

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**B E T W E E N:**

**VOLKAN BASEGMEZ, CEM BLEDA BASEGMEZ, ANIL RUKAN BASEGMEZ,  
BA&B CAPITAL INC., SERDAR KOCTURK and KAAH HOLDINGS INC.**

Applicants

- and -

**ALI AKMAN, SAMM CAPITAL HOLDINGS INC. and TARN FINANCIAL CORPORATION**

Respondents

**APPLICATION UNDER Sections 207 and 248 of the *Business Corporations Act*, R.S.O. 1990, c. B. 16**

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**MOTION RECORD  
(Returnable 6 November 2018)**

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Date: 26 October 2018

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**TAB 1**

Court File No.: CV-17-11697-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**B E T W E E N:**

**VOLKAN BASEGMEZ, CEM BLEDA BASEGMEZ, ANIL RUKAN BASEGMEZ,  
BA&B CAPITAL INC., SERDAR KOCTURK and KAAH HOLDINGS INC.**

Applicants

- and -

**ALI AKMAN, SAMM CAPITAL HOLDINGS INC. and TARN FINANCIAL CORPORATION**

Respondents

**APPLICATION UNDER Sections 207 and 248 of the *Business Corporations Act*, R.S.O. 1990, c. B. 16**

**NOTICE OF MOTION**

**THE APPLICANTS** will make a motion to the Court on Tuesday, 6 November, 2018, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order declaring void and setting aside *ab initio* the creation of Class B voting shares of Tarn Financial Corporation ("**Tarn Financial**") and the issuance of those shares to Ali Akman; and
2. An Order declaring void and setting aside the loan, guarantee security and other agreements Akman caused Tarn Financial to enter into to secure the claims of SAMM Capital Holdings

Inc. ("SAMM"), Akman or any party with whom Akman does not deal at arm's length against Tarn Financial;

3. Costs of this Motion on a substantial indemnity basis, plus all application taxes; and
4. Such further and other relief as this Honourable Court may deem just and equitable.

**THE GROUNDS FOR THE MOTION ARE:**

1. The Applicant's commenced these proceedings under s. 248 of the *Business Corporations Act*, RSO 1990, c B.16 seeking relief in connection with the manner in which Akman was conducting the business of Tarn Financial and exercising his powers as a director of the company.
2. The Applicants are shareholders and unsecured creditors of Tarn Financial. Akman is also a shareholder and was intended to be an unsecured creditor of Tarn Financial. The intent of the parties was that the Applicants would, together, have voting control Tarn Financial.
3. The Application was based, *inter alia*, on: (a) the creation by Akman of new Class B voting shares and the issuance of those shares to himself to give himself voting control of Tarn Financial; and (b) Akman causing Tarn Financial to enter into self-dealing transactions.
4. The Application was granted pursuant to a decision of the Superior Court released on 15 September 2017 and an Order was made winding-up Tarn Financial.
5. Akman was found to have exercised his powers and conducted the business of Tarn Financial in an oppressive manner and disregarding the interest of the other shareholders in: (a) purporting to create a new Class B class of voting shares and issuing those shares to himself; and (b) entering into various self-dealing transactions. Akman's actions in this regard were found to have defeated the reasonable expectations of the Applicants. The Applicants were found to have a reasonable expectation that, *inter alia*: (a) the capital



structure of Tarn Financial would not be altered without their consent; and (b) Akman would not enter into self-dealing transactions without their knowledge and consent.

6. Akman appealed the Superior Court's decision to the Divisional Court. Akman did not appeal the finding that he had acted in an oppressive manner or that he had disregarded the Applicants' reasonable expectations, but only the remedy granted by the Superior Court. The Divisional Court dismissed Akman's appeal pursuant to a decision released on 6 February 2018.
7. Subsequent to the commencement of these proceedings – on the very eve of the Superior Court releasing its decision and during a period that Akman had requested the Superior Court reserve its decision while the parties attempted to negotiate a resolution – Akman caused Tarn Financial to enter into various agreements intended to secure obligations purported to be owing to SAMM as against the property of Tarn Financial, and perhaps Akman and/or other persons who do not deal with Akman at arm's length (the "**Self-dealing Security**").
8. Self-dealing Security was granted with the knowledge or consent of the Applicants and was not addressed by the Superior Court because the Applicants were not aware of it at the time the matter was argued before the Superior Court. Akman did not disclose the Self-dealing Security to the Applicants or the Court.
9. The Class B voting shares are prejudicing the economic interests of Tarn Financial and the Applicants.
10. Akman is relying on the Self-dealing Security to assert secured claims against Tarn Financial.
11. Grounds set forth in the Affidavit of Fiorella Sasso sworn 18 October 2018.
12. *Business Corporations Act*, R.S.O.1990, c B.16, including ss. 132, 134248.

13. Such further and other grounds as counsel may advise and this Honourable Court may accept.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Application:

1. The Affidavit of Fiorella Sasso sworn 18 October 2018; and
2. Such evidence as this Honourable Court may permit.

Date: 26 October 2018

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Lawyers for the Applicants

<p style="text-align: center;">Court File No.: CV-17-11697-0000</p> <p><b>BETWEEN:</b></p> <p><b>VOLKAN BASEGMEZ, CEM BLEDA, et al</b> Applicants</p> <p style="text-align: center;"><b>v.</b></p> <p><b>ALI AKMAN, SAMM CAPITAL HOLDINGS INC., et al</b> Respondents</p>	<p style="text-align: center;"><b>ONTARIO</b></p> <p style="text-align: center;"><b>SUPERIOR COURT OF JUSTICE</b> (COMMERCIAL LIST)</p> <p style="text-align: center;">(PROCEEDING COMMENCED AT TORONTO)</p> <hr/> <p style="text-align: center;"><b>NOTICE OF MOTION</b></p> <p><b>GOWLING WLG (CANADA) LLP</b> Barristers &amp; Solicitors 1 First Canadian Place, Suite 1600 100 King Street West Toronto, ON M5X 1G5</p> <p><b>E. PATRICK SHEA (LSUC No. 39655K)</b> Tel: (416) 369-7399 Fax: (416) 862-7661</p> <p><b>CHRISTOPHER STANEK (LSUC No.45127K)</b> Tel: (416) 862-4369 Fax: (416) 862-7661 Solicitors for the Applicants</p>
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**TAB 2**

Court File No.: CV-17-11697-0000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**VOLKAN BASEGMEZ, CEM BLEDA BASEGMEZ, ANIL RUKAN BASEGMEZ,  
BA&B CAPITAL INC., SERDAR KOCTURK and KAAN HOLDINGS INC.**

Applicants

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Respondents

**APPLICATION UNDER Sections 207 and 248 of the *Business Corporations Act*, R.S.O. 1990, c. B. 16**

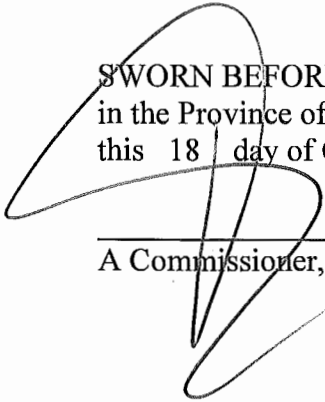
**AFFIDAVIT OF FIORELLA SASSO  
(sworn 18 October 2018)**

I, **FIORELLA SASSO**, Legal Assistant, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY THAT:**

1. I am a legal assistant within the law firm of Gowling WLG (Canada) LLP, ("**Gowling WLG**"). Gowling WLG is counsel to the Applicants and as such have personal knowledge of the matters herein deposed save and expect where I refer to information provided to me by others in which case(s) I identify the source of that information and verily believe it to be true.
2. Attached as **Exhibit "A"** is a true copy of the Decision of the Superior Court dated 15 August 2017.
3. Attached as **Exhibit "B"** is a true copy of the Decision of the Divisional Court dated 6 February 2018.

- 4. Attached as **Exhibit "C"** are true copies of the documents creating security interest over Tarn Financial in favour of entities that I am advised by Patrick Shea and verily believe are related to Ali Ackman.
  
- 5. Attached as **Exhibit "D"** are the (4) Proofs of Claim filed against Tarn Financial.

SWORN BEFORE ME at the City of Toronto  
in the Province of Ontario  
this 18 day of October, 2018

  
\_\_\_\_\_  
A Commissioner, etc.

)  
)  
)   
)  
) **FIGRELLA SASSO**  
)

**TAB A**

**THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF  
FIORELLA SASSO, SWORN BEFORE ME ON  
OCTOBER 18, 2018**

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**A COMMISSIONER FOR TAKING OATHS**



CITATION: Basegmez v. Akman, 2017 ONSC 5370  
COURT FILE NO.: CV-17-11697-000  
DATE: 20170915

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

2017 ONSC 5370 (CanLII)

<b>BETWEEN:</b>	)	
	)	
VOLKAN BASEGMEZ, CEM BLEDA	)	<i>E. Patrick Shea and Christopher Stanek, for</i>
BASEGMEZ, ANIL RUKAN	)	<i>the Applicants</i>
BASEGMEZ, BA&B CAPITAL INC.,	)	
SERDAR KOCTURK and KAAN	)	
HOLDINGS INC.	)	
	)	
Applicants	)	
	)	
<b>- and -</b>	)	
	)	
ALI AKMAN, SAMM CAPITAL	)	<i>Bobby H. Sachdeva and Monty Dhaliwal, for</i>
HOLDINGS INC. and TARN FINANCIAL	)	<i>the Respondents, Ali Akman and SAMM</i>
CORPORATION	)	<i>Capital Holdings Inc.</i>
	)	
Respondents	)	
	)	
	)	
	)	<b>HEARD:</b> August 11, 2017

**LEDERMAN J.**

**NATURE OF APPLICATION**

[1] This is an application by Volkan Basegmez (“Volkan”), Cem Bleda Basegmex (“Bleda”), Anil Rukan Basegmez (“Anil” and collectively, the “Basegmez Family”), BA&B Capital Inc. (“BA&B”), Serdar Kocturk (“Serdar”) and Kaan Holdings Inc. (“KAAN”) seeking an Order winding up Tarn Financial Corporation (“Tarn Financial”) and appointing KPMG LLP as liquidator for that purpose. The application is opposed by Ali Akman (“Akman”) and SAMM Capital Holdings Inc. (“SAMM”).

[2] The applicants allege that there has been a fundamental and complete breakdown of trust in the relationship among the shareholders/partners of Tarn Financial arising from the alleged breach by Akman of his duties owing to Serdar and Tarn Financial and his commitment to the Basegmez Family that justifies the appointment of a liquidator and the winding up of Tarn Financial.

### **BACKGROUND FACTS**

[3] Tarn Financial is an “incorporated partnership” among the Basegmez Family, Serdar and Akman. The company owns: (a) the Delta Hotel Toronto East in Mississauga, Ontario (the “Delta Hotel”); and (b) certain lands adjacent to the Delta Hotel on which a condominium project is planned (the “Development Lands”). Tarn Financial also owns all of the shares of Tarn Construction Corporation (“Tarn Construction”). Tarn Construction is involved in developing the Development Lands.

[4] Tarn Financial was incorporated by Akman under the Ontario *Business Corporations Act* (the “OBCA”) in or about July of 2014.

[5] The individual applicants and respondent come from the Republic of Turkey and that is how they came to know each other and agree to participate in a common business venture.

[6] Akman who is a Canadian citizen and resident in Canada, was the driving force behind the acquisition of the Delta Hotel and the Development Lands.

[7] Akman informed Volkan and Serdar about an opportunity to invest in this real estate project in Toronto. Serdar and Volkan agreed to participate as partners in the acquisition by Akman of the Delta Hotel and the Development Lands. It was agreed among Volkan, Serdar and Akman that Volkan would contribute \$6 million to Tarn Financial in exchange for a 40% interest to be held by the Basegmez Family’s company, BA&B; Serdar would contribute \$3 million to Tarn Financial in exchange for a 20% interest to be held by his company, KAAN; and Akman agreed to contribute \$4.3 million in exchange for a 40% interest to be held by his company, SAMM.

[8] There is no shareholders agreement among SAMM, BA&B and KAAN. However, there are communications between the parties which demonstrate their expectations and intent.

[9] Volkan wanted to provide his son Bleda and his nephew Anil an opportunity to immigrate to Canada. In connection with his investment, Volkan wanted to place them under the care and mentorship of Akman so that they could improve their business skills and obtain experience in an international environment. As well, Akman would sponsor them for immigration purposes.

[10] It was agreed that Akman would receive the same amount of shares as Volkan, despite contributing less capital because the balance of Akman’s contribution would be through the

management of Tarn Financial and issuance of personal guarantees that may be required by financial institutions. The applicants allege that it was agreed that based on his reduced capital contribution, Akman would not be entitled to receive any management or development fees from Tarn Financial.

[11] The Articles of Incorporation of Tarn Financial provide for only two classes of shares: unlimited number of Class A common shares and unlimited number of Class B preferred shares. The holders of Class B preferred shares were not entitled to vote at meetings of shareholders.

[12] Volkan, Serdar and Akman agreed that each shareholder would have voting rights in Tarn Financial in proportion to their shareholdings and no one shareholder was to have a majority.

[13] Only Class A common shares were issued to BA&B, KAAN and SAMM in accordance with this intention. Akman held Serdar or KAAN's Class A common shares in trust for the benefit of Serdar.

### **ALLEGED ACTS OF OPPRESSION**

[14] In mid-2016, Serdar and the Basegmez Family discovered that Akman created a new class of shares by amending the Articles and issued new 100 Class B shares of Tarn Financial to his company SAMM, with the right to vote at shareholders meetings without the consent of either Volkan or Serdar. No such class of shares was authorized in the original Articles of Tarn Financial. The new Class B shares gave Akman voting control of Tarn Financial.

[15] Akman changed the capital structure of Tarn Financial to give himself voting control by creating these new Class B shares. These shares carried only voting rights and created no economic interest in the company. They were issued for \$1 each thereby giving Akman absolute voting control of Tarn Financial for a total price of \$100.

[16] There had been no prior discussion with Serdar or Volkan about this amendment. Rather than calling a shareholders meeting to explain what he was doing, Akman chose to effect this amendment by way of special resolution.

[17] The special resolution was signed by Anil who had authority to sign on behalf of the Basegmez Family. Akman signed the resolution as trustee for Serdar as he was holding Serdar's interest in trust. Anil stated that he did not realize what he was signing in the circumstances and did not have sufficient background information or knowledge as to what he was signing.

[18] Further, as trustee for Serdar, Akman owed Serdar a positive duty to obtain his informed consent before signing a special resolution on his behalf. Akman did not obtain Serdar's instructions with respect to this Amending Resolution.

[19] The effect of this amendment was to provide SAMM with a 70% voting interest in Tarn Financial as opposed to the 40% interest it was intended Akman would have when Tarn Financial was incorporated and to dilute in half the voting interests of the Serdar and the Basegmez Family.

[20] Once Akman obtained voting control, the applicants allege that he treated Tarn Financial as his own company and totally disregarded the interests of the applicants.

[21] Akman caused Tarn Financial to enter into a management contract with his company, Akman Hospitality Management Inc., under which Tarn Financial pays it a management fee of 4% of the hotel's gross revenue accrued monthly for a term of 15 years. This management contract would cost Tarn Financial approximately \$12 million over 15 years.

[22] In addition, Akman has used the hotel's capital to finance personal investments and Tarn Financial has entered into a number of deals and loans with other companies controlled by Akman at prices and terms that are unfavourable to Tarn Financial but favourable to the Akman companies. All of this took place without the consent of the other shareholders of Tarn Financial.

[23] Further, there are no effective controls in Tarn Financial in place to review and verify Akman's personal expenses and there is no support for many of the expenses claimed by Akman and paid by Tarn Financial.

[24] Akman created an off-shore account in the name of a company controlled by him into which he funneled surplus cash from Tarn Financial. This was not disclosed to shareholders nor approved by them.

[25] Akman caused Tarn Financial to pay his company SAMM \$1 million for development fees without their being any communication with shareholders. This amounts to self-dealing as the services provided by SAMM are provided by Akman who is also an officer of Tarn Financial.

[26] None of the related-party transactions entered into between Tarn Financial and Akman companies were disclosed to or approved by the other shareholders.

[27] Auditors were to be appointed by shareholders but instead of that, Akman exercised his new Class B shares to give himself sole authority to appoint auditors, thereby taking away appropriate controls.

#### **POSITION OF THE RESPONDENTS**

[28] Akman asserts that the applicants chose to participate in the acquisition of the Delta Hotel and the condo development project as silent partners or passive investors. They were to have no involvement in the decision making for Tarn Financial, the management of Tarn Financial or the day to day operations of Tarn Financial. This was the basis upon which Akman agreed to allow Serdar and Volkan to participate in the business venture and in fact that was how the business was run during the first two years following the acquisition of the hotel and vacant adjacent lands. This is evident from the fact that the applicants did not expect, seek or obtain representation on the Tarn Financial board of directors.

[29] The primary motivation for Volkan investing in Tarn Financial was that he wanted to get a sizeable sum of money out of Turkey, given the political and financial instability in the country. He was also interested in having Bleda and Anil acquire business experience and to have them set up outside of Turkey.

[30] Akman submits that the manner in which Tarn Financial operated during the first two years reflected the parties' intentions going into the business venture together. The applicants never expressed any concerns, dissatisfaction or displeasure in the way in which Akman was running the operation. In fact, as a result of Akman's efforts alone, the performance of the Delta Hotel has improved significantly in the almost three years of ownership by Tarn Financial. Tarn Financial has obtained all of the necessary zoning and severance required to proceed with the condo development and is ready to proceed to construction with 100% of phase 1 of the project having been sold and all the necessary construction financing approved. All of this has significantly increased the value of the adjacent lands.

[31] Akman submits that following the closing of the Delta Hotel purchase, he took steps to give effect to the intention of the parties at the time they made their investment in Tarn Financial regarding control of Tarn Financial. This led to the creation of the new Class B common shares.

[32] Notwithstanding the original corporate structure, Akman submits that the applicants in this case understood their roles as silent partners at the time that the business was created and it was operated under that understanding for two full years. There was no doubt that Akman was to have exclusive control over all decision making, management and operations of Tarn Financial.

[33] There are no detailed agreements by the parties in terms of management fees and development fees. In defies logic, according to Akman, that he would have agreed to indefinitely provide management services free of charge and forego almost \$500,000 a year for an indefinite number of years all in consideration for putting in approximately \$1.6 million less for his shares in Tarn Financial. The same would apply to development fees and all of the work done in that regard by Akman. Akman asserts that, in other words, he would be giving up well over \$10 million to save \$1.6 million up front and that was never the intention.

[34] There is an astounding lack of documentation indicating the intention of the parties. Their arrangement was completely informal and Volkan and Serdar were betting on Akman and his skills and talents in making their investment profitable.

[35] Neither Volkan nor Serdar had any experience with hotels and development and Akman submits that they were quite content to trust in Akman's decision making and not involve themselves in the ordinary day-to-day management of the company.

[36] In fact, the business has done well under Akman's management. The value of the applicants' share has risen significantly. Akman obtained the sale of 100% of the units in the condominium development project and he was the one who obtained the necessary zoning and construction financing on phase 1.

[37] In argument, counsel for the respondents indicated that “the optics may not be great” but everyone knew that Akman would be charging for management and development fees.

[38] Although it is clear that the parties no longer want to do business together the respondents submit that, a winding up of Tarn Financial would be such a draconian measure given that the business operation has been so successful.

