleared the 2nd charge registration. If so, please have the 2nd charge to be discharged immediately and contact your insurance

B-1-44

broker to remove the second mortgagee from loss payee.

B-1-90

If not, please provide the details of 'Event of Default' which led to the registration of the 2nd charge against the subject property and the plan to cure the default. So, the branch can further discuss the matter with the Credit Department in relation to the renewal of the mortgage loan.

I have attached relevant documents related to the above. Please let me know if you have any question.

Your prompt response will be greatly appreciated.

Regards,

Jaekwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
[627 Bloor Street West, Toronto, ON, M6G 1K8](#)

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--- Original Message ---

From : "Jaekwon Lee" <jaekwonlee@hanafn.com>
To : "Sam Mizrahi" <sam@mizrahidevelopments.ca>
Cc : "Remy Del Bel" <remy@mizrahidevelopments.ca>
Date : 2021/03/09 화요일 오전 6:23:06
Subject : Re: Renewal Notice for 181 Davenport Retail Inc.

Dear Mr. Mizrahi,

Attached please find renewal notice for the commercial loan to 181 Davenport Retail Inc. maturing on Mar. 2, 2021.

Please provide the required documents by Apr. 8, 2021 for timely renewal.

B-1-45

Kindly let us know if you have any question about our renewal process. Thank you.

B-1-91

Regards,

Jaekwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
[627 Bloor Street West, Toronto, ON, M6G 1K8](#)

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--- Original Message ---

From : "Jaekwon Lee" <jaekwonlee@hanafn.com>
To : "Remy Del Bel" <remy@mizrahidevelopments.ca>
Cc : "Choi-SiYoung" <youngchoi@hanafn.com>, "Sam Mizrahi" <sam@mizrahidevelopments.ca>
Date : 2021/02/24 수요일 오전 12:25:13
Subject : Re: Fwd: 181 Davenport Retail Mortgage

Hello, Remy,

Please find the attached the repayment history up to now.

Kindly let me know if you have any other question.

Regards,

Jaekwon (Thomas) Lee
Manager, Bloor Branch
T: 416.533.8593 (222)
F: 416.537.2600
KEB Hana Bank Canada
[627 Bloor Street West, Toronto, ON, M6G 1K8](#)

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B-1-46

strictly prohibited. If you have received this communication in error, please notify us immediately by telephone or e-mail and delete the original without making a copy. Thank you.

B-1-92

--- Original Message ---

From : "Young Choi"<youngchoi@hanafn.com>
To : "Lee-JaeKwon"<jaekwonlee@hanafn.com>
Date : 2021/02/23 화요일 오전 3:37:30
Subject : Fwd: 181 Davenport Retail Mortgage

<youngchoi.png> **YOUNG CHOI**
General Manager
Bloor Branch, KEB Hana Bank Canada
627 Bloor Street West, Toronto, ON M6G 1K8
T. 416.533.8593 Ext. 238

--- Original Message ---

From : "Remy Del Bel"<remy@mizrahidevelopments.ca>
To : "Choi-SiYoung"<youngchoi@hanafn.com>
Cc : "Sam Mizrahi"<sam@mizrahidevelopments.ca>
Date : 2021/02/23 화요일 오전 3:30:21
Subject : 181 Davenport Retail Mortgage

Hi,

Can you send me statement for our Mortgage, and similar statements to the attached, for the activity in 2020?

As the last amort schedule I have, does not account for Prime Rate Reduction.

Much appreciated

Best regards,
Remy

B-1-47

11/10/21, 1:33 PM

Mizrahi Developments Mail - RE: Renewal Notice for 181 Davenport Retail Inc.

Remy Del Bel

Vice President

[125 Hazelton Avenue](#)

Toronto, Ontario M5R 2E4

T. 416.922.4200 ext.4260 <<tel:4169224200>>

C. 416.951.6225 <<tel:4169516225>>

F. 1.866.300.0219 <<tel:18663000219>>

E. Remy@MizrahiDevelopments.ca <<mailto:remy@mizrahidevelopments.ca>>

www.MizrahiDevelopments.ca <[applewebdata://BB9003FA-A78E-4D30-B217-](applewebdata://BB9003FA-A78E-4D30-B217-9A84ABEC51CF/www.mizrahidevelopments.ca)

[9A84ABEC51CF/www.mizrahidevelopments.ca](http://www.mizrahidevelopments.ca)>

B-1-93

<youngchoi.png><title search (181 davenport retail inc.).pdf><Legal Opinion (2nd mortgage for Bridging Finance Inc.).pdf><Fund Advance (Bridging Finance Inc.).pdf><181 Dav Retail - Insurance Policy - Jan 9 2021.pdf>

B-1-48

WATERHOUSECOOPERS INC
t

-and-

NORTHERN CITADEL CAPITAL INC
B-1

Court File No. CV-22-00685200

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

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF SAM MIZRAHI

HENEIN HUTCHISON LLP

235 King Street East, First Floor
Toronto, Ontario M5A 1J9
Tel: (416) 368-5000
Fax: (416) 368-6640

Scott C. Hutchison (LSO: 29912J)
shutchison@hhllp.ca

Ewa Krajewska (LSO: 57704D)
ekrajewska@hhllp.ca

David Postel (LSO: 78102E)
dpostel@hhllp.ca

Lawyers for the Respondents

WATERHOUSECOOPERS INC
t

-and-

NORTHERN CITADEL CAPITAL INC
B-1
Sp1

Court File No. CV-22-0068520

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

PROCEEDING COMMENCED AT TORONTO

RESPONDENTS' APPLICATION RECORD

HENEIN HUTCHISON LLP

235 King Street East, First Floor
Toronto, Ontario M5A 1J9

Tel: (416) 368-5000

Scott C. Hutchison (LSO: 29912J)
shutchison@hhllp.ca

Ewa Krajewska (LSO: 57704D)
ekrajewska@hhllp.ca

David Postel (LSO: 78102E)
dpostel@hhllp.ca

Lawyers for the Respondents