[39] As for the allegations of self-dealing, the respondents argue that, there are remedies of disgorgement that are available if that has been established and further, arbitration could be utilized for the issue of management and development fees.

### ANALYSIS

[40] There is no real dispute in this case over the governing legal principles with respect to the oppression remedy and what constitutes oppressive conduct. The essential purpose of the oppression remedy provisions vis-à-vis shareholders is to protect the minority from unfair treatment by the majority. It does this by protecting the reasonable expectations of corporate stake holders with respect to the operation of the company.

[41] There is no written shareholders agreement among the parties. But even in the absence of one, the most basic of the expectations of a shareholder is that the company will be operated by its officers and directors in accordance with the OBCA and that they will comply with their statutory obligations. Any shareholder would have a reasonable expectation that a company’s directors would fulfill their fiduciary duties and would act honestly and in good faith with a view to the best interests of the corporation. Breach of those duties must be a breach of a shareholder’s reasonable expectations. [*D’Antonio v. Monaco* 2013 ONSC 5007 at par. 93 affirmed 2015 ONCA 274].

[42] The reasonable expectation of the parties is set out in communications between the parties and the capital structure of Tarn Financial at the time of the initial investment. That structure prevented Akman from unilaterally passing either an ordinary or special resolution. There is no doubt that if the parties had turned their minds to the matter they would have not accepted a unilateral re-organization of the capital structure of Tarn Financial to provide absolute voting control of the company to Akman. Further, the breaches by Akman of his statutory obligations as sole officer and director of Tarn Financial and in particular his self-dealing and use of Tarn Financial as a personal bank account were not within the expectation of the parties.

[43] Shortly after receiving the investment funds from the applicants, Akman took immediate steps to alter the capital structure of Tarn Financial to secure absolute voting control for himself for only \$100 and established himself as the sole director. He abused his powers by engaging in self-dealing transactions that have diverted millions of dollars out of Tarn Financial for his personal benefit and has indicated a clear intention to continue to operate the company without any regard to the interests of Serdar and the Basegmez Family or his statutory obligations.

[44] Such conduct clearly falls within the meaning of “oppression” to a shareholder under s. 248(2) of the OBCA in that Akman has acted in a manner which is unfairly prejudicial to or

unfairly disregards the interests of the shareholders. The court has jurisdiction to provide remedies which include the winding up of the company.

[45] At the hearing of this motion, the court was faced only with the choice of continuing the status quo or ordering that there be a winding up. No other option was provided by way of cross-motion.

[46] While this matter was under reserve, I gave the parties time to discuss other possible alternatives to winding up for disengagement such as a buy-sell arrangement. They could reach no agreement.

[47] Counsel for the respondents indicated that they wished to bring a new motion to approve an offer for the applicants' shares. It was denied because it was too late and moreover, there would be no ability on the applicants' part to assess the offer price and decide whether it was appropriate as they had no access to the requisite financial information of Tarn Financial.

[48] There is no question that this partnership cannot continue. There has been a complete breakdown in trust and the applicants have no means at the moment of assessing the value of the company.

[49] Although a winding-up order is a drastic remedy, there appears to be no alternative that the parties can agree to. Here, the applicant shareholders have a justifiable lack of confidence in the conduct of Akman in his management of Tarn Financial. The breakdown is in confidence, not over any disagreement of policies of the management. The applicants do not want to take over the management of the company. They simply want out because of serious misconduct by Akman in his deliberate violations of the OBCA, blatantly disregarding the rights of the other shareholders, and engaging in improper self-dealing. Although a court is reluctant to order a winding-up, no other less disruptive order is appropriate in these circumstances.

[50] A liquidator has wide powers to take control of the property, including all bank accounts and records of the company and can utilize accountants and appraisers, and other professionals to provide valuations and financial statements and for stability and an orderly liquidation.

[51] A liquidator would be in a position to control expenditures and review what monies have been transferred out. In the absence of any buy-out plan, the liquidator is best situated to deal with this.

[52] A liquidator can give a first opportunity to the parties to acquire, at fair asset value, any asset sought by a party or otherwise sell the assets at the best price obtainable.

[53] Ample time has been given to the parties to attempt to work out alternative arrangements. They have not been able to do so. Accordingly, an order will go under s. 248 of the OBCA for the winding up of Tarn Financial and appointing KPMG LLP as liquidator for that purpose. The terms of the order can be settled on a 9:30 appointment.

[54] If the parties cannot agree as to costs they may make written submissions: the applicants within 15 days; the respondents within 15 days thereafter; and reply, if any, within 7 days thereafter.

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Lederman J.

**Released: September 15, 2017**



**CITATION:** Basegmez v. Akman, 2017 ONSC 5370

**COURT FILE NO.:** CV-17-11697-000

**DATE:** 20170915

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

BASEGMEZ, ANIL RUKAN BASEGMEZ, BA&B  
CAPITAL INC., SERDAR KOCTURK and KAAN  
HOLDINGS INC.

Applicants

– and –

ALI AKMAN, SAMM CAPITAL HOLDINGS INC.  
and TARN FINANCIAL CORPORATION

Respondents

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**REASONS FOR JUDGMENT**

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Lederman J.

**Released:** September 15, 2017

TAB B

**THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF  
FIORELLA SASSO, SWORN BEFORE ME ON  
OCTOBER 18, 2018**



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**A COMMISSIONER FOR TAKING OATHS**

CITATION: Basegmez v. Akman, 2018 ONSC 812  
DIVISIONAL COURT FILE NO.: DC-594/17  
DATE: 20180206

ONTARIO  
SUPERIOR COURT OF JUSTICE  
DIVISIONAL COURT

WILTON-SIEGEL, MYERS, and CHARNEY JJ.

BETWEEN:

VOLKAN BASEGMEZ, CEM BLEDA,  
BASEGMEZ ANIL RUKAN BASEGMEZ,  
BA&B CAPITAL INC., SERDAR  
KOCTURK and KAAAN HOLDINGS INC.

Applicants  
(Respondents in Appeal)

*E. Patrick Shea and Christopher Stanek,*  
lawyers for the Respondents

– and –

ALI AKMAN, SAMM CAPITAL  
HOLDINGS INC. and TARN FINANCIAL  
CORPORATION

Respondents  
(Appellants)

*Geoff R. Hall and Adam Goldenberg,*  
lawyers for the Appellants

*G. Azeff,* lawyer for KPMG Inc., in its  
capacity as liquidator of Tarn Financial  
Corporation

**HEARD at Toronto:** January 30, 2018

F.L. Myers J.

**Background**

[1] The appellants appeal from the order of Lederman J. dated September 15, 2017 in which the court ordered the liquidation of Tarn Financial Corporation.

[2] The parties Ali Akman, Serdar Kocturk, and Volkan Basegmez agreed to invest together in an operating hotel and a condominium development project. Tarn is the corporate vehicle for their business. The three investors agreed that Volkan Basegmez would contribute \$6 million to Tarn in exchange for a 40% interest in the corporation; Serdar Kocturk would contribute \$3 million for a 20% interest; and Ali Akman would contribute \$4.3 million for a 40% interest. Akman was contributing proportionately less cash than the others. But he also agreed to contribute sweat equity by managing the investment on a day-to-day basis.

[3] All of the shareholders' funds were advanced to Tarn by way of shareholder loans.

[4] Justice Lederman accepted the claims made by Messrs. Kocturk and Basegmez that Mr. Akman had acted in a manner that was unfairly prejudicial to them or unfairly disregarded their interests by: (a) purporting to issue shares to himself to give him voting control of the corporation without the consent of the other shareholders; (b) causing Tarn to enter into transactions with Akman-controlled entities; and (c) using Tarn's funds for his own purposes. Justice Lederman ordered that Tarn be liquidated pursuant to the winding-up provisions of the *Business Corporations Act*, RSO 1990, c B16.

[5] For the reason that follow, I agree with the findings and remedy ordered by Lederman J. Therefore, I would dismiss the appeal.

### **Jurisdiction**

[6] An appeal lies to this court under s. 255 of the *OBCA*.

### **Standard of Review**

[7] In *Wilson v. Alharayeri*, 2017 SCC 39, the Supreme Court of Canada discussed the standard of appellate review under analogous oppression provisions of the *Canada Business Corporations Act*, RSC 1985, c C-44,

Three principles govern the applicable standard of review. First, absent palpable and overriding error, an appellate court must defer to the trial court's findings of fact. Second, an appellate court may intervene and substitute its own decision for the trial court's if the judgment is based on "errors of law ... erroneous principles or irrelevant considerations". Third, even if it was not so based, an appellate court may intervene if the trial judgment is manifestly unjust. [Citations omitted.]

[8] The court is granted very broad remedial authority to make such order as it thinks fit to remedy oppression under the *OBCA*. I accept Mr. Hall's legal submission that, in applying a remedy after finding oppression, the court is exercising a statutory discretion that is to be exercised on a principled basis. The goal is to remedy the oppressive acts found. The frequently repeated admonition from the leading case is that the court is to use a scalpel to tailor carefully the relief ordered to do no more than is necessary to remedy the

oppressive conduct. The court is not wielding a battle axe to cleave the parties. See *Wilson*, at paras. 23 to 27 and *Nanef v. Con-Crete Holdings Ltd.*, 1995 CanLII 959 (ON CA) at para 32. I also agree with Mr. Hall that winding-up and liquidation are considered only as a last resort when other less drastic remedies will not suffice. See *Wilson*, at paras. 23 and 57 and *Tilley v. Hails*, 1992 CanLII 7563 (ON SC) at para. 45.

### **Fresh Evidence**

[9] As a preliminary matter, the respondents proffer as fresh evidence two recent reports of the liquidator appointed pursuant to Justice Lederman's order and a short affidavit. The reports discuss operational issues within the corporation and discuss the status of liquidation efforts. Mr. Goldenberg fairly concedes that information reported by the liquidator concerning the status of the liquidation is properly admitted as matters of public record that arose post-liquidation. They are not fresh evidence. However, he argues that information relating to the operations and financial position of Tarn in the pre-liquidation period is fresh evidence that is not properly admitted on this appeal.

[10] Mr. Shea does not ask us to admit the pre-liquidation information for the purpose of the appeal itself. Rather, he says that, if we allow the appeal, the appellants are asking us to exercise afresh the discretion to craft an appropriate remedy. Should the court undertake that exercise, he argues, the extra information is highly relevant, was not reasonably available to the respondents before Lederman J., and may well affect the outcome. As we have decided to dismiss the appeal, there is no basis for admitting this fresh evidence and I have therefore disregarded the proposed fresh evidence in reaching my conclusions.

### **The Grounds of Appeal**

[11] Recognizing the need to identify an error of law or principle in the judge's exercise of his discretion, Mr. Hall argues that Lederman J. erred in principle by,

- a. failing to recognize and exercise the full scope of his remedial discretion. The appellants argue that Lederman J. wrongly believed himself to be bound by the all-or-nothing, binary choice of remedies presented to him by counsel. Instead, the appellants submit that Lederman J. was required to explore the entire panoply of options available to the court to remedy the oppression as found and that, had he done so, he would have ordered the appellants to purchase the respondents' investments in Tarn; and
- b. ordering a winding-up and liquidation that was not narrowly tailored to remedy the oppression found but was punitive in this case.

[12] The appellants also submit that Lederman J. erred in finding as a fact that Mr. Akman looted Tarn for personal purposes. I turn first to this ground.

### Justice Lederman's Findings of Fact

[13] Among the appellants' arguments on this issue is the fact that in paras. 14 to 27 of his reasons, Lederman J. drew liberally from the respondents' factum below without attribution or noting that the facts that he recited were just the respondents' submissions. However, Lederman J. recited those facts under the heading "**ALLEGED FACTS OF OPPRESSION.**" In my view, this was sufficient to advise readers that what followed were the respondents' allegations rather than the court's findings. The next section of the reasons was headed "**POSITION OF THE RESPONDENTS**" which contrasted to and reinforced the nature of the contents that preceded.

[14] Mr. Akman takes umbrage at Justice Lederman's specific findings, in para. 42 and 43 of the reasons, that Mr. Akman used Tarn "as a personal bank account" and that he "diverted millions of dollars out of Tarn Financial for his personal benefit." However, Mr. Goldenberg fairly conceded in argument that the accounting evidence before Lederman J. established that, at minimum, Mr. Akman moved money in and out of Tarn to meet the liquidity needs of his other investments and businesses. That was, or was at least analogous to, the use of Tarn's operating, current account for loans to other corporations controlled by him in which the respondents had no interest. Moreover, there is evidence that Mr. Akman caused Tarn to pay his company SAMM over \$1 million in alleged development fees when Mr. Akman's efforts to develop the project were supposed to be part of his sweat equity contribution to the business. In addition, there was other evidence of Mr. Akman depositing Tarn's funds in a European bank account and retaining the interest earned.

[15] There was plainly evidence before Lederman J. to support both of the findings of fact to which Mr. Akman objects. It is not the role of this court to re-weigh the evidence on appeal. Absent a palpable and overriding error, this court must defer to the findings of fact made by the application judge. In any event, I agree with both findings.

### Remedial Discretion

[16] The appellants argue that Lederman J. should not have ordered a complete liquidation of Tarn. They say that it would have remedied the unfairness found if Mr. Akman had been required to buy the respondents' shares at fair value. This would have required a process to determine a fair valuation of the business pending the mandatory acquisition. The appellants argue further that if the court believed that some greater oversight of management was required pending the valuation and share acquisition, the court should not have given the business over to a liquidator. It ought rather to have maintained the *status quo* by enforcing the parties' agreement that Mr. Akman would manage the corporation. They argue that the appointment of a monitor to oversee Mr. Akman would have provided sufficient protection of the parties' interests pending a neutral valuation and mandatory buyout. Requiring a full liquidation, they argue, was value-

destroying and likely leaves less value available for all of the shareholders at the end of the day.

[17] I do not agree.

### **Replacement of Management**

[18] Lederman J. found as fact that the appellant Akman,

“...abused his powers by engaging in self-dealing transactions that have diverted millions of dollars out of Tarn Financial for his personal benefit and has indicated a clear intention to continue to operate the company without any regard to the interests of Serdar and the Basegmez Family or his statutory obligations.

[19] In light of Justice Lederman’s express finding that Mr. Akman intends to continue to ignore the rights and interests of his co-investors, it was well within the scope of the judge’s discretion to remove Mr. Akman from management and control of the business pending the separation of the parties. I see no error in principle in doing so. Whether a court official is styled a receiver, a liquidator, or a monitor, in any case, it was prudent and necessary that Mr. Akman be removed from control of the business to prevent him from implementing his intention to continue his misdeeds as found.

### **Ordering Liquidation Rather than a Forced Buyout**

[20] No one disagrees that the parties need to be separated. Once he found that the fox could not fairly be left in charge of the henhouse, it was proper to see if the parties might agree on a less intrusive alternative than requiring a court appointed officer to sell the assets of Tarn and wind-up the corporation. The parties could not agree.

[21] The appellants did not ask Lederman J. to order Mr. Akman to buy out the respondents’ shares at fair market value. Instead, they argued that the court should not interfere with the Akman’s control of Tarn. They did not address any process for separating the parties’ respective investments in the corporation. Lederman J. noted that he was faced “only with the choice of continuing the *status quo* or ordering that there be a winding up. No other option was provided by [the appellants]...”

[22] Mr. Hall argues forcefully that Lederman J. erred in principle by failing to consider a different outcome despite his clients’ tactical decision to leave a stark all-or-nothing choice to the judge below. It is not an error for the judge to fail to impose an outcome that the appellants never sought.

[23] In any event, I disagree with the submission that Lederman J.: (a) failed to consider alternatives; (b) that he fettered his discretion by inviting the parties to agree on a manner to separate consensually to avoid liquidation; and (c) that Lederman J. inappropriately



considered his findings concerning Mr. Akman's misuse of funds to "penalize" Mr. Akman in his decision to order a winding-up.

[24] Justice Lederman expressly rejected a late offer by Mr. Akman to purchase the respondents' shares. Justice Lederman found that if Tarn remained under Mr. Akman's management, the respondents would have no ability to obtain the information required to set a fair value of the business. I agree with this finding.

[25] A compulsory sale can only ensure that fair market value is realized where there is confidence in the underlying financial statements. This requires that a third party review the current financial statements and conduct an investigation to reconcile the various inter-corporate transfers and loans implemented by Mr. Akman.

[26] Given Mr. Akman's continuing intention to ignore the rights of the respondents and his belief in his entitlement to divert corporate assets to his personal benefit, there is no assurance that he will not take steps to obscure or remove value during a valuation process. There is much reason to fear that he will seek to frustrate the ability of the respondents to require him to pay fair value for their investments.

[27] By contrast, a liquidation sale provides an assurance that the parties will realize fair market value by exposing the business to the test of the market place.

[28] In addition, in light of the fact that the shareholders' funds were contributed by loan, a purchase of the respondents' shares by Mr. Akman would leave the loans outstanding. Mr. Akman would remain in control of the timing, willingness, and ability of Tarn to re-pay the respondents' investments. A purchase might have been constructed to include the shareholders' loans so as to catch the full value of the parties' investments. But that is a much more complex matter that was not fleshed out before Lederman J. or before us. But it is clear that a share purchase alone, which does not deal with the parties' shareholder loans, would not provide fair value to the respondents on their investments.

[29] Lederman J. recognized that liquidation is a drastic remedy. A liquidator has the powers required to investigate the financial affairs of the corporation and to run a sale of the business that will yield fair market value including paying the shareholders' loans and equity as appropriate. Justice Lederman found expressly,

"Although a court is reluctant to order a winding-up, no other less disruptive order is appropriate in these circumstance."

[30] In finding that there was no appropriate "less disruptive order" it cannot fairly be said that Lederman J. failed to consider alternatives. Nor did he fetter his discretion by limiting his considerations as argued.

[31] The appellants ask the court to choose between two mechanisms to realize fair market value for the business. One gives Mr. Akman the ability to delay and try to avoid

paying fair market value in a process that will see the parties locked into litigation to-and-fro for years. The other is expeditious, independently run, and measures fair market value in the market place. Therefore, I do not agree with Mr. Hall's submission that a valuation and mandatory purchase will remedy the oppression as found or that a liquidation is not tailored to the specific nature of the oppression in this case.

[32] I agree with Lederman J., that on the facts, as he found them, liquidation was the most appropriate order to remedy the oppressive conduct. A forced buyout would not be well-tailored to remedy the oppressive conduct in these circumstances.

[33] In light of the finding that winding-up is well-tailored to the facts of the case, it cannot be considered to be a punitive remedy. In any event, there is no indication in the reasons of Lederman J. that he ascribed inordinate weight to the misbehaviour of Mr. Akman in deciding to order a winding-up. The misbehaviour was relevant to the questions of how the corporation could be managed pending a separation of the parties and in comparing the likely costs, efficiency, and outcomes of separation alternatives.

[34] Mr. Hall's argument, that a valuation and mandatory buyout avoids the risk that a liquidation will destroy value, is always the case. Yet the law recognizes that a closely held corporation can often be analogized to a partnership that requires trust and confidence among the investors. If "one of the partners has been excluded from his entitlement to management participation, the company must be wound up." *Tilley*, at para 45.

[35] Here, Lederman J. was appropriately reluctant and considered alternatives. In all, I see no palpable and overriding error of fact or law and no error of principle in the exercise of discretion by Lederman J.

[36] The appeal is therefore dismissed.

[37] The parties agreed that costs fixed at \$30,000, all inclusive, should follow the event. Therefore, the court orders the appellants, jointly and severally, to pay the respondents, jointly and severally, costs, on a partial indemnity basis of \$30,000 all-in forthwith.

---

F.L. Myers J.

I agree

---

Wilton-Siegel J.

I agree

---

Charney J.

CITATION: Basegmez v. Akman, 2018 ONSC 812  
DIVISIONAL COURT FILE NO.: DC-594/17  
DATE: 20180206

2018 ONSC 812 (CanLII)

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**DIVISIONAL COURT**

**WILTON-SIEGEL, MYERS, and CHARNEY  
JJ.**

**BETWEEN:**

VOLKAN BASEGMEZ, CEM BLEDA,  
BASEGMEZ ANIL RUKAN BASEGMEZ, BA&B  
CAPITAL INC., SERDAR KOCTURK and KAAN  
HOLDINGS INC.

Applicants  
(Respondents in Appeal)

– and –

ALI AKMAN, SAMM CAPITAL HOLDINGS  
INC., and TARN FINANCIAL CORPORATION

Respondents  
(Appellants)

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**REASONS FOR JUDGMENT**

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**F.L. MYERS J.**

TAB C

**THIS IS EXHIBIT "C" TO THE AFFIDAVIT OF  
FIORELLA SASSO, SWORN BEFORE ME ON  
OCTOBER 18, 2018**



---

**A COMMISSIONER FOR TAKING OATHS**



**TEPLITSKY, COLSON LLP**  
BARRISTERS

Suite 200, 70 Bond Street  
Toronto, Ontario  
M5B 1X3  
Telephone: (416) 365-9320  
Facsimile: (416) 365-0695

JONATHAN KULATHUNGAM, B.A. (Hons.), LL.B.  
Direct Line: (416) 865-5318  
E-mail: jkulathungam@teplitskycolson.com

May 24, 2018

**SENT BY EMAIL**  
**kmahar@millerthomson.com**

Kyla Mahar  
Miller Thomson  
40 King Street West  
Suite 5800  
Toronto, ON  
M5H 3S1

Dear Madam:

**Re: Shareholder Dispute: Akman, Samm Capital et al ats Basegmez et al**

As requested, attached please find the following:

1. Loan Agreement;
2. General Security Agreement from Borrower;
3. Acknowledgement Re: PPSA filing against Borrower;
4. Directors Resolution from Borrower;
5. Officer's Certificate from Tarn Borrower;
6. Guarantee from Guarantor;
7. General Security Agreement from Guarantor;
8. Acknowledgement Re: PPSA Filing against Guarantor;
9. Acknowledgement and Direction Re: Registration of \$4 million Collateral Mortgage and Notice of Assignment – General;

10. Acknowledgement Re: Standard Charge Terms;
11. Directors Resolution from Guarantor;
12. Officer's Certificate from Guarantor;
13. Registered Mortgage AT4623337;
14. Registered Notice of Assignment – General – AT4623338;
15. Loan Amending Agreement dated August 14, 2017 together with:
  - a. Acknowledgement and Direction;
  - b. Notice Registered as AT4657388;
  - c. Resolution of Sole Director of Tarn Construction Corporation.

Please advise if you require any further documentation.

Yours very truly,  
**TEPLITSKY, COLSON LLP**

Per:

*Jonathan Kulathungam*

Jonathan Kulathungam

JK/kp





**LOAN AMENDING AGREEMENT**

This Agreement made as of the 14<sup>th</sup> day of August, 2017.

Among:

**SAMM CAPITAL HOLDINGS INC.**  
(the "**Lender**")

-and-

**TARN CONSTRUCTION CORPORATION**  
(the "**Borrower**")

-and-

**TARN FINANCIAL CORPORATION**  
(the "**Guarantor**")

**WHEREAS** the Guarantor is the registered owner of the lands described in Schedule "A" ("**Lands**");

**AND WHEREAS** the Borrower is constructing two residential condominium towers on the Lands for and on behalf of the Guarantor (the "**Development**");

**AND WHEREAS** the Lender has provided financial and construction security for the Development including Tarion registration, bonding, etc.;

**AND WHEREAS** the Lender has previously loaned \$4,000,000.00 to the Borrower to finance construction of the Development in accordance with a loan agreement dated June 22<sup>nd</sup>, 2017 (the "**Loan Agreement**") which was secured by a land mortgage registered on title to the Lands as Instrument No. AT4623337 (the "**Loan Agreement**");

**AND WHEREAS** the parties have agreed to amend the Loan Agreement as provided herein;

**THEREFORE**, in consideration of the sum of \$2.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

The Loan Agreement shall be amended on the following terms and conditions:

**LOAN AMOUNT:** A maximum of \$8,000,000.00, by way of revolving line of credit.

To be advanced as and when required by the Borrower on no less than one week's prior notice.

Repayments will be available to be re-advanced prior to the end of the Term or other maturity of the Loan provided there has been no default under the Loan Agreement or any document delivered hereunder, and interest is paid as and when it falls due.

The principal amount of the Charge registered on July 11<sup>th</sup>, 2017 as Instrument No. AT4623337 is hereby amended to \$8,000,000.00.

All other terms, covenants and conditions under the Loan Agreement shall remain in full force and effect.

Capital terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.


The parties will execute and deliver any further documents as required for completion of this Loan Amending Agreement and acknowledge that the Loan Amending Agreement will be registered on title to the Lands.

This Loan Amending Agreement may be executed in one or more counterparts, whether original or by electronic transmission, each of which shall constitute an original and all of which, when taken together, together shall constitute one and the same agreement. Telefaxed, pdf or other electronic copies of the signatures of the parties shall be valid and binding upon them.


*Signatures on following page.*

IN WITNESS WHEREOF the parties have executed this Loan Amending Agreement as of the date first written above.


**SAMM CAPITAL HOLDINGS INC.**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN CONSTRUCTION CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN FINANCIAL CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**SCHEDULE "A" - LANDS****PIN 06164 - 0197 LT**

Interest/Estate Fee Simple

Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT  
1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO

Address TORONTO

**PIN 06164 - 0509 LT**

Interest/Estate Fee Simple

Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO

Address TORONTO



**LOAN AGREEMENT**

This Agreement made as of the 22<sup>nd</sup> day of June, 2017.

Among:

**SAMM CAPITAL HOLDINGS INC.**  
(the "Lender")

-and-

**TARN CONSTRUCTION CORPORATION**  
(the "Borrower")

-and-

**TARN FINANCIAL CORPORATION**  
(the "Guarantor")

**WHEREAS** the Guarantor is the registered owner of the lands described in Schedule "A" ("Lands");

**AND WHEREAS** the Borrower is constructing two residential condominium towers on the Lands for and on behalf of the Guarantor (the "Development");

**AND WHEREAS** the Lender has provided financial and construction security for the Development including Tarion registration, bonding, etc.;

**AND WHEREAS** the Lender has previously lent \$739,000 to the Borrower for Development construction purposes, as summarized in Schedule "B" ("Previous Advances");

**AND WHEREAS** the Borrower and the Guarantor have requested that the Lender make up to \$4,000,000 available for financing construction of the Development, including the Previous Advances ("Line of Credit");

**AND WHEREAS** the Lender has agreed to provide the Line of Credit to the Borrower for construction of the Development on the terms herein provided for (the "Loan"), including the Previous Advances (this Agreement, together with any and all schedules and appendices hereto and certificates, notices and other documents delivered by any party to this Agreement in connection herewith, as any of the foregoing may be amended, supplemented, restated, substituted or otherwise modified in whole or in part at any time and from time to time, being collectively the "Loan Agreement");

**THEREFORE**, in consideration of the sum of \$2.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

The Loan shall be on the following terms and conditions.

**LOAN AMOUNT:** A maximum of \$4,000,000.00, by way of revolving line of credit.

To be advanced as and when required by the Borrower on no less than one week's prior notice.

Repayments will be available to be re-advanced prior to the end of the Term or other maturity of the Loan provided there has been no default under the Loan Agreement or any document delivered hereunder, and interest is paid as and when it falls due.

**PURPOSES:** To provide financing for the construction of the Development, including sales and marketing as required.

**INTEREST RATE:** Interest shall be at the rate of ten (10%) percent per year, calculated and payable semi annually, in arrears from the date of each advance – to be paid on December 31<sup>st</sup> and June 30<sup>th</sup> in each calendar year, commencing December 31<sup>st</sup>, 2017.

Interest shall accrue from day to day, from the day of advance of any part of the Loan for the actual number of days elapsed until such interest has been paid to the Lender.

Amounts not paid when due shall bear interest at the said rate calculated daily for the actual number of days elapsed and be payable upon demand. The rights of the Lender under this paragraph shall continue to apply from the date of such default for so long as such default shall continue, both before and after demand and judgement.

**TERM:** Six months, with the first term expiring December 31<sup>st</sup>, 2017 (the "Term").

The Term will automatically renew for another six months provided there has been no default under the Loan Agreement or any document delivered hereunder, and interest is paid as and when it falls due.

Provided the full amount of principal and interest and other sums due and payable hereunder shall be paid in full, and the then current Term will automatically terminate and end with no further rights of renewal or extension, on the earlier of (i) the closing date of the first title closing of any condominium units in the Development, and (ii) June 30<sup>th</sup>, 2020.

**MATURITY:** The Loan plus interest shall mature and become due and payable on the earlier of (i) the end of the Term, unless renewed or extended as provided

for herein; and (ii) demand by the Lender upon the occurrence or continuation of an Event of Default (as defined hereunder) (the "Maturity Date").

**FEES:**

The Borrower will pay all the Lender's reasonable legal fees and other out of pocket expenses in arranging, implementing and enforcing this Loan Agreement and all documents ancillary hereto.

**PAYMENTS:**

Interest only semi-annually in arrears as provided for above,

**PREPAYMENT PRIVILEGES:**

The Loan shall be open for payment or prepayment at any time or times in whole or in part without notice, bonus or penalty.

Upon repayment of this Loan in full, or at any time when there is no money owing hereunder, including any and all sums payable to the Lender under this Loan Agreement or the Security, the Borrower may at its option exercised in writing terminate this Loan and Loan Agreement without prior notice and without bonus or penalty, in which case this Loan will terminate, the then current Term will automatically end, and all Security will be discharged at the Borrower's expense.

**NON-ASSUMABLE:**

The Loan provided for under this Loan Agreement is not assumable. All outstanding principal and interest shall become immediately due and payable, without any further notice or demand, upon the completion of any transaction for the sale of the Lands.

**SECURITY DOCUMENTS:**

As continuing collateral security for the present and future indebtedness and liability of the Borrower to the Lender incurred under or in connection with this Loan Agreement and/or any other loan document, the Borrower shall execute and deliver or cause to be executed and delivered, as the case may be, in favour of the Lender the Security (as defined below), all to be in form and substance satisfactory to the Lender.

The "Security" shall comprise the following, together with registrations, filings and other supporting documentation in respect of same, all as required by the Lender:

1. This Loan Agreement;
2. A General Security Agreement from the Borrower;
3. A full liability Guarantee from the Guarantor;
4. A Collateral Charge against the Lands;
5. A General Assignment of Rents and Leases; and
6. A General Security Agreement from the Guarantor.



**REPRESENTATIONS AND  
WARRANTIES:**

The Borrower represents and warrants to the Lender on the date of execution of this Loan Agreement, and thereafter on the date of an advance (and the Borrower acknowledges and confirms that the Lender is relying on each such representation and warranty) as follows:

1. The Borrower is duly formed, organized and validly subsisting under the laws of the Province of Ontario; has all requisite capacity, power and authority to own its properties, to carry on its business as now conducted and to otherwise enter into, and carry out the transactions contemplated by this Loan Agreement and the Security;
2. All necessary action has been taken by the Borrower to authorize the execution, delivery and performance of this Loan Agreement and each item of Security, as the case may be, and that this Loan Agreement and the Security is (or, if applicable when executed and delivered, shall be) a legal, valid and binding obligation of the Borrower, enforceable against the Borrower by the Lender (or, if the Lender is not a party thereto, by each other applicable party thereto) in accordance with its terms;
3. The execution, delivery and performance of this Loan Agreement, the Security and the consummation of the transactions contemplated herein and therein do not and will not conflict with, result in any breach or violation of, or constitute a default under, the terms, conditions or provisions of the articles, by-laws, resolutions or shareholders' agreement of the Borrower, any franchise agreement entered into by the Borrower, any license agreement entered into by the Borrower, any other secured loan agreement entered into by the Borrower, any law (including, without limitation, any applicable law relating to the giving of financial assistance), regulation, declaration, registration, judgement, decree or order binding on or applicable to the Borrower;
4. There are no actions, suits, inquiries, claims or proceedings (whether or not purportedly on behalf of the Borrower) pending or threatened against or affecting the Borrower before any government, parliament, legislature, regulatory authority, agency, commission, board or court or before any private arbitrator, mediator or referee which in any case or in the aggregate may result in any material adverse change:
  - a. in the condition, financial or otherwise, of the Borrower, or any of its assets; or

- b. in the ability of the Borrower to perform its obligations under this Loan Agreement or any Security, or in the ability of the Lender to enforce any of such obligations;
5. No Event of Default has occurred or is continuing and no event or circumstance has occurred or is continuing which, with the giving of notice, lapse of time or otherwise, would constitute an Event of Default;
6. The Borrower is not in violation of any mortgage, franchise, licence, judgement, decree, order, statute, rule or regulation relating in any way to them, to the operation of their business or to their property or assets and which would have a material effect on its condition, financial or otherwise and the Borrower has all necessary licenses, permits and consents to operate its business where it is currently being operated;
7. The Borrower has not made an assignment in bankruptcy or an assignment for the general benefit of its creditors or committed an act of bankruptcy or become an insolvent person (as such terms are defined by the *Bankruptcy Act*);
8. No event has occurred which constitutes or which, with giving of notice, lapse of time or both, would constitute a material default under or in respect of any material agreement, undertaking or instrument in respect of indebtedness to which the Borrower is a party; and
9. There is no material error or inaccuracy known to the Borrower that is contained in any document executed by the Borrower and delivered to the Lender.
10. There is no currently registered and no threat of any construction lien being registered against the Lands, and the Borrower has and will continue to comply with all provisions of the *Construction Lien Act*.

The Guarantor represents and warrants to the Lender on the date of execution of this Loan Agreement, and thereafter on the date of an advance (and the Guarantor acknowledges and confirms that the Lender is relying on each such representation and warranty) as follows:

1. The Guarantor is duly formed, organized and validly subsisting under the laws of the Province of Ontario; has all requisite capacity, power and authority to own its properties, to carry on its business as now conducted and to otherwise enter into, and carry out the transactions contemplated by this Loan Agreement and the Security;
2. All necessary action has been taken by the Guarantor to authorize the execution, delivery and performance of this Loan Agreement and each

item of Security, as the case may be, and that this Loan Agreement and the Security is (or, if applicable when executed and delivered, shall be) a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender (or, if the Lender is not a party thereto, by each other applicable party thereto) in accordance with its terms;

- 3. The execution, delivery and performance of this Loan Agreement, the Security and the consummation of the transactions contemplated herein and therein do not and will not conflict with, result in any breach or violation of, or constitute a default under, the terms, conditions or provisions of the articles, by-laws, resolutions or shareholders' agreement of the Guarantor, any franchise agreement entered into by the Guarantor, any license agreement entered into by the Guarantor, any other secured loan agreement entered into by the Guarantor, any law (including, without limitation, any applicable law relating to the giving of financial assistance), regulation, declaration, registration, judgement, decree or order binding on or applicable to the Guarantor;
- 4. There are no actions, suits, inquiries, claims or proceedings (whether or not purportedly on behalf of the Guarantor) pending or threatened against or affecting the Guarantor before any government, parliament, legislature, regulatory authority, agency, commission, board or court or before any private arbitrator, mediator or referee which in any case or in the aggregate may result in any material adverse change:
  - a. in the condition, financial or otherwise, of the Guarantor, or any of its assets; or
  - b. in the ability of the Guarantor to perform its obligations under this Loan Agreement or any Security, or in the ability of the Lender to enforce any of such obligations;
- 5. No Event of Default has occurred or is continuing and no event or circumstance has occurred or is continuing which, with the giving of notice, lapse of time or otherwise, would constitute an Event of Default;
- 6. The Guarantor is not in violation of any mortgage, franchise, licence, judgement, decree, order, statute, rule or regulation relating in any way to them, to the operation of their business or to their property or assets and which would have a material effect on its condition, financial or otherwise and the Guarantor has all necessary licenses, permits and consents to operate its business where it is currently being operated;
- 7. The Guarantor has not made an assignment in bankruptcy or an assignment for the general benefit of its creditors or committed an act of

bankruptcy or become an insolvent person (as such terms are defined by the *Bankruptcy Act*);

8. No event has occurred which constitutes or which, with giving of notice, lapse of time or both, would constitute a material default under or in respect of any material agreement, undertaking or instrument in respect of indebtedness to which the Guarantor is a party; and
9. There is no material error or inaccuracy known to the Guarantor that is contained in any document executed by the Guarantor and delivered to the Lender.
10. There is no currently registered and no threat of any construction lien being registered against the Lands, and the Guarantor has and will continue to comply with all provisions of the *Construction Lien Act*.

All the representations and warranties of the Borrower and Guarantor contained herein shall survive the execution and delivery of this Loan Agreement and also all advances, and shall continue to be effective until the termination of this Loan Agreement, notwithstanding any investigation made at any time by or on behalf of the Lender.

**COVENANTS:** The Borrower and Guarantor jointly and severally covenant and agree with the Lender:

1. To maintain its corporate existence and to conduct its business in the normal course;
2. To promptly notify the Lender in writing of the occurrence of any event or circumstance which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both and to provide to the Lender a detailed statement of a senior officer of the Borrower of the steps, if any, being taken to cure or remedy such default;
3. To pay or cause to be paid, as and when they become due and payable, (i) all taxes, rates, assessments and levies charged, levied, assessed or imposed upon the Borrower, the Guarantor and upon the Lands or any part thereof, and (ii) all lawful claims (including without limitation claims for labour, materials, supplies or services) which, if unpaid, might become a Lien (as defined below) upon or affecting the security or any part thereof;
4. That they will not transfer all or any of their property or assets outside the ordinary course of business without the prior written consent of the Lender;

5. In respect of the Security:

- a. to defend, at their expense all the Security against the claims and demands of all other parties claiming the same or an interest therein; and not to sell, exchange, transfer, lease or otherwise dispose of (with or without recourse) or deal with the assets subject to the Security or any interest therein, except if and to the extent as may be permitted by an applicable document or as otherwise provided in any prior written consent of the Lender given for the express purpose thereof;
  - b. to allow the Lender at any time to verify the existence and state of the Security in any manner the Lender sees fit, and to furnish all assistance and information and perform such acts as the Lender may reasonably request in connection therewith, and for such purpose, to grant to the Lender, or its agents, access to all places where the Security or any records of the Borrower concerning the Security may be located; and
  - c. to do, execute, acknowledge and deliver such charges, mortgages, encumbrances, financing statements, pledges and hypothecations, assignments, transfers, documents, instruments, acts, matters and things as may be reasonably requested by the Lender with respect to the Security to give effect to this Loan Agreement and to preserve, protect perfect and otherwise maintain the Lender's security interests in respect thereof.
6. During the Term of this Loan, not to further charge, lien or encumber the Lands to any person for any reason without the prior written consent of the Lender.

**EVENTS OF  
DEFAULT:**

Upon the occurrence and continuation of any Event of Default, the Lender may terminate the Loan Agreement and/or demand payment of all indebtedness and liability outstanding and accrued thereunder to the date of demand and proceed to take such steps as it deems fit including proceedings to realize under any Security it holds in that respect.

An "Event of Default" shall occur if:

1. the Borrower fails to pay any amount of principal, interest, fees or other amounts under this Agreement within 5 Business Days of when due; or

2. the Borrower or Guarantor make any representation or warranty hereunder or under any other document which is or becomes incorrect in any material respect; or
3. the Borrower or Guarantor breaches any covenant hereof or of any other document, including any other secured loan documents or obligations, (including, without limitation, any covenant made hereunder), or the Borrower or Guarantor fails to comply with any other material term or condition of any document, including any other secured loan documents or obligations, and such breach of covenant or material non-compliance (other than a covenant to pay or a covenant impossible to remedy or a material breach of any representation or warranty) continues for 10 Business Days or more after notice to remedy same including a statement that the Lender considers the circumstances in question to be an Event of Default hereunder; or
4. the Borrower or Guarantor admits its inability to pay its debts generally; fails to pay a material amount of any of its indebtedness when due and such failure continues after any applicable grace period specified in an agreement or instrument relating to such indebtedness; permits any default under any agreement or instrument relating to its Indebtedness, or any other event, to occur and to continue after any applicable grace period specified in such agreement or instrument and the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of a material amount of such indebtedness; becomes a bankrupt (voluntarily or involuntarily); or, becomes subject to any proceeding seeking liquidation, rearrangement, relief of creditors or the appointment of a receiver or trustee over, or any judgement or order which has or might have a material and adverse effect on, any substantial part of its property or undertaking, in which the plaintiff is successful or which the Borrower or Guarantor is not actively defending in good faith; or
5. any course of action is undertaken by the Borrower or Guarantor or by another party, which is intended to result in, or would result (in the reasonable opinion of the Lender) in, the Borrower's or Guarantor's reorganization or reconstruction, or its consolidation, amalgamation or merger with another corporation, or the transfer of all or substantially all the undertaking and assets of the Borrower, as the case may be, without the written consent of the Lender; or
6. there occurs or is announced or is pending any change in the ownership of the Borrower or Guarantor or there occurs any change in the legal or beneficial interest in the Lands; or
7. the Borrower or Guarantor fails to maintain its corporate existence; or

8. a writ of execution or attachment or similar process is issued or levied against all or a substantial portion of the property of the Borrower or Guarantor in connection with any judgement against the Borrower or Guarantor and such writ, execution, attachment or similar process is not released, bonded, satisfied, discharged, vacated or stayed within 15 days after its entry, commencement or levy; or
9. the Borrower or Guarantor or any party required to provide any security hereunder fails to perform or observe any term or condition of this Loan Agreement in respect of such security (including, without limitation, to provide any Security); or, other than as may be permitted by the express terms of an applicable document (or other than with the prior written consent of the Lender given in pursuance of the relevant provisions hereof and for the express purpose of this Loan Agreement or the applicable document), this Loan Agreement or any other document ceases, in whole or in part, to be effective, or the valid, binding and enforceable obligation of any party thereto (whether on the basis of any order or decision by a court or other judicial entity, by virtue of any statute, regulation or governmental action, or otherwise), or any party to a document (other than the Lender) repudiates or denies any of their duties or obligations under any document, declare any document to be invalid or unenforceable as against itself, or contest the validity or enforceability thereof; and such event continues for 10 Business Days or more after notice to remedy same including a statement that the Lender considers the circumstances in question to be an Event of Default hereunder; or
10. the Borrower or Guarantor fails to satisfy any of the Lender's requirements with respect to any document or approval required herein or any condition, covenant or representation or warranty; and such event continues for 10 Business Days or more after notice to remedy same including a statement that the Lender considers the circumstances in question to be an Event of Default hereunder; or
11. if any construction lien is registered against the Lands and not removed or vacated within thirty days thereafter; or
12. if a site plan agreement for the Development is not entered into with the municipality by October 31<sup>st</sup>, 2017, or if the Borrower or the Guarantor default under any site plan agreement for the Development; or
13. if the Borrower or Guarantor default under any bond provided to any party for or with respect to the Development; or

- 14. if commenced, construction of the Development ceases for more than thirty days for any reason; or
- 15. if the Guarantor ceases carrying on its hotel business on the Lands in the ordinary course for any reason; or
- 16. if the Guarantor terminates, is terminated or defaults under its existing franchise agreement for the Hotel it currently operates on the Lands.

**REPORTING:** The Borrower and Guarantor shall provide or cause to be provided to the Lender, in form and substance satisfactory to it, such information as the Lender may reasonably request from time to time.

**NO MERGER:** The execution and delivery to the Lender of any other document shall not operate as a merger of any representation, warranty, term, condition or other provision contained in this Loan Agreement or any other obligation or indebtedness or liability of the Borrower to the Lender.

**LOAN AGREEMENT**

**PARAMOUNT:** In the event of a conflict between the provisions of this Loan Agreement and any other document, the provisions of this Loan Agreement shall prevail to the extent necessary to remove such conflict.

**REMEDIES**

**CUMULATIVE:** The rights and remedies of the Lender under this Loan Agreement and each other agreement, document or instrument collateral hereto or executed in connection herewith are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, diminish, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted by the Lender, shall not be deemed to be a waiver of any subsequent default,

**FURTHER ASSURANCES:**

The Borrower and Guarantor agree that, whether before or after the occurrence of an Event of Default, they shall, at their own expense do, make, execute, or deliver, or cause to be done, made, executed or delivered all such further acts, documents and things in connection with this Loan Agreement or any documents as the Lender may reasonably require from time to time for the purpose of giving effect to the documents, all immediately upon the request of the Lender, including,



without limitation and to the extent not already provided for herein, for the purpose of facilitating the realization upon or enforcement of any security that the Lender may hold at such time, all immediately upon the request of the Lender.

**ENTIRE  
AGREEMENT,  
AMENDMENT:**

This Loan Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto as relates to this particular loan and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof. Except as otherwise provided herein, neither this Loan Agreement nor any of its provisions shall be amended or modified except by an agreement in writing of each of the parties that expressly refers to this Loan Agreement and provides that it is intended to modify this Loan Agreement.

**CAPTIONS,  
HEADINGS,  
ETC.:**

The captions, headings and sub-divisions of this Loan Agreement are for convenience of reference only and shall not affect the interpretation of any provision of this Loan Agreement.

**SEVERABILITY:**

The invalidity or unenforceability of any particular provision of this Loan Agreement shall not affect any other provision herein and the Loan Agreement shall be construed as if the invalid or unenforceable provision had been omitted.

**ASSIGNABILITY:**

The Borrower may not assign any of its rights or obligations under this Loan Agreement or (unless specifically otherwise stated therein) under any other document.

**BUSINESS DAY:**

The term "Business Day" shall mean any day which is not a Saturday, Sunday or statutory holiday in the municipality in which the Lands are located.

**GOVERNING  
LAW:**

This Loan Agreement and each other document (unless specifically otherwise stated therein) shall be governed by and construed in accordance with the laws of the Province of Ontario.

**CONFIDENT-  
IALITY:**

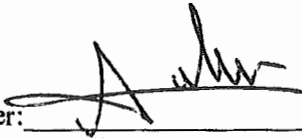
Each party to this Loan Agreement shall not, directly or indirectly, disclose the contents of this Loan Agreement save and except to its professional advisors. It is imperative that the terms of this Loan Agreement be kept in the strictest of confidence,

**COUNTERPARTS:** This Agreement may be executed in one or more counterparts, whether original or by electronic transmission, each of which shall constitute an original and all of which, when taken together, together shall constitute one and the same agreement. Telefaxed, pdf or other electronic copies of the signatures of the parties shall be valid and binding upon them.

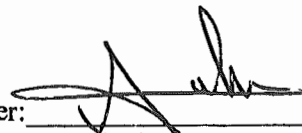
*Signatures on following page.*

IN WITNESS WHEREOF the parties have executed this Loan Agreement as of the date first written above.


**SAMM CAPITAL HOLDINGS INC.**

  
Per: \_\_\_\_\_  
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN CONSTRUCTION CORPORATION**

  
Per: \_\_\_\_\_  
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN FINANCIAL CORPORATION**

  
Per: \_\_\_\_\_  
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**SCHEDULE "A" - LANDS****PIN 06164 - 0197 LT**

Interest/Estate Fee Simple

Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT  
1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO

Address TORONTO

**PIN 06164 - 0509 LT**

Interest/Estate Fee Simple

Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO

Address TORONTO

**SCHEDULE "B" – PREVIOUS ADVANCES**

March 30 2017	\$100,000.00
April 02 2017	\$100,000.00
April 18 2017	\$100,000.00
April 21 2017	\$100,000.00
April 25 2017	\$100,000.00
April 28 2017	\$40,000.00
April 28 2017	\$10,000.00
April 28 2017	\$10,000.00
May 01 2017	\$50,000.00
May 02 2017	\$100,000.00
May 04 2017	\$5,000.00
May 08 2017	\$20,000.00
May 19 2017	\$4,000.00



# General Security Agreement

THIS AGREEMENT is dated the 6<sup>th</sup> day of July , 2017.

**B E T W E E N:**

**SAMM CAPITAL HOLDINGS INC.**  
(the "Secured Party or Creditor")

-and-

**TARN CONSTRUCTION CORPORATION**  
(the "Borrower or Debtor")

For value received and as additional security for a mortgage loan made under the Loan Agreement dated June 22, 2017 by and among the Debtor as a borrower, the Creditor as a lender and Tarn Financial Corporation as a guarantor, the Debtor agrees with the Secured Party as follows:

## ARTICLE 1 INTERPRETATION

1.1 Defined Terms. In this agreement, unless there is something in the context or subject matter inconsistent therewith,

"Accounts" means all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owed by the Borrower, whether or not earned by performance excluding, to the extent that an assignment in favour of the Secured Party is restricted by law, any such debts, amounts, claims and moneys due from the Government of Canada or any department or agency thereof or any Crown corporation; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Borrower, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof;

"Banking Day" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

"Chattel Paper" means all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;

"Collateral" means all undertaking, property and assets of the Borrower, now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further

described, without limitation, all Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds, and Leaseholds;

“Credit Agreement” means such written or oral loan agreements, promissory notes, financing terms or debt instruments between the Borrower, and a Secured Party, as the same may be amended, modified, supplemented or replaced from time to time, and other similar, replacement or additional agreements at any time entered into between the Borrower and a Secured Party, and any document of any kind evidencing or supporting an advance of funds from the Secured Party to the Borrower or any indebtedness or obligation of the Borrower to a Secured Party;

“Documents” means all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the “Documents”;

“Documents of Title” means any writing now or hereafter owned by the Borrower that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;

“Equipment” means all equipment now owned or hereafter acquired by the Borrower, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory and all items described in Schedule “A” hereto;

“Event of Default” shall have the meaning ascribed thereto in Section 5 hereof and in a Credit Agreement;

“Instruments” means all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Borrower, and all other writings of the Borrower that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment, and all letters of credit and advices of credit of the Borrower provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;

“Inventory” means all goods or chattels now or hereinafter forming the inventory of the Borrower including, without limitation, the goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging;

“Intangibles” means all intangible property now owned or hereafter acquired by the Borrower and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Borrower and all other



chooses in action of the Borrower of every kind, whether due or owing at the present time or hereafter to become due or owing;

“Leaseholds” subject to Section 2.3, all leases, now owned or hereafter acquired by the Borrower as tenant (whether oral or written) or any agreement therefor;

“Money” means all money now or hereafter owned by the Borrower, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;

“Obligations” means the aggregate of all indebtedness, obligations and liabilities of the Borrower to a Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation: advances to the Borrower; letters of credit and letters of guarantee issued by a Secured Party on behalf of the Borrower, whether or not drawn upon; bankers’ acceptances of the Borrower which have been accepted by a Secured Party; tender cheques certified by a Secured Party on behalf of the Borrower, whether or not negotiated; obligations or liabilities of the Borrower to third parties financed or guaranteed by a Secured Party; all interest payable by the Borrower to a Secured Party; obligations or liabilities of the Borrower under any present or future guarantee by the Borrower of the payment or performance or both of the debts, obligations or liabilities of a third party to a Secured Party; and debts, obligations or liabilities of the Borrower under any agreement with a Secured Party including, without limitation, this agreement, a Credit Agreement and any promissory note, debt obligation or any other agreement whatsoever, whether it or they be in writing;

“PPSA” means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

“Prime Rate” means the commercial prime rate of interest per annum charged by the Canadian Imperial Bank of Commerce to its customers in Toronto, Ontario for loans of Canadian dollars, as the same is adjusted from time to time.

“Proceeds” means all property in any form derived directly or indirectly from any dealing with the Collateral including, without limitation, property that indemnifies or compensates for the expropriation, destruction, or damage of the Collateral or the proceeds therefrom and all proceeds of proceeds;

“Secured Party” means all those persons identified as Secured Parties and includes them collectively, individually, jointly, severally, or in any other combination of any kind whatsoever, and their assignees;

“Securities” means all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, an uncertificated security within the meaning of Part VI (Investment Securities) of the *Business Corporation Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom;

1.2 Other Usages. References to “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this agreement.

1.3 Plural and Singular. Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings. The division of this agreement into Articles and Sections and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.5 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement shall mean lawful money of Canada.

1.6 Applicable Law. This agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto do hereby attorn to the exclusive jurisdiction of the courts of competent jurisdiction in the City of Toronto or Town of Newmarket, in the Province of Ontario.

1.7 Prohibited Provisions. In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect, unless a court of competent jurisdiction shall determine otherwise in proceedings to which the Secured Party has been made a party.

1.8 Time of the Essence. Time shall in all respects be of the essence of this agreement.

1.9 Schedules. Each and every one of the schedules which is referred to in this agreement and attached to this agreement shall form a part of this agreement.

**ARTICLE 2  
SECURITY INTEREST**

2.1 Grant of Security Interest. As general and continuing security for the payment and performance of all Obligations, the Borrower hereby:

- (a) grants to the Secured Party a security interest in the Collateral including a fixed charged on the Collateral listed in Schedule “A”; and
- (b) assigns, transfers and sets over the Secured Party all Accounts.

Whenever used elsewhere in this agreement, the expression “security interest” refers to the security interest created in (a) above and/or the assignment created in (b) above, as the context may require or permit.

2.2 Attachment of Security Interest. The parties hereby agree that they intend the security interest to attach to the Collateral upon the earlier of execution of this Agreement and the effective date set out above.

2.3 Exception re: Leaseholds and Contractual Rights. The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this agreement, but the Borrower agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Borrower shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights (other than Accounts) would constitute a breach or cause the acceleration of such contract, to which the Borrower is a party, said security interest shall not be granted hereunder but the Borrower shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such contractual rights to the Secured Party forthwith upon obtaining the appropriate consents to the attachment of said security interest.

### ARTICLE 3 COVENANTS OF THE BORROWER

3.1 Covenants. The Borrower hereby covenants and agrees with the Secured Party as follows:

- (a) The Borrower agrees to promptly notify the Secured Party in writing of the acquisition by the Borrower of any personal property which is not of the nature or type described by the definition of Collateral, and the Borrower agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Secured Party, in order that a security interest shall be granted and shall attach to such personal property.
- (b) The Borrower shall prevent the Collateral from becoming an accession to any personal property not subject to the security interest created by this agreement, or becoming affixed to any real property.
- (c) The Borrower shall deliver to the Secured Party from time to time as the same are acquired by the Borrower all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable.
- (d) The Borrower shall use its best efforts to obtain a written agreement from each landlord of the Borrower in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord:
  - (i) agrees to give notice to the Secured Party of any default by the Borrower under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord; and
  - (ii) acknowledges the security interest created by this agreement and the right of the Secured Party to enforce the security interest created by this agreement in priority of any claim of such landlord.

**3.2 Performance of Covenants by the Secured Party.** The Secured Party may, in its sole discretion and upon notice to the Borrower, perform any covenant of the Borrower under this agreement that the Borrower fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Borrower and no such performance by the Secured Party will require the Secured Party further to perform the Borrower's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

#### **ARTICLE 4 DEALING WITH COLLATERAL**

**4.1 General Restrictions.** Except as specifically permitted herein or in some other written agreement between the Borrower and the Secured Party, the Borrower shall not, without the prior written consent of the Secured Party:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (b) release, surrender or abandon possession of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (c) move or transfer the Collateral or any part thereof from its present location as specified in Schedule "B" hereto except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises; or
- (d) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral.

**4.2 Release by the Secured Party.** The Secured Party, may at its discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement.

**4.3 Proceeds Held in Trust.** All Proceeds that are monies collected or received by the Borrower will be received by the Borrower in trust for the Secured Party and will be forthwith paid to the Secured Party. The Secured Party shall not exercise its rights under this Section, and the Borrower's trust obligations under this Section need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

**ARTICLE 5  
DEFAULT AND ENFORCEMENT**

5.1 Enforceability of Security. The security hereby constituted shall become enforceable in each and every one of the following events:

- (a) if the Borrower defaults (subject to applicable grace periods) in payment or performance of any of the Obligations; or
- (b) if an Event of Default occurs as specified in the Credit Agreement; or
- (c) if the Borrower ceases to carry on business, makes a sale in bulk of its assets, is adjudged bankrupt, makes an assignment in bankruptcy, makes a proposal or plan of arrangement with its creditors, or if any of its creditors seize its assets; or
- (d) there is a change in control of the voting stock of the Borrower from that now held on the Borrower amalgamates without the prior written consent of the Creditor; or the Borrower is in default of its obligation to any of its other creditors; or
- (e) if the Borrower permits, fails to pay or purports to create any mortgage, charge, lien, security interest, deemed trust or other encumbrance in priority to the Security Interest herein granted, including but not limited to any deemed trust under the *Income Tax Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, the *Canada Pensions Plan Act*, the *Unemployment Insurance Act*, the *Workers' Compensation Act*, the *Employment Standards Act*, the *Public Utilities Act* or the *Municipal Act*, except for any such deemed trusts incurred in the ordinary course of business and which are not in arrears; or
- (e) if the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.

5.2 Remedies. At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Secured Party shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement shall have all of the powers of the Secured Party hereunder, and in addition, shall have the power to carry on the business of the Borrower;
- (b) to make payments to parties having prior charges or encumbrances on the Collateral;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral and any premises where such Collateral is located with power to exclude the Borrower, its agents and its servants

from such Collateral and such premises;

- (e) to preserve, protect and maintain the Collateral and make such repairs to, replacements thereof and additions thereto as the Secured Party shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Borrower's name or in the name of the Receiver and to advance its own money to the Borrower at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Secured Party, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms, so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit; provided that
  - (i) the Secured Party or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Borrower or any other person or persons whomever, for such period of time as is commercially reasonable;
  - (ii) the Secured Party or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
  - (iii) subject to Section 5.8, the Borrower will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Secured Party or the Receiver in cash;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
  - (i) the Collateral is perishable;
  - (ii) the Secured Party or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
  - (iii) the Collateral is of a type customarily sold on a recognized market;
  - (iv) the cost of care and storage of the Collateral is disproportionately large

relative to its value;

- (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
  - (vi) the Receiver disposes of the Collateral in the course of the Borrower's business;
- (k) to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Borrower thereunder directly to the Secured Party, and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Borrower, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Borrower might have done;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Borrower for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Secured Party, provided notice is given in the manner required by the PPSA to the Borrower and to any other person to whom the PPSA requires notice to be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.3 Special Rules re Accounts. After the security hereby constituted becomes enforceable,

- (a) all Money or other form of payment received by the Borrower in respect of the Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.8; and
- (b) the Borrower shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

5.4 Receiver as Agent. The Receiver shall be deemed to be the agent of the Borrower for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Borrower hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.5 Expenses of Enforcement. The Borrower shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and his own client basis) properly incurred by the Receiver pursuant to its appointment

and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Borrower to the Secured Party and the Receiver pursuant to this Section 5.5 shall be payable on demand and shall bear interest at an annual rate equal to the Prime Rate plus three percent (3%), which interest shall be calculated and compounded monthly and payable on demand.

5.6 Indulgences and Releases. Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Borrower, debtors of the Borrower, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the Obligations or the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

5.7 No Liability for Failure to Exercise Remedies. The Secured Party and the Receiver shall not be liable or accountable to the Borrower or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.2, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Borrower or any other party in respect of the same.

5.8 Proceeds of Disposition. Subject to the claims, if any, of the prior secured creditors of the Borrower, all moneys received by the Secured Party or by the Receiver pursuant to Section 5.2 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.5;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this agreement and any interest thereon;
- (c) third, in payment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Secured Party may apply the moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.9 Borrower Liable for Deficiency. If the monies received by the Secured Party or the Receiver pursuant to Section 5.2 are not sufficient to pay the claims set out in Section 5.8, the Borrower shall immediately pay the Secured Party the amount of such deficiency.

5.10 Restriction on Borrower. Upon the Secured Party taking possession of the collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower with respect to the Collateral shall, to the extent



permitted by law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Borrower or any officer, director, servant or agent of the Borrower shall be unaffected by such events.

5.11 Rights Cumulative. All rights and remedies of the Secured Party set out in this agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this agreement.

5.12 Care by the Secured Party. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Secured Party's possession if it takes such action for that purpose as the Borrower requests in writing, but failure of the Secured Party to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Borrower, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.13 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Borrower acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) the purchaser or lessee of such Collateral may be a customer of the Secured Party;
- (c) the disposition may be for cash or credit, or part cash and part credit; and
- (d) the Secured Party may establish a reserve bid in respect of all or any portion of the Collateral.

5.14 Application by Borrower re: Receiver. The Borrower hereby irrevocably waives its right to make an application to any court with respect to the appointment, powers or remuneration of the Receiver.

## ARTICLE 6 GENERAL

6.1 Waiver. Any breach by the Borrower of any of the provisions contained in this agreement or any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.2 The Secured Party as Attorney. The Borrower hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Borrower for and in the name of the Borrower to execute and do any deeds, documents, transfers, demands,

assignments, assurances, consents and things which the Borrower is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Borrower in the exercise of all or any of the powers hereby conferred on the Secured Party.

6.3 Further Assurances. The Borrower shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral or property intended to be charged hereunder, or which the Borrower may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this agreement.

6.4 Continuing Security. The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and any and all commitments of the Secured Party in favour of the Borrower have been cancelled under the Credit Agreement and otherwise.

6.5 No Obligation to Advance. Neither the execution nor delivery of this agreement shall obligate the Secured Party to advance any moneys to the Borrower.

6.6 Consumer Goods. Notwithstanding any other clause in this agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.7 Notices. All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or telefacsimile number or electronic mail as the case may be. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it should be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any communication which is transmitted by telefacsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission.

6.8 Assignment. The Secured Party may assign or transfer this agreement, any of its rights hereunder or any part thereof.

6.9 Successors and Assigns. This agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Borrower and its successors and assigns.

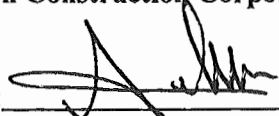
6.10 Entire Agreement. This agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations,

representations and undertakings, both written and verbal, in respect of the subject matter hereof.

6.11 Receipt of Copy of Agreement. The Borrower hereby acknowledges receipt of an executed copy of this agreement.

IN WITNESS WHEREOF the Borrower has executed this agreement.

**Tarn Construction Corporation**

Per:  \_\_\_\_\_

Ali Akman, President

I have authority to bind the Corporation

**SCHEDULE "A"**

**LIST OF SPECIFIED COLLATERAL**

None.

**SCHEDULE "B"**

**LOCATIONS OF COLLATERAL**

2035 Kennedy Road, Toronto, Ontario



**ACKNOWLEDGEMENT re PPSA**

TO: SAMM Capital Holdings Inc.

AND TO: THOMPSON DYMOND  
The solicitors herein

RE: General Security Agreements between  
Tarn Construction Corporation (the "Debtor") and SAMM Capital Holdings Inc.  
(the "Secured Party")

---

The undersigned, hereby acknowledges receipt of the attached drafted copy of a PPSA Form 1C which will be registered with Ministry of Consumer and Business Services re General Security Agreement under *Personal Security Act* naming the undersigned as a debtor in the transactions.

Dated this 6<sup>th</sup> day of July , 2017.

**Tarn Construction Corporation**

Per: 

Ali Akman, President

I have authority to bind the Corporation


**ONTARIO PPSA New Registration  
1C DRAFT**

 REGISTRATION TYPE: Personal Property Security Act  
 TERM OF REGISTRATION (YEARS): 5

 CAUTION FILING: N  
 MOTOR VEHICLE SCHEDULE: N

**DEBTORS**

Business Debtors		
	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	TARN CONSTRUCTION CORPORATION 002471249	2035 KENNEDY ROAD TORONTO ON M1T 3G2

**SECURED PARTIES**

Secured Parties		
	NAME	ADDRESS
1	SAMM CAPITAL HOLDINGS INC.	21 BALMUTO STREET, SUITE 2603 TORONTO ON M4Y 1W4

**COLLATERAL**

Collateral Classification Selected	MATURITY DATE	AMOUNT SECURED
Consumer Goods <input type="checkbox"/> Inventory <input checked="" type="checkbox"/> Equipment <input checked="" type="checkbox"/> Accounts <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Motor Veh Incl <input checked="" type="checkbox"/>		

**REGISTERING AGENT**

NAME	ADDRESS
PHIL THOMPSON	301-1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3N9

 \_\_\_\_\_  
 APPROVAL SIGNATURE

 \_\_\_\_\_  
 DATE



**RESOLUTION OF THE SOLE DIRECTOR  
OF  
TARN CONSTRUCTION CORPORATION  
  
(the "Corporation")**

**WHEREAS** a Loan Agreement (the "**Loan Agreement**") was entered into among the Corporation, as a borrower (the "**Borrower**"), SAMM Capital Holdings Inc., as a lender ((the "**Lender**") and Tarn Financial Corporation, as a guarantor (the "**Guarantor**") dated June 22<sup>nd</sup>, 2017 with respect the lands legally described as follows:

PIN 06164-0197(LT) PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO; and

PIN 06164-0509(LT) LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
(the "**Lands**");

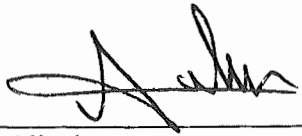
**NOW THEREFORE BE IT RESOLVED THAT:**

- a) The entering of the Loan Agreement by the Corporation upon the terms and conditions contemplated and set forth in the Loan Agreement are hereby approved and ratified;
- b) The President or any officer or director of the Corporation be hereby authorized for and on behalf of the Corporation to execute and deliver any further documents and agreements required to implement and complete the Loan Agreement;

\* \* \* \*

CERTIFIED to be a true copy of a unanimous resolution of the directors of the Corporation passed this day at a meeting held for the purpose indicated.

**Dated the 6<sup>th</sup> day of July , 2017.**



\_\_\_\_\_  
Name: Ali Akman  
Title: President





**CERTIFICATE OF OFFICER**  
**OF**  
**TARN CONSTRUCTION CORPORATION**  
**(the "Corporation")**

**TO:** SAMM Capital Holdings Inc. ("**Lender**")

**AND TO:** Thompson Dymond, its solicitors herein

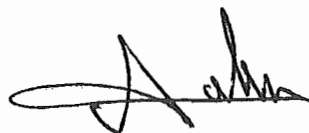
Capitalized terms not defined herein shall have the meaning given to them in the Loan Agreement dated June 22, 2017 (the "**Loan Agreement**") by and among the Corporation, as a borrower (the "**Borrower**"), SAMM Capital Holdings Inc., as a lender (the "**Lender**") and Tarn Financial Corporation, as a guarantor (the "**Guarantor**"). The undersigned duly appointed officer of the Corporation, acting in such capacity and not in his personal capacity, duly certifies on behalf of the Corporation and without personal liability as follows:

1. The Corporation was incorporated under the *Business Corporations Act* (Ontario) by Certificate and Articles of Incorporation certified to be effective as of June 17, 2015. The Corporation is a valid subsisting corporation under the laws of the Province of Ontario.
2. The following persons are duly elected and appointed as the directors and officers of the Corporation:  

Ali Akman	Director/President
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3. To the best of the information, knowledge and belief, the minute books and corporate records of the Corporation are the original minute books and records of the Corporation and contain a register of shareholders of the Corporation, all by-laws of the Corporation and the minutes or copies thereof of all proceedings of the shareholders and directors (or any committee thereof) of the Corporation to the date hereof, and there have been no other registered shareholders, by-laws, meetings, resolutions or proceedings of the shareholders or of the board of directors (or any committee thereof) of the Corporation to the date hereof not reflected in such register, minute books and corporate records. Such register, minute books and records are true, correct and complete in all respects.
4. To the best of the information, knowledge and belief of the Corporation, as of the date hereof, no Event of Default has occurred and is continuing, and no condition exists which would constitute an Event of Default with the giving of notice or the expiry of any applicable grace period or both, in each case with respect to the loans to the Corporation.
5. The Corporation is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

6. The Corporation is not "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada).
7. There are no provisions in the by-laws of the Corporation, in any unanimous or other shareholder agreement or in any other document which would in any way restrict or prevent the Corporation from entering into or performing its obligations under the Loan Agreement or any of the Security or loan documents, nor restrict or prevent the Corporation from owning its property or carrying on its business in the Province of Ontario.
8. No proceedings have been commenced for dissolution or winding up of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Officer's Certificate as of July 6 , 2017.



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Ali Akman - President



**GUARANTEE**

**THIS GUARANTEE** is made as of the 6<sup>th</sup> day of July , 2017.

**WHEREAS** the undersigned **Tarn Financial Corporation** (the "**Guarantor**") has agreed to provide **SAMM Capital Holdings Inc.** (the "**Lender**") with a guarantee of the Obligations (as hereinafter defined) of **Tarn construction Corporation** (the "**Obligor**");

**AND WHEREAS** the Guarantor has agreed that if the guarantee is not enforceable, the Guarantor will indemnify the Lender or be liable as primary obligor;

**NOW THEREFORE THIS GUARANTEE WITNESSES** that in consideration of the premises and the covenants and agreements herein contained, the sum of One Dollar (\$1.00) now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

**ARTICLE 1- GUARANTEE**

1.01 **Guarantee**

The Guarantor hereby unconditionally and irrevocably guarantees the due and punctual performance by the Obligor of the Obligor's obligations under:

- (a) a Loan Agreement between the Obligor and the Lender dated June 22, 2017;
- (b) a land mortgage to be registered against the property municipally known as 2035 Kennedy Road, Toronto, Ontario (PIN 06164-0197, 06164-0509) in the amount of \$4,000,000.00 in favour of the Lender ; and
- (b) a General Security Agreement between the Obligaor and Lender dated July 6, 2017;

(collectively referred to as the "**Agreement**"), and any security (the "**Security**") granted or to be granted by the Obligor or others to the Lender as security for the payment of the monies and the performance of the Obligor's obligations under the Agreement including, without limitation, the payment of all of the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Obligor to the Lender or remaining unpaid by the Obligor to the Lender pursuant to the Agreement and the Security (hereinafter collectively referred to as the "**Obligations**") together with all costs and expenses, including without limitation, legal fees and expenses incurred by the Lender in connection with the enforcement of this Guarantee.

1.02 **Indemnity**

If any or all of the Obligations are not duly paid by the Obligor and are not recoverable under Section 1.01 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Obligor to pay such Obligations and the costs and expenses of enforcement of this indemnity, including without limitation, legal fees and expenses.

1.03 **Primary Obligation**

If any or all of the Obligations are not duly performed by the Obligor and are not performed under Section 1.01 or the Lender is not indemnified under Section 1.02, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor and will extend to the costs and expenses of enforcement of the Obligations including, without limitation, legal fees and expenses.

1.04 **Obligations Absolute**

The liability of the Guarantor hereunder will be absolute and unconditional and will not be affected by:

- (a) any lack of validity or enforceability of any agreement between the Obligor and the Lender;
- (b) any impossibility, impracticability, frustration of purpose, illegality, force *majeure* or act of government;
- (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of the Obligor or any other person or the amalgamation of or any change in the status, function, control or ownership of the Obligor, the Guarantor, the Lender or any other person;
- (d) any lack or limitation of power, incapacity or disability on the part of the Obligor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Obligor in its obligations to the Lender; or
- (e) any other law, regulation or other circumstance that might otherwise constitute a defence available to, or a discharge of, the Obligor in respect of any or all of the Obligations.

**ARTICLE 2- DEALINGS WITH OBLIGOR AND OTHERS**

2.01 **No Release**

The liability of the Guarantor hereunder will not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Lender in connection with any duties or liabilities of the Obligor to the Lender or any security therefor including any loss of or in respect of any of the Security. Without limiting the generality of the foregoing and without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor' liability hereunder, without obtaining the consent of or giving notice to the Guarantor, the Lender may:

- (a) discontinue, reduce, increase or otherwise vary the credit of the Obligor in any manner whatsoever;
- (b) make any change in the time, manner or place of payment under, or in any other term of, any agreement between the Obligor and the Lender or the failure on the part of the Obligor to carry out any of its obligations under any such agreement;
- (c) grant time, renewals, extensions, indulgences, releases and discharge to the Obligor;

- (d) take or abstain from taking or enforcing securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor;
- (e) accept compromises from the Obligor;
- (f) apply all money at any time received from the Obligor or from securities upon such part of the Obligations as the Lender may see fit or change any such application in whole or in part from time to time as the Lender may see fit; and
- (g) otherwise deal with the Obligor and all other persons and securities as the Lender may see fit.

2.02 **No Exhaustion of Remedies**

The Lender will not be bound or obligated to exhaust its recourse against the Obligor or other persons or any securities or collateral it may hold or take any other action before being entitled to demand payment from the Guarantor hereunder.

2.03 **Prima Facie Evidence**

Any account settled or stated in writing by or between the Lender and the Obligor will be *prima facie* evidence that the balance or amount thereof appearing due to the Lender is so due.

2.04 **No Set-off**

In any claim by the Lender against the Guarantor, the Guarantor may not assert any set-off or counterclaim that either any of the Guarantor or the Obligor may have against the Lender.

2.05 **Continuing Guarantee**

The obligations of the Guarantor hereunder will constitute and be continuing obligations and will apply to and secure any ultimate balance due or remaining due to the Lender and will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid by the Obligor to the Lender. This Guarantee will continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Lender upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of the Obligor or otherwise, all as though such payment had not been made.

**ARTICLE 3 - DEMAND**

3.01 **Demand**

If any Obligation is not paid for any reason whatsoever, the Lender may treat all Obligations as due and payable and may demand forthwith from the Guarantor the total amount guaranteed hereunder whether or not such Obligations are yet due and payable at the time of demand for payment hereunder. The Guarantor will make payment to or performance in favour of the Lender of the total amount guaranteed hereunder forthwith after demand therefor is made to the Guarantor. The Guarantor will make payment to

the Lender forthwith upon demand of all costs and expenses incurred by the Lender in enforcing this Guarantee.

### 3.02 Interest

The Guarantor will pay interest to the Lender at the interest rate provided in the Agreement, as amended from time to time, on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to accrue from and including the date of demand by the Lender on the Guarantor.

## ARTICLE 4- ASSIGNMENT, POSTPONEMENT AND SUBROGATION

### 4.01 Assignment and Postponement

All debts and liabilities, present and future, of the Obligor to the Guarantor is hereby assigned to the Lender and postponed to the Obligations, and all money received by the Guarantor in respect thereof will be held in trust for the Lender and forthwith upon receipt will be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Guarantor hereunder and this assignment and postponement is independent of the Guarantee and will remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and paid in full.

### 4.02 Subrogation

The Guarantor will not be entitled to subrogation until (i) the Guarantor perform or make payment to the Lender of all amounts owing by the Guarantor to the Lender under this Guarantee and (ii) the Obligations are performed and paid in full. Thereafter, the Lender will, at the Guarantor' request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.

## ARTICLE 5 - GENERAL

### 5.01 Binding Effect of the Guarantee/Assignment

This Guarantee will be binding upon the heir, estate trustees, administrators, personal representatives, successors and assigns of the Guarantor and will enure to the benefit of the Lender and its successors and assigns. If there is more than one party constituting the Guarantor hereunder, the obligations of each of them hereunder shall be joint and several. The rights of the Lender under this Guarantee may be assigned by the Lender without the prior consent of the Obligor or the Guarantor. The Guarantor may not assign their obligations under this Guarantee.

### 5.02 Entire Agreement

This Guarantee constitutes the entire agreement between the Guarantor and the Lender with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Lender will not be bound by any representations or promises made by the Obligor to the



Guarantor and possession of this Guarantee by the Lender will be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with and this Guarantee will be operative and binding notwithstanding the non-execution thereof by any proposed signatory.

5.03 **Amendments and Waivers**

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Lender. No waiver of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. The remedies herein are cumulative and not exclusive of any remedies provided by law.

5.04 **Severability**

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

5.05 **Notices**

Any demand, notice or other communication to be given in connection with this Guarantee must be given in writing to each party and may be given by personal delivery, by registered mail or by electronic means of communication.

or such other address, individual or electronic communication number as may be designated by notice given by the Guarantor to the Lender. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3<sup>rd</sup>) business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication must not be mailed but must be given by personal delivery or by electronic communication.

5.06 **Waiver of Notice of Acceptance**

The Guarantor hereby waives notice of acceptance of this instrument.

5.07 **Discharge**

The Guarantor will not be discharged from any of its obligations hereunder except by a release or discharge signed in writing by the Lender.

5.08 **Governing Law**

This Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

5.9 **Headings**

The division of this Guarantee into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Guarantee. The terms "hereof", "hereunder" and similar expressions refer to this Guarantee and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Guarantee.

5.10 **Extended Meanings**

In this Guarantee words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

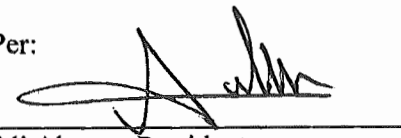
5.11 **Executed Copy**

The Guarantor acknowledges receipt of a fully executed copy of this Guarantee.

**IN WITNESS WHEREOF** the Guarantor has executed this Guarantee.

**Tarn Financial Corporation**

Per:



Ali Akman, President

*I have authority to bind the corporation.*



# General Security Agreement

THIS AGREEMENT is dated the 6<sup>th</sup> day of July , 2017.

**B E T W E E N:**

**SAMM CAPITAL HOLDINGS INC.**  
(the "Secured Party or Creditor")

-and-

**TARN FINANCIAL CORPORATION**  
(the "Debtor")

For value received and as additional security for a mortgage loan made under the Loan Agreement dated June 22, 2017 by and among the Debtor as a guarantor, the Creditor as a lender and Tarn Construction Corporation as a borrower the Debtor agrees with the Secured Party as follows:

## **ARTICLE 1** **INTERPRETATION**

1.1 Defined Terms. In this agreement, unless there is something in the context or subject matter inconsistent therewith,

"Accounts" means all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owed by the Debtor, whether or not earned by performance excluding, to the extent that an assignment in favour of the Secured Party is restricted by law, any such debts, amounts, claims and moneys due from the Government of Canada or any department or agency thereof or any Crown corporation; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof;

"Banking Day" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

"Chattel Paper" means all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;

"Collateral" means all undertaking, property and assets of the Debtor, now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further

described, without limitation, all Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds, and Leaseholds;

“Credit Agreement” means such written or oral loan agreements, promissory notes, financing terms or debt instruments between the Debtor, and a Secured Party, as the same may be amended, modified, supplemented or replaced from time to time, and other similar, replacement or additional agreements at any time entered into between the Debtor and a Secured Party, and any document of any kind evidencing or supporting an advance of funds from the Secured Party to the Debtor or any indebtedness or obligation of the Debtor to a Secured Party;

“Documents” means all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the “Documents”;

“Documents of Title” means any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;

“Equipment” means all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory and all items described in Schedule “A” hereto;

“Event of Default” shall have the meaning ascribed thereto in Section 5 hereof and in a Credit Agreement;

“Instruments” means all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment, and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;

“Inventory” means all goods or chattels now or hereinafter forming the inventory of the Debtor including, without limitation, the goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging;

“Intangibles” means all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other

chooses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;

“Leaseholds” subject to Section 2.3, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor;

“Money” means all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;

“Obligations” means the aggregate of all indebtedness, obligations and liabilities of the Debtor to a Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation: advances to the Debtor; letters of credit and letters of guarantee issued by a Secured Party on behalf of the Debtor, whether or not drawn upon; bankers’ acceptances of the Debtor which have been accepted by a Secured Party; tender cheques certified by a Secured Party on behalf of the Debtor, whether or not negotiated; obligations or liabilities of the Debtor to third parties financed or guaranteed by a Secured Party; all interest payable by the Debtor to a Secured Party; obligations or liabilities of the Debtor under any present or future guarantee by the Debtor of the payment or performance or both of the debts, obligations or liabilities of a third party to a Secured Party; and debts, obligations or liabilities of the Debtor under any agreement with a Secured Party including, without limitation, this agreement, a Credit Agreement and any promissory note, debt obligation or any other agreement whatsoever, whether it or they be in writing;

“PPSA” means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

“Prime Rate” means the commercial prime rate of interest per annum charged by the Canadian Imperial Bank of Commerce to its customers in Toronto, Ontario for loans of Canadian dollars, as the same is adjusted from time to time.

“Proceeds” means all property in any form derived directly or indirectly from any dealing with the Collateral including, without limitation, property that indemnifies or compensates for the expropriation, destruction, or damage of the Collateral or the proceeds therefrom and all proceeds of proceeds;

“Secured Party” means all those persons identified as Secured Parties and includes them collectively, individually, jointly, severally, or in any other combination of any kind whatsoever, and their assignees;

“Securities” means all present and future securities held by the Debtor, including shares, options, rights, warrants, joint venture interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, an uncertificated security within the meaning of Part VI (Investment Securities) of the *Business Corporation Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom;

1.2 Other Usages. References to “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this agreement.

1.3 Plural and Singular. Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings. The division of this agreement into Articles and Sections and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.5 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement shall mean lawful money of Canada.

1.6 Applicable Law. This agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto do hereby attorn to the exclusive jurisdiction of the courts of competent jurisdiction in the City of Toronto or Town of Newmarket, in the Province of Ontario.

1.7 Prohibited Provisions. In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect, unless a court of competent jurisdiction shall determine otherwise in proceedings to which the Secured Party has been made a party.

1.8 Time of the Essence. Time shall in all respects be of the essence of this agreement.

1.9 Schedules. Each and every one of the schedules which is referred to in this agreement and attached to this agreement shall form a part of this agreement.

## ARTICLE 2 SECURITY INTEREST

2.1 Grant of Security Interest. As general and continuing security for the payment and performance of all Obligations, the Debtor hereby:

- (a) grants to the Secured Party a security interest in the Collateral including a fixed charged on the Collateral listed in Schedule “A”; and
- (b) assigns, transfers and sets over the Secured Party all Accounts.

Whenever used elsewhere in this agreement, the expression “security interest” refers to the security interest created in (a) above and/or the assignment created in (b) above, as the context may require or permit.

2.2 Attachment of Security Interest. The parties hereby agree that they intend the security interest to attach to the Collateral upon the earlier of execution of this Agreement and the effective date set out above.

2.3 Exception re: Leaseholds and Contractual Rights. The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights (other than Accounts) would constitute a breach or cause the acceleration of such contract, to which the Debtor is a party, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such contractual rights to the Secured Party forthwith upon obtaining the appropriate consents to the attachment of said security interest.

### ARTICLE 3 COVENANTS OF THE DEBTOR

3.1 Covenants. The Debtor hereby covenants and agrees with the Secured Party as follows:

- (a) The Debtor agrees to promptly notify the Secured Party in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Secured Party, in order that a security interest shall be granted and shall attach to such personal property.
- (b) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to the security interest created by this agreement, or becoming affixed to any real property.
- (c) The Debtor shall deliver to the Secured Party from time to time as the same are acquired by the Debtor all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable.
- (d) The Debtor shall use its best efforts to obtain a written agreement from each landlord of the Debtor in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord:
  - (i) agrees to give notice to the Secured Party of any default by the Debtor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord; and
  - (ii) acknowledges the security interest created by this agreement and the right of the Secured Party to enforce the security interest created by this agreement in priority of any claim of such landlord.

3.2 Performance of Covenants by the Secured Party. The Secured Party may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this agreement that the



Debtor fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Secured Party will require the Secured Party further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

**ARTICLE 4  
DEALING WITH COLLATERAL**

4.1 General Restrictions. Except as specifically permitted herein or in some other written agreement between the Debtor and the Secured Party, the Debtor shall not, without the prior written consent of the Secured Party:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (b) release, surrender or abandon possession of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (c) move or transfer the Collateral or any part thereof from its present location as specified in Schedule "B" hereto except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises; or
- (d) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral.

4.2 Release by the Secured Party. The Secured Party, may at its discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement.

4.3 Proceeds Held in Trust. All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Secured Party and will be forthwith paid to the Secured Party. The Secured Party shall not exercise its rights under this Section, and the Debtor's trust obligations under this Section need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

**ARTICLE 5**

**DEFAULT AND ENFORCEMENT**

5.1 Enforceability of Security. The security hereby constituted shall become enforceable in each and every one of the following events:

- (a) if the Debtor defaults (subject to applicable grace periods) in payment or performance of any of the Obligations; or
- (b) if an Event of Default occurs as specified in the Credit Agreement; or
- (c) if the Debtor ceases to carry on business, makes a sale in bulk of its assets, is adjudged bankrupt, makes an assignment in bankruptcy, makes a proposal or plan of arrangement with its creditors, or if any of its creditors seize its assets; or
- (d) there is a change in control of the voting stock of the Debtor from that now held on the Debtor amalgamates without the prior written consent of the Creditor; or the Debtor is in default of its obligation to any of its other creditors; or
- (e) if the Debtor permits, fails to pay or purports to create any mortgage, charge, lien, security interest, deemed trust or other encumbrance in priority to the Security Interest herein granted, including but not limited to any deemed trust under the *Income Tax Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, the *Canada Pensions Plan Act*, the *Unemployment Insurance Act*, the *Workers' Compensation Act*, the *Employment Standards Act*, the *Public Utilities Act* or the *Municipal Act*, except for any such deemed trusts incurred in the ordinary course of business and which are not in arrears; or
- (e) if the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.

5.2 Remedies. At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Secured Party shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement shall have all of the powers of the Secured Party hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on the Collateral;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral and any premises where such Collateral is located with power to exclude the Debtor, its agents and its servants from such Collateral and such premises;
- (e) to preserve, protect and maintain the Collateral and make such repairs to,

replacements thereof and additions thereto as the Secured Party shall deem advisable;

- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Secured Party, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms, so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit; provided that
  - (i) the Secured Party or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomever, for such period of time as is commercially reasonable;
  - (ii) the Secured Party or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
  - (iii) subject to Section 5.8, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Secured Party or the Receiver in cash;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
  - (i) the Collateral is perishable;
  - (ii) the Secured Party or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
  - (iii) the Collateral is of a type customarily sold on a recognized market;
  - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
  - (v) every person entitled by law to receive a notice of disposition consents in

writing to the immediate disposition of the Collateral; or

- (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Secured Party, and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Secured Party, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice to be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

**5.3 Special Rules re Accounts.** After the security hereby constituted becomes enforceable,

- (a) all Money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.8; and
- (b) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

**5.4 Receiver as Agent.** The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

**5.5 Expenses of Enforcement.** The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and his own client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them

pursuant to the powers set out herein, and the obligations of the Debtor to the Secured Party and the Receiver pursuant to this Section 5.5 shall be payable on demand and shall bear interest at an annual rate equal to the Prime Rate plus three percent (3%), which interest shall be calculated and compounded monthly and payable on demand.

5.6 Indulgences and Releases. Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the Obligations or the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

5.7 No Liability for Failure to Exercise Remedies. The Secured Party and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.2, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Debtor or any other party in respect of the same.

5.8 Proceeds of Disposition. Subject to the claims, if any, of the prior secured creditors of the Debtor, all moneys received by the Secured Party or by the Receiver pursuant to Section 5.2 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.5;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this agreement and any interest thereon;
- (c) third, in payment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Secured Party may apply the moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.9 Debtor Liable for Deficiency. If the monies received by the Secured Party or the Receiver pursuant to Section 5.2 are not sufficient to pay the claims set out in Section 5.8, the Debtor shall immediately pay the Secured Party the amount of such deficiency.

5.10 Restriction on Debtor. Upon the Secured Party taking possession of the collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Secured

Party; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.11 Rights Cumulative. All rights and remedies of the Secured Party set out in this agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this agreement.

5.12 Care by the Secured Party. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Secured Party's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Secured Party to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.13 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) the purchaser or lessee of such Collateral may be a customer of the Secured Party;
- (c) the disposition may be for cash or credit, or part cash and part credit; and
- (d) the Secured Party may establish a reserve bid in respect of all or any portion of the Collateral.

5.14 Application by Debtor re: Receiver. The Debtor hereby irrevocably waives its right to make an application to any court with respect to the appointment, powers or remuneration of the Receiver.

## ARTICLE 6 GENERAL

6.1 Waiver. Any breach by the Debtor of any of the provisions contained in this agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.2 The Secured Party as Attorney. The Debtor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and,

after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party.

6.3 Further Assurances. The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this agreement.

6.4 Continuing Security. The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and any and all commitments of the Secured Party in favour of the Debtor have been cancelled under the Credit Agreement and otherwise.

6.5 No Obligation to Advance. Neither the execution nor delivery of this agreement shall obligate the Secured Party to advance any moneys to the Debtor.

6.6 Consumer Goods. Notwithstanding any other clause in this agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.7 Notices. All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by electronic means of communications as the case may be. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it should be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any communication which is transmitted by telefacsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission.

Debtor 6.8 Assignment. The Secured Party may assign or transfer this agreement, any of its rights hereunder or any part thereof.

6.9 Successors and Assigns. This agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Debtor and its successors and assigns.

6.10 Entire Agreement. This agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

6.11 Receipt of Copy of Agreement. The Debtor hereby acknowledges receipt of an executed copy

of this agreement.

IN WITNESS WHEREOF the Debtor has executed this agreement.

**Tarn Financial Corporation**

Per: 

Ali Akman, President

I have authority to bind the Corporation

**SCHEDULE "A" - LIST OF SPECIFIED COLLATERAL**

None.

**SCHEDULE "B" LOCATIONS OF COLLATERAL**

2035 Kennedy Road, Toronto, Ontario





**ACKNOWLEDGEMENT re PPSA**

TO: SAMM Capital Holdings Inc.

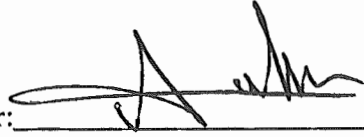
AND TO: THOMPSON DYMOND  
The solicitors herein

RE: General Security Agreements between  
Tarn Financial Corporation (the "Debtor") and SAMM Capital Holdings Inc. (the  
"Secured Party")

The undersigned, hereby acknowledges receipt of the attached drafted copy of a PPSA Form 1C which will be registered with Ministry of Consumer and Business Services re General Security Agreement under *Personal Security Act* naming the undersigned as a debtor in the transactions.

Dated this 6<sup>th</sup> day of July , 2017.

**Tarn Financial Corporation**

  
 Per: \_\_\_\_\_  
 Ali Akman, President  
 I have authority to bind the Corporation


**ONTARIO PPSA New Registration  
1C DRAFT**

 REGISTRATION TYPE: Personal Property Security Act  
 TERM OF REGISTRATION (YEARS): 5

 CAUTION FILING: N  
 MOTOR VEHICLE SCHEDULE: N

**DEBTORS**

Business Debtors		
	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	TARN FINANCIAL CORPORATION 002425409	21 BALMUTO STREET, SUITE 2603 TORONTO ON M4Y 1W4

**SECURED PARTIES**

Secured Parties		
	NAME	ADDRESS
1	SAMM CAPITAL HOLDINGS INC.	21 BALMUTO STREET, SUITE 2603 TORONTO ON M4Y 1W4

**COLLATERAL**

Collateral Classification Selected	MATURITY DATE	AMOUNT SECURED
Consumer Goods <input type="checkbox"/> Inventory <input checked="" type="checkbox"/> Equipment <input checked="" type="checkbox"/> Accounts <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Motor Veh Incl <input checked="" type="checkbox"/>		

**REGISTERING AGENT**

NAME	ADDRESS
PHIL THOMPSON	301-1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3N9

 \_\_\_\_\_  
 APPROVAL SIGNATURE

 \_\_\_\_\_  
 DATE



**ACKNOWLEDGEMENT AND DIRECTION**

**TO:** Phil Thompson Professional Corporation, Phil Thompson

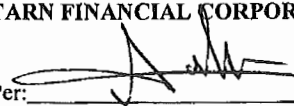
**RE:** The Lender, Tarn Construction Corporation, as a borrower (the "**Borrower**"), and Tarn Financial Corporation, as a guarantor (the "**Guarantor**") entered into a Loan Agreement dated June 22, 2017 (the "**Loan Agreement**"), which to be secured by a land mortgage on 2035 Kennedy Road, Toronto, Ontario ("**Property**") owned by the Guarantor

**This will confirm that:**

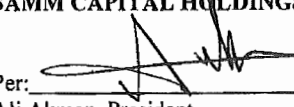
1. I/We have reviewed the information contained on the document(s) attached hereto and initialled by the undersigned for identification purposes and confirm this information is accurate;
2. You are authorized and directed to register electronically on our behalf the following document(s), copies of which are attached hereto and initialled by the undersigned for identification purposes:
  - *Charge/Mortgage*
  - *Notice of Assignment of Rent General*
3. The effect of the electronic documents described in this Acknowledgement and Direction has been fully explained to the undersigned and the undersigned understands that it is party to and is bound by the terms and provisions of these electronic document(s) to the same extent as if the undersigned had signed these documents; and
4. The undersigned is in fact the party named in the electronic document(s) described in this Acknowledgement and Direction and the undersigned has not misrepresented its identities to you.

**Dated** this 6<sup>th</sup> day of July, 2017.

**TARN FINANCIAL CORPORATION**

Per:   
 Ali Akman, President  
 I have authority to bind the Corporation

**SAMM CAPITAL HOLDINGS INC.**

Per:   
 Ali Akman, President  
 I have authority to bind the Corporation

**Properties**

*PIN* 06164 - 0197 LT *Interest/Estate* Fee Simple  
*Description* PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH, CITY OF TORONTO  
*Address* TORONTO

*PIN* 06164 - 0509 LT *Interest/Estate* Fee Simple  
*Description* LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28654; CITY OF TORONTO  
*Address* TORONTO

**Chargor(s)**

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

*Name* TARN FINANCIAL CORPORATION  
 Acting as a company  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

**Chargee(s)**

*Capacity*

*Share*

*Name* SAMM CAPITAL HOLDINGS INC.  
 Acting as a company  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

**Statements**

Schedule:

**Provisions**

*Principal* \$ 4,000,000.00 *Currency* CDN  
*Calculation Period* see schedule  
*Balance Due Date* see schedule  
*Interest Rate* see schedule  
*Payments*  
*Interest Adjustment Date*  
*Payment Date* see schedule  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms* 200033  
*Insurance Amount* full insurable value  
*Guarantor*

**File Number**

Chargor Client File Number : 5154

## SCHEDULE "A"

### ADDITIONAL PROVISIONS/CLAUSES

For the purpose of this Mortgage (the "Mortgage"), the terms "Charge", "Chargor" and "Chargee" shall also mean "Mortgage", "Mortgagor" and "Mortgagee". "Property" or "Lands" shall mean the lands (which term shall include all buildings situate thereon, now or in the future) and premises secured hereunder and, if applicable, are the premises described in Box 5 of page 1 of the Charge/Mortgage herein. Headings in this Charge do not form part of the Charge but are used only for easy reference.

### CONFLICT/AMBIGUITY

Where conflict or ambiguity exists or arises between any one or more of the provisions contained in this Schedule and any one or more of the provisions contained in the standard charge terms, the provisions contained in this Schedule shall prevail.

In the event of conflict between any commitment letter, loan agreement, promissory note, management agreement, guarantee or other instrument or agreement between the Chargor and the Chargee(s) secured by this Charge ("Loan Document") and the provisions of this Charge, the provisions in the Loan Document shall prevail.

In the event of any conflict between the interest rate and payments terms provided for in this Charge and any Loan Document, the provisions in the Loan Document shall prevail.

### COLLATERAL SECURITY

This Charge secures all liabilities or obligations of the Chargor to the Chargee(s) of any kind whatsoever now or hereafter owing, including but not limited to any loans, debts, borrowings, guarantees, indemnities, sureties, management fees or other liabilities or obligations of any kind.

### DUE ON DEMAND

Except as otherwise set out in Loan Document all sums secured by this Mortgage are due and payable on demand.

### NON-TRANSFERABLE/NON-ASSUMABLE

This Charge is non-transferable and non-assumable. In the event of the Chargor selling, transferring or conveying title to all or any part of the Lands, or if there is a change in the beneficial ownership of the Chargor or the Lands, this Charge and all sums secured hereby will become due and payable.

It is understood and agreed that any such a transfer shall not relieve the Chargor from any of its obligations hereunder.

### PREPAYMENT PRIVILEGE

Except as otherwise set out in any Loan Document, promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s): The Chargor may prepay the principal sum secured hereby at any time and in any amount without notice, bonus or penalty, provided such payments shall be applied to the ultimate balance owing hereunder without lessening any of the regular payments required hereunder.

### APPLICATION OF PAYMENTS

All payments received hereunder shall be applied in the following order: (i) all reasonable recoverable costs, expenses and third party payments of the Chargee in relation to this Charge and the Lands including reasonable legal fees on a solicitor and his own client basis; (ii) administration and other fees due to the Chargee; (iii) interest owing; and (iv) principal owing.

### FURTHER ENCUMBRANCES

The Chargor shall not grant or permit any further Charges, charges, or encumbrances of any nature to be registered against the Lands without the prior consent in writing of Chargee, and in the event of breach of this covenant the Chargee shall be entitled to commence default proceedings.

### NON-TENANCY

The Chargor covenants not to enter into, renew, extend or terminate any tenancy agreement with respect to any part of the mortgaged premises, or permit any subletting or assignment or surrender thereunder, without the prior consent in writing of the Chargee, and agrees with respect to any tenancy agreement entered into prior to discharge of this Charge to incorporate an acknowledgment of priority by the lessee of the terms and provisions of this Charge including without limitation to generality an acknowledgement by the lessee thereunder that the Chargee's right to possession will not be bound by or subject to the residential tenancy provisions of the *Residential Tenancies Act*, as amended from time to time.

### ASSIGNMENT OF RENTS

As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Property together with all rights, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

### FRANCHISE AGREEMENT

The Chargor covenants not to enter into or renew, extend, terminate, assign or transfer any franchise agreement for any business operated by the Chargor on any part of the mortgaged premises without the prior consent in writing of the Chargee.

### SECURITY INTEREST IN CHATTELS

It is hereby mutually covenanted and agreed by and between the parties hereto that all chattels, erections and improvements, fixed or otherwise, now or hereafter put upon the Property and owned by the Chargor, including, but without limiting the generality of the foregoing, all drapes, lobby furniture, refrigerators and stoves, heating equipment, air-conditioning and ventilation equipment, blinds, storm windows and doors, window screens, etc. and all apparatus and equipment appurtenant thereto are and shall in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns, and all persons claiming thereunder and shall be a portion of the security for the indebtedness hereinbefore mentioned.

The Chargor covenants and agrees to execute and deliver to the Chargee, on demand, a security interest in all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the Chargor and situate in or about the Property. The form and content of such security interest shall be acceptable to the Chargee. The Chargor agrees to pay all legal and other expenses incurred by the Chargee in connection with the preparation and registration of the security interest and any renewals thereof forthwith upon demand and such fees and expenses,



together with interest thereon at the interest rate charged hereunder, shall be added to the principal sum secured by the within charge if not paid by the Chargor.

#### **NSF FEE**

The Chargee shall be entitled to an administrative fee of \$350.00 plus HST in the event any payment hereunder shall be returned unpaid by the Chargor's bank for any reason or payments not received on payments date(s).

#### **TAX RECEIPTS**

Proof of payment of property taxes are to be provided to the Chargee on a yearly basis. The Chargee shall have the option, to be exercised in its sole discretion, to pay the property taxes directly and have the Chargor reimburse the amount of such payment forthwith after payment by the Chargee. In the event of the failure of the Chargor to comply with this covenant as aforementioned the Chargee shall be entitled to charge a reasonable administration fee for each written enquiry directed to such taxing authority, or the relevant taxation office for the purpose of ascertaining the status of the tax account pertaining to the Property, together with any costs payable to the said taxing authority for such information. Such administration fee is hereby agreed to be a fair and equitable one under the circumstances and is intended to cover the Chargee's administrative costs and shall not be deemed a penalty.

#### **CHARGE STATEMENTS**

In the event the Chargee is required to provide a Charge statement, there shall be an administrative fee of \$350.00 plus HST for each such statement.

#### **DISCHARGE**

The Chargee shall be entitled to prepare or have its solicitors prepare a discharge or assignment of Charge and any other documents necessary to release or assign any security held by the Chargee, and shall have a reasonable time after payment of the Charge debt in full within which to prepare, execute and deliver such documents. A discharge fee in the amount of \$500.00 plus HST, in addition to all other expenses in connection with the preparation, review, execution and delivery of such documents shall be paid by the Chargor to the Chargee.

#### **ADMINISTRATION FEES**

In the event of non-payment of the foregoing administrative fees, the amount due shall be added to the principal balance outstanding and shall earn interest pursuant to the provisions herein set out. HST will be charged on all administrative fees.

#### **INSURANCE**

In the event that the Chargee deems it necessary to arrange for insurance to be placed for the Property, any amount paid by the Chargee therefore shall be forthwith payable by the Chargor(s) to the Chargee with interest and shall be part of the indebtedness secured by the Charge bearing interest at the rate set out in the Charge. The Chargor(s) shall also pay to the Chargee a fee in the amount of \$350.00 plus HST on each occasion on which the Chargee so arranges the placement of Insurance. The Chargor shall provide proof of insurance to the Chargee at the Chargee's request.

#### **INSPECTION**

The Chargee may, in the event of default by the Chargor(s) of any obligation under the Charge, or whenever the Chargee deems it necessary, itself or by its agent enter upon the subject property and inspect the same and the reasonable costs of such inspection including without limitation an inspection fee of \$350.00 plus HST each time shall be forthwith payable by the Chargor(s) to the Chargee

**ADDITIONAL INTEREST**

For the purpose of calculation of interest, any payment of principal received after 2:00 p.m. shall be deemed to have been received on the next following banking day.

**"PRIME" OR "PRIME RATE"**

Except as otherwise set out in any promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s), "Prime" or "Prime Rate" when used in relation to this Charge or any sum secured hereunder means the prime commercial lending rate of the The Toronto-Dominion Bank as quoted to its customers in Toronto, Ontario from time to time fluctuating as and when the said bank changes that rate.

**DUE ON DEFAULT**

It is understood and agreed by the Chargor that should the Chargor be in default under the existing Charges registered against title to the Property, and should the property taxes be in arrears and written notice has been provided to the borrower within the time specified in the notice and if the borrower does not comply, borrower shall be in default, then the Chargor shall be in default hereunder this Charge.

**ADMINISTRATION FEE ON DEFAULT**

If the Chargee takes any proceeding pursuant to the Charge by reason of the Chargor's default, the Chargee shall be entitled to add to the Charge debt a service and administration fee of \$500.00 plus HST in addition to all other fees, claims or demands to which the Chargee is also entitled.

**ASSIGNMENT, TRANSFER, SALE BY CHARGE**

The Chargee has the right to assign, transfer or sell this Charge to any bank, trust company, company or other person without the consent of the Chargor.

**ADDITIONAL COVENANTS**

The Chargor shall diligently defend its title to the Property against the claims of all persons whomsoever. The Chargor will diligently maintain, repair and keep in good order and condition the Property and all buildings situate thereon and will carry on and conduct or will cause to be carried on and conducted its business as presently carried on in a proper and efficient manner.

**POSSESSION**

Upon default in payment of principal or interest under this Charge or in performance of any of the terms and conditions hereof, the Chargee may enter into and take possession of the Property free from all manner of former conveyances, Charges, charges or encumbrances without the suit, hindrance, interruption or denial of the Chargor or any other person whatsoever.

**RECEIVERSHIP**

If the Chargee becomes entitled to enter into possession of the Property the Chargee may in its discretion with or without entering the Property or any part thereof, by writing, appoint a receiver of the Property or any part thereof and of the rents and profits thereof and with or without security and may from time to time remove any receiver with or without appointing another in its stead, and in making such appointment or appointments the Chargee shall be deemed to be acting for the Chargor. Upon the appointment of any such receiver or receivers from time to time, and subject to the provisions of the instruments appointing such receiver, the following provisions shall apply:

- (a) Every such receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers and discretions of the Chargee;

- (b) Every such receiver, so far as concerns the responsibility of its acts or omissions, be deemed the agent or attorney of the Chargor and not the agent of the Chargee (unless specifically appointed by the Chargee as the agent of the Chargee);
- (c) The appointment of every such receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver in any respect and such appointment or anything which may be done by any such receiver shall not have the effect of constituting the Chargee a Chargee in possession in respect of the Property or any part thereof;
- (d) Every receiver shall be the irrevocable agent or attorney of the Chargor (unless the Chargee specifically appoints such receiver as the agent for the Chargee) for the collection of all rents falling due in respect of the Property or any part thereof whether in respect of any tenancies created in priority to the Charge or subsequent thereto;
- (e) Every such receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the receiver may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent or the Chargee) and such receiver shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property;
- (f) Every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part thereof in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part thereof; and
- (g) The Chargee may from time to time by writing fix the reasonable remuneration of every such receiver who shall be entitled to deduct the same out of the receipts from the Property or the proceeds thereof. No such receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Property or any part thereof and every such receiver shall apply such cash so received to pay in the following order:
  - i. Its commission or remuneration as receiver;
  - ii. All expenses properly made or incurred by the receiver in connection with the management, operation, amendment, repair, alteration or extension of the Property or any part thereof;
  - iii. Money which may from time to time be or become charged on the Property in priority to this Charge, and all taxes, rates, assessments, insurance premiums and every other proper expenditure made or incurred by it in respect of the Property or any part thereof;
  - iv. In keeping in good standing all charges on the Property prior to this Charge;
  - v. The Chargee in payment of all interest due or falling due under this Charge and the balance to be applied upon principal due and payable and secured by this Charge;
  - vi. The Charge balance should be all sums now or hereafter at any time owing to the Chargee or any other shareholders of the Chargor.
  - vii. Thereafter any surplus remaining in the hands of every such receiver to the Chargor or its assigns.

## ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee acting reasonably, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, or its respective agents to be in possession, management or control of the Property.

In consideration of the advance of funds by the Chargee, the Chargor and the Guarantor (if applicable) hereby agree that, in addition to any liability imposed on the Chargor and Guarantor under any instrument evidencing or securing the loan indebtedness, the Chargor and Guarantor shall be jointly and severally liable for any and all of the cost, expenses, damages, or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor and Guarantor to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them of any default under the Charge.

Except as disclosed in writing to the Chargee, the Chargor hereby represents and warrants that neither the Chargor, nor, to their knowledge, any other person, has ever caused or permitted any Hazardous Material (as hereinafter defined) to be placed, held located or disposed of on, under or at the Property and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation laws respecting the discharge, emission, spill or disposal of any Hazardous Materials) and that no enforcement actions in respect thereof are threatened or pending and covenants to cause any person permitted by the Chargor to use or occupy the Property or any part thereof to continue to so operate.

The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever (including, without limitation: (i) the costs of defending any/or counter-claiming over against third parties in respect of any action or matter; and (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld) which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as direct result of; the presence on or under, or the discharge, emission, spill or disposal from, the Property or into any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Material where it has been proven that the source of the Hazardous Material is the Property. The provisions of and undertakings and indemnification set out in this section shall survive the satisfaction and release of the security documents delivered by the Chargor in connection with this Charge and payment and satisfaction of the Charge and liability of the Chargor to the Chargee pursuant to this Agreement. The indemnity contained herein in favour of the Chargee shall enure to the benefit of the Chargee's successors and assignees of the Charge. For the purposes of this section "Hazardous Material" means any contaminant or pollutant or any substance that when released in the natural environment is likely to cause at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and without restricting the generality of the foregoing, hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws for the protection of the natural environment or human health.

The indemnity contained herein shall survive the repayment of the Charge and shall continue in full force and effect so long as the possibility of any such liability, claim or loss exists.

**BREACH OF COVENANT**

A breach of any covenant contained in this Charge shall constitute a default hereunder and at the option of the Chargee, it may avail itself of the remedies contained in this Charge or available at law.

**SEVERABILITY**

If any covenant, obligation or provision contained in this Charge, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Charge or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or provision of this Charge shall be separately valid and enforceable to the fullest extent permitted by law.

**NOTE: THE CHARGEES RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR OTHER ADMINISTRATIVE SERVICES.**

This document has not been submitted and may be incomplete.

**Properties**

PIN 08164 - 0197 LT  
 Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH , CITY OF TORONTO  
 Address TORONTO

PIN 08164 - 0509 LT  
 Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
 Address TORONTO

**Applicant(s)**

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

Name TARN FINANCIAL CORPORATION  
 Acting as a company  
 Address for Service 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

Party To(s)	Capacity	Share
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Name	SAMM CAPITAL HOLDINGS INC. Acting as a company	
Address for Service	21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y 1W4	

**Statements**

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

This notice may be deleted by the Land Registrar when the registered instrument, CHARGE 1 to which this notice relates is deleted

Schedule:

**File Number**

Applicant Client File Number : 5154



**ACKNOWLEDGMENT**

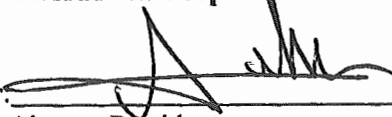
**TO:** SAMM Capital Holdings Inc. (the "Lender")

**RE:** The Lender, Tarn Construction Corporation, as a borrower (the "Borrower"), and Tarn Financial Corporation, as a guarantor (the "Guarantor") entered into a Loan Agreement dated June 22, 2017 (the "Loan Agreement"), which to be secured by a land mortgage on 2035 Kennedy Road, Toronto, Ontario ("Property") owned by the Guarantor

The undersigned, being the authorized officer for the mortgagor and guarantor in the above transaction, hereby acknowledge receiving a copy of Standard Charge Terms No. 200033 before signing the above charge or mortgage, and we understand that the said Standard Charge Terms are incorporated by reference into such charge or mortgage.

Dated this 6<sup>th</sup> day of July , 2017.

**Tarn Financial Corporation**

Per:   
 \_\_\_\_\_  
 Ali Akman, President  
 I have authority to bind the Corporation



*Land Registration Reform Act*  
**SET OF STANDARD CHARGE TERMS**  
 (Electronic Filing)

Filed by  
 Dye & Durham Co. Inc.

Filing Date: November 3, 2000  
 Filing Number: 200033

*The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.44 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of standard Charge Terms is referred to by its filing number, as provided in section 9 of the Land Registration reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge".*

*Exclusion of Statutory Covenants*

1. The implied covenants deemed to be included in a charge under subsection 7(1) of the *Land Registration Reform Act* as amended or re-enacted are excluded from the Charge.

*Right to Charge the Land*

2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge.

*No Act to Encumber*

3. The Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose.

*Good Title in Fee Simple*

4. The Chargor, at the time of the delivery for registration of the Charge, is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

*Promise to Pay and Perform*

5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same.

*Interest After Default*

6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land.

*No Obligation to Advance*

7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefore, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

*Costs Added to Principal*

8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

*Power of Sale*

9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the *Mortgages Act*. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefore and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of the said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the property or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

*Quiet Possession*

10. Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.

*Right to Distrain*

11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefore upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

*Further Assurances*

12. From an after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.

*Acceleration of Principal and Interest*

13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

*Unapproved Sale*

14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.

*Partial Releases*

15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefore, without responsibility therefore, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.

*Obligation to Insure*

16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefore and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefore shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

*Obligation to Repair*

17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

*Building Charge*

18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.

*Extensions not to Prejudice*

19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so altered over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

*No Merger of Covenants*

20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.

*Change in Status*

21. Immediately after any change or happening affecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.

*Condominium Provisions*

22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the Act") the following provisions shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 16 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.

*Discharge*

23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chargor.

*Guarantee*

24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- (a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make a default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.
  - (b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefore and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.
  - (c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

- (d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as Guarantor all such covenants, liabilities and obligations shall be joint and several.
- (e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

*Severability*

25. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

*Interpretation*

26. In construing these covenants the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns or successors and assigns as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

*Paragraph headings*

27. The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

*Date of Charge*

28. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

*Effect of Delivery of Charge*

29. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.



**RESOLUTION OF THE SOLE DIRECTOR  
OF  
TARN FINANCIAL CORPORATION  
  
(the "Corporation")**

**WHEREAS** a Loan Agreement (the "**Loan Agreement**") was entered into among the Corporation, as a guarantor (the "**Guarantor**"), SAMM Capital Holdings Inc., as a lender ((the "**Lender**") and Tarn Construction Corporation, as a borrower (the "**Borrower**"), dated June 22<sup>nd</sup>, 2017 with respect the lands legally described as follows:

PIN 06164-0197(LT) PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO; and

PIN 06164-0509(LT) LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
(the "**Lands**");

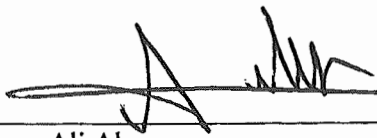
**NOW THEREFORE BE IT RESOLVED THAT:**

- a) The entering of the Loan Agreement by the Corporation upon the terms and conditions contemplated and set forth in the Loan Agreement are hereby approved and ratified;
- b) The President or any officer or director of the Corporation be hereby authorized for and on behalf of the Corporation to execute and deliver any further documents and agreements required to implement and complete the Loan Agreement;

\* \* \* \*

CERTIFIED to be a true copy of a unanimous resolution of the directors of the Corporation passed this day at a meeting held for the purpose indicated.

Dated the 6<sup>th</sup> day of July, 2017.

  
\_\_\_\_\_  
Name: Ali Akman  
Title: President



**CERTIFICATE OF OFFICER**  
**OF**  
**TARN FINANCIAL CORPORATION**  
**(the "Corporation")**

**TO:** SAMM Capital Holdings Inc. ("**Lender**")

**AND TO:** Thompson Dymond, its solicitors herein

Capitalized terms not defined herein shall have the meaning given to them in the Loan Agreement dated June 22, 2017 (the "**Loan Agreement**") by and among the Corporation, as a guarantor (the "**Guarantor**"), SAMM Capital Holdings Inc., as a lender (the "**Lender**") and Tarn Construction Corporation, as a borrower (the "**Borrower**"). The undersigned duly appointed officer of the Corporation, acting in such capacity and not in his personal capacity, duly certifies on behalf of the Corporation and without personal liability as follows:

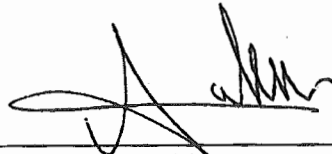
1. The Corporation was incorporated under the *Business Corporations Act* (Ontario) by Certificate and Articles of Incorporation certified to be effective as of July 7, 2014. The Corporation is a valid subsisting corporation under the laws of the Province of Ontario.
2. The following persons are duly elected and appointed as the director(s) and officer(s) of the Corporation:

Ali Akman	Director/President/Secretary
Anil Rukan Basegmez	Vice-President
Cem Bleda Basegmez	Vice-President
3. To the best of the information, knowledge and belief, the minute books and corporate records of the Corporation are the original minute books and records of the Corporation and contain a register of shareholders of the Corporation, all by-laws of the Corporation and the minutes or copies thereof of all proceedings of the shareholders and directors (or any committee thereof) of the Corporation to the date hereof, and there have been no other registered shareholders, by-laws, meetings, resolutions or proceedings of the shareholders or of the board of directors (or any committee thereof) of the Corporation to the date hereof not reflected in such register, minute books and corporate records. Such register, minute books and records are true, correct and complete in all respects.
4. To the best of the information, knowledge and belief of the Corporation, as of the date hereof, no Event of Default has occurred and is continuing, and no condition exists which would constitute an Event of Default with the giving of notice or the expiry of any applicable grace period or both, in each case with respect to the loans to the Corporation.



5. The Corporation is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada).
6. The Corporation is not "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada).
7. There are no provisions in the by-laws of the Corporation, in any unanimous or other shareholder agreement or in any other document which would in any way restrict or prevent the Corporation from entering into or performing its obligations under the Loan Agreement or any of the Security or loan documents, nor restrict or prevent the Corporation from owning its property or carrying on its business in the Province of Ontario.
8. No proceedings have been commenced for dissolution or winding up of the Corporation.

**IN WITNESS WHEREOF**, the undersigned has executed and delivered this Officer's Certificate as of July 6, 2017.



---

Ali Akman - President



LRO # 80 Charge/Mortgage

Received as AT4623337 on 2017 07 11 at 10:18

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

yyyy mm dd Page 1 of 9

**Properties**

*PIN* 06164 - 0197 LT *Interest/Estate* Fee Simple  
*Description* PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH , CITY OF TORONTO  
*Address* TORONTO

*PIN* 06164 - 0509 LT *Interest/Estate* Fee Simple  
*Description* LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
*Address* TORONTO

**Chargor(s)**

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

*Name* TARN FINANCIAL CORPORATION  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

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

*Name* SAMM CAPITAL HOLDINGS INC.  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

**Statements**

Schedule: See Schedules

**Provisions**

*Principal* \$ 4,000,000.00 *Currency* CDN  
*Calculation Period* see schedule  
*Balance Due Date* see schedule  
*Interest Rate* see schedule  
*Payments*  
*Interest Adjustment Date*  
*Payment Date* see schedule  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms* 200033  
*Insurance Amount* full insurable value  
*Guarantor*

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

yyyy mm dd

Page 2 of 9

**Signed By**

Philip Warren Thompson	1595-16th Ave, Suite 301 Richmond Hill L4B 3N9	acting for Chargor(s)	Signed	2017 07 11
Tel 905-881-6505				
Fax 866-861-6578				

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

**Submitted By**

PHIL THOMPSON PROFESSIONAL CORPORATION	1595-16th Ave, Suite 301 Richmond Hill L4B 3N9	2017 07 11
Tel 905-881-6505		
Fax 866-861-6578		

**Fees/Taxes/Payment**

Statutory Registration Fee	\$63.35
Total Paid	\$63.35

**File Number**

Chargor Client File Number : 5154

## SCHEDULE "A"

### ADDITIONAL PROVISIONS/CLAUSES

For the purpose of this Mortgage (the "Mortgage"), the terms "Charge", "Chargor" and "Chargee" shall also mean "Mortgage", "Mortgagor" and "Mortgagee". "Property" or "Lands" shall mean the lands (which term shall include all buildings situate thereon, now or in the future) and premises secured hereunder and, if applicable, are the premises described in Box 5 of page 1 of the Charge/Mortgage herein. Headings in this Charge do not form part of the Charge but are used only for easy reference.

### CONFLICT/AMBIGUITY

Where conflict or ambiguity exists or arises between any one or more of the provisions contained in this Schedule and any one or more of the provisions contained in the standard charge terms, the provisions contained in this Schedule shall prevail.

In the event of conflict between any commitment letter, loan agreement, promissory note, management agreement, guarantee or other instrument or agreement between the Chargor and the Chargee(s) secured by this Charge ("Loan Document") and the provisions of this Charge, the provisions in the Loan Document shall prevail.

In the event of any conflict between the interest rate and payments terms provided for in this Charge and any Loan Document, the provisions in the Loan Document shall prevail.

### COLLATERAL SECURITY

This Charge secures all liabilities or obligations of the Chargor to the Chargee(s) of any kind whatsoever now or hereafter owing, including but not limited to any loans, debts, borrowings, guarantees, indemnities, sureties, management fees or other liabilities or obligations of any kind.

### DUE ON DEMAND

Except as otherwise set out in Loan Document all sums secured by this Mortgage are due and payable on demand.

### NON-TRANSFERABLE/NON-ASSUMABLE

This Charge is non-transferable and non-assumable. In the event of the Chargor selling, transferring or conveying title to all or any part of the Lands, or if there is a change in the beneficial ownership of the Chargor or the Lands, this Charge and all sums secured hereby will become due and payable.

It is understood and agreed that any such a transfer shall not relieve the Chargor from any of its obligations hereunder.

### PREPAYMENT PRIVILEGE

Except as otherwise set out in any Loan Document, promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s): The Chargor may prepay the principal sum secured hereby at any time and in any amount without notice, bonus or penalty, provided such payments shall be applied to the ultimate balance owing hereunder without lessening any of the regular payments required hereunder.

**APPLICATION OF PAYMENTS**

All payments received hereunder shall be applied in the following order: (i) all reasonable recoverable costs, expenses and third party payments of the Chargee in relation to this Charge and the Lands including reasonable legal fees on a solicitor and his own client basis; (ii) administration and other fees due to the Chargee; (iii) interest owing; and (iv) principal owing.

**FURTHER ENCUMBRANCES**

The Chargor shall not grant or permit any further Charges, charges, or encumbrances of any nature to be registered against the Lands without the prior consent in writing of Chargee, and in the event of breach of this covenant the Chargee shall be entitled to commence default proceedings.

**NON-TENANCY**

The Chargor covenants not to enter into, renew, extend or terminate any tenancy agreement with respect to any part of the mortgaged premises, or permit any subletting or assignment or surrender thereunder, without the prior consent in writing of the Chargee, and agrees with respect to any tenancy agreement entered into prior to discharge of this Charge to incorporate an acknowledgment of priority by the lessee of the terms and provisions of this Charge including without limitation to generality an acknowledgement by the lessee thereunder that the Chargee's right to possession will not be bound by or subject to the residential tenancy provisions of the *Residential Tenancies Act*, as amended from time to time.

**ASSIGNMENT OF RENTS**

As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Property together with all rights, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

**FRANCHISE AGREEMENT**

The Chargor covenants not to enter into or renew, extend, terminate, assign or transfer any franchise agreement for any business operated by the Chargor on any part of the mortgaged premises without the prior consent in writing of the Chargee.

**SECURITY INTEREST IN CHATTELS**

It is hereby mutually covenanted and agreed by and between the parties hereto that all chattels, erections and improvements, fixed or otherwise, now or hereafter put upon the Property and owned by the Chargor, including, but without limiting the generality of the foregoing, all drapes, lobby furniture, refrigerators and stoves, heating equipment, air-conditioning and ventilation equipment, blinds, storm windows and doors, window screens, etc. and all apparatus and equipment appurtenant thereto are and shall in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns, and all persons claiming thereunder and shall be a portion of the security for the indebtedness hereinbefore mentioned.

The Chargor covenants and agrees to execute and deliver to the Chargee, on demand, a security interest in all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the Chargor and situate in or about the Property. The form and content of such security interest shall be acceptable to the Chargee. The Chargor agrees to pay all legal and other expenses incurred by the Chargee in connection with the preparation and registration of the security interest and any renewals thereof forthwith upon demand and such fees and expenses,

together with interest thereon at the interest rate charged hereunder, shall be added to the principal sum secured by the within charge if not paid by the Chargor.

#### **NSF FEE**

The Chargee shall be entitled to an administrative fee of \$350.00 plus HST in the event any payment hereunder shall be returned unpaid by the Chargor's bank for any reason or payments not received on payments date(s).

#### **TAX RECEIPTS**

Proof of payment of property taxes are to be provided to the Chargee on a yearly basis. The Chargee shall have the option, to be exercised in its sole discretion, to pay the property taxes directly and have the Chargor reimburse the amount of such payment forthwith after payment by the Chargee. In the event of the failure of the Chargor to comply with this covenant as aforementioned the Chargee shall be entitled to charge a reasonable administration fee for each written enquiry directed to such taxing authority, or the relevant taxation office for the purpose of ascertaining the status of the tax account pertaining to the Property, together with any costs payable to the said taxing authority for such information. Such administration fee is hereby agreed to be a fair and equitable one under the circumstances and is intended to cover the Chargee's administrative costs and shall not be deemed a penalty.

#### **CHARGE STATEMENTS**

In the event the Chargee is required to provide a Charge statement, there shall be an administrative fee of \$350.00 plus HST for each such statement.

#### **DISCHARGE**

The Chargee shall be entitled to prepare or have its solicitors prepare a discharge or assignment of Charge and any other documents necessary to release or assign any security held by the Chargee, and shall have a reasonable time after payment of the Charge debt in full within which to prepare, execute and deliver such documents. A discharge fee in the amount of \$500.00 plus HST, in addition to all other expenses in connection with the preparation, review, execution and delivery of such documents shall be paid by the Chargor to the Chargee.

#### **ADMINISTRATION FEES**

In the event of non-payment of the foregoing administrative fees, the amount due shall be added to the principal balance outstanding and shall earn interest pursuant to the provisions herein set out. HST will be charged on all administrative fees.

#### **INSURANCE**

In the event that the Chargee deems it necessary to arrange for insurance to be placed for the Property, any amount paid by the Chargee therefore shall be forthwith payable by the Chargor(s) to the Chargee with interest and shall be part of the indebtedness secured by the Charge bearing interest at the rate set out in the Charge. The Chargor(s) shall also pay to the Chargee a fee in the amount of \$350.00 plus HST on each occasion on which the Chargee so arranges the placement of Insurance. The Chargor shall provide proof of insurance to the Chargee at the Chargee's request.

#### **INSPECTION**

The Chargee may, in the event of default by the Chargor(s) of any obligation under the Charge, or whenever the Chargee deems it necessary, itself or by its agent enter upon the subject property and inspect the same and the reasonable costs of such inspection including without limitation an inspection fee of \$350.00 plus HST each time shall be forthwith payable by the Chargor(s) to the Chargee

**ADDITIONAL INTEREST**

For the purpose of calculation of interest, any payment of principal received after 2:00 p.m. shall be deemed to have been received on the next following banking day.

**"PRIME" OR "PRIME RATE"**

Except as otherwise set out in any promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s), "Prime" or "Prime Rate" when used in relation to this Charge or any sum secured hereunder means the prime commercial lending rate of the The Toronto-Dominion Bank as quoted to its customers in Toronto, Ontario from time to time fluctuating as and when the said bank changes that rate.

**DUE ON DEFAULT**

It is understood and agreed by the Chargor that should the Chargor be in default under the existing Charges registered against title to the Property, and should the property taxes be in arrears and written notice has been provided to the borrower within the time specified in the notice and if the borrower does not comply, borrower shall be in default, then the Chargor shall be in default hereunder this Charge.

**ADMINISTRATION FEE ON DEFAULT**

If the Chargee takes any proceeding pursuant to the Charge by reason of the Chargor's default, the Chargee shall be entitled to add to the Charge debt a service and administration fee of \$500.00 plus HST in addition to all other fees, claims or demands to which the Chargee is also entitled.

**ASSIGNMENT, TRANSFER, SALE BY CHARGE**

The Chargee has the right to assign, transfer or sell this Charge to any bank, trust company, company or other person without the consent of the Chargor.

**ADDITIONAL COVENANTS**

The Chargor shall diligently defend its title to the Property against the claims of all persons whomsoever. The Chargor will diligently maintain, repair and keep in good order and condition the Property and all buildings situate thereon and will carry on and conduct or will cause to be carried on and conducted its business as presently carried on in a proper and efficient manner.

**POSSESSION**

Upon default in payment of principal or interest under this Charge or in performance of any of the terms and conditions hereof, the Chargee may enter into and take possession of the Property free from all manner of former conveyances, Charges, charges or encumbrances without the suit, hindrance, interruption or denial of the Chargor or any other person whatsoever.

**RECEIVERSHIP**

If the Chargee becomes entitled to enter into possession of the Property the Chargee may in its discretion with or without entering the Property or any part thereof, by writing, appoint a receiver of the Property or any part thereof and of the rents and profits thereof and with or without security and may from time to time remove any receiver with or without appointing another in its stead, and in making such appointment or appointments the Chargee shall be deemed to be acting for the Chargor. Upon the appointment of any such receiver or receivers from time to time, and subject to the provisions of the instruments appointing such receiver, the following provisions shall apply:

- (a) Every such receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers and discretions of the Chargee;



- (b) Every such receiver, so far as concerns the responsibility of its acts or omissions, be deemed the agent or attorney of the Chargor and not the agent of the Chargee (unless specifically appointed by the Chargee as the agent of the Chargee);
- (c) The appointment of every such receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver in any respect and such appointment or anything which may be done by any such receiver shall not have the effect of constituting the Chargee a Chargee in possession in respect of the Property or any part thereof;
- (d) Every receiver shall be the irrevocable agent or attorney of the Chargor (unless the Chargee specifically appoints such receiver as the agent for the Chargee) for the collection of all rents falling due in respect of the Property or any part thereof whether in respect of any tenancies created in priority to the Charge or subsequent thereto;
- (e) Every such receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the receiver may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such receiver shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property;
- (f) Every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part thereof in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part thereof; and
- (g) The Chargee may from time to time by writing fix the reasonable remuneration of every such receiver who shall be entitled to deduct the same out of the receipts from the Property or the proceeds thereof. No such receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Property or any part thereof and every such receiver shall apply such cash so received to pay in the following order:
  - i. Its commission or remuneration as receiver;
  - ii. All expenses properly made or incurred by the receiver in connection with the management, operation, amendment, repair, alteration or extension of the Property or any part thereof;
  - iii. Money which may from time to time be or become charged on the Property in priority to this Charge, and all taxes, rates, assessments, insurance premiums and every other proper expenditure made or incurred by it in respect of the Property or any part thereof;
  - iv. In keeping in good standing all charges on the Property prior to this Charge;
  - v. The Chargee in payment of all interest due or falling due under this Charge and the balance to be applied upon principal due and payable and secured by this Charge;
  - vi. The Charge balance should be all sums now or hereafter at any time owing to the Chargee or any other shareholders of the Chargor.
  - vii. Thereafter any surplus remaining in the hands of every such receiver to the Chargor or its assigns.

## ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee acting reasonably, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, or its respective agents to be in possession, management or control of the Property.

In consideration of the advance of funds by the Chargee, the Chargor and the Guarantor (if applicable) hereby agree that, in addition to any liability imposed on the Chargor and Guarantor under any instrument evidencing or securing the loan indebtedness, the Chargor and Guarantor shall be jointly and severally liable for any and all of the cost, expenses, damages, or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor and Guarantor to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them of any default under the Charge.

Except as disclosed in writing to the Chargee, the Chargor hereby represents and warrants that neither the Chargor, nor, to their knowledge, any other person, has ever caused or permitted any Hazardous Material (as hereinafter defined) to be placed, held located or disposed of on, under or at the Property and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation laws respecting the discharge, emission, spill or disposal of any Hazardous Materials) and that no enforcement actions in respect thereof are threatened or pending and covenants to cause any person permitted by the Chargor to use or occupy the Property or any part thereof to continue to so operate.

The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever (including, without limitation: (i) the costs of defending any/or counter-claiming over against third parties in respect of any action or matter; and (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld) which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as direct result of; the presence on or under, or the discharge, emission, spill or disposal from, the Property or into any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Material where it has been proven that the source of the Hazardous Material is the Property. The provisions of and undertakings and indemnification set out in this section shall survive the satisfaction and release of the security documents delivered by the Chargor in connection with this Charge and payment and satisfaction of the Charge and liability of the Chargor to the Chargee pursuant to this Agreement. The indemnity contained herein in favour of the Chargee shall enure to the benefit of the Chargee's successors and assignees of the Charge. For the purposes of this section "Hazardous Material" means any contaminant or pollutant or any substance that when released in the natural environment is likely to cause at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and without restricting the generality of the foregoing, hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws for the protection of the natural environment or human health.

The indemnity contained herein shall survive the repayment of the Charge and shall continue in full force and effect so long as the possibility of any such liability, claim or loss exists.

**BREACH OF COVENANT**

A breach of any covenant contained in this Charge shall constitute a default hereunder and at the option of the Chargee, it may avail itself of the remedies contained in this Charge or available at law.

**SEVERABILITY**

If any covenant, obligation or provision contained in this Charge, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Charge or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or provision of this Charge shall be separately valid and enforceable to the fullest extent permitted by law.

**NOTE: THE CHARGEES RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR OTHER ADMINISTRATIVE SERVICES.**



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

yyyy mm dd Page 1 of 6

**Properties**

*PIN* 06164 - 0197 LT  
*Description* PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH, CITY OF TORONTO  
*Address* TORONTO

*PIN* 06164 - 0509 LT  
*Description* LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
*Address* TORONTO

**Applicant(s)**

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

*Name* TARN FINANCIAL CORPORATION  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

**Party To(s)***Capacity**Share*

*Name* SAMM CAPITAL HOLDINGS INC.  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

**Statements**

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

This notice may be deleted by the Land Registrar when the registered instrument, AT4623337 registered on 2017/07/11 to which this notice relates is deleted

Schedule: See Schedules

**Signed By**

Philip Warren Thompson 1595-16th Ave, Suite 301 acting for Signed 2017 07 11  
 Richmond Hill Applicant(s)  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578

I have the authority to sign and register the document on behalf of all parties to the document.

Philip Warren Thompson 1595-16th Ave, Suite 301 acting for Signed 2017 07 11  
 Richmond Hill Party To(s)  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578

I have the authority to sign and register the document on behalf of all parties to the document.

**Submitted By**

PHIL THOMPSON PROFESSIONAL CORPORATION	1595-16th Ave, Suite 301	2017 07 11
	Richmond Hill	
	L4B 3N9	
Tel 905-881-6505		
Fax 866-861-6578		

**Fees/Taxes/Payment**

Statutory Registration Fee	\$63.35
Total Paid	\$63.35

**File Number**

Applicant Client File Number : 5154

**GENERAL ASSIGNMENT OF LEASES AND RENTS**

**THIS ASSIGNMENT** made as of the 6<sup>th</sup> day of July, 2017.

**BETWEEN:**

**TARN FINANCIAL CORPORATION**  
(hereinafter collectively called the "Assignor")

- and -

**SAMM CAPITAL HOLDINGS INC.**  
(hereinafter called the "Assignee")

**WHEREAS:**

- A. The Assignor is the registered owner of the lands and premises described as:  
municipally known as 2035 Kennedy Road, Toronto, Ontario, and legally known as  
PIN 06164-0197(LT) PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2,  
SCAR BEING PT 1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO; and  
PIN 06164-0509(LT) LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF  
TORONTO  
(the "Property");
- B. The Assignor has charged and mortgaged the Property to the Assignee to secure the repayment of the principal sum of \$4,000,000.00 and interest thereon at the interest rate therein expressed (the "Loan") secured by a land Charge/Mortgage of Land in that principal amount issued by the Assignor to the Assignee (the "Mortgage") registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) on the date hereof; and
- C. The Assignor has agreed to execute and deliver this Assignment for the purpose of collaterally securing the performance and observance of the Assignor's promise to pay and other obligations under the Loan and Mortgage.

**NOW THEREFORE** this Assignment witnesses that in consideration of the premises and other good and valuable consideration paid by the Assignee to the Assignor (the receipt and sufficiency whereof is hereby acknowledged):

1. **THE ASSIGNOR** hereby assigns, transfers and sets over to the Assignee:
- (a) all present and future Rents (as defined herein) reserved or payable under the Leases (as defined herein); and
  - (b) the Leases and all benefits and advantages to be derived by the Assignor from the Leases to the Assignee as security for the payment of the principal sum, interest and other monies payable by the Assignor to the Assignee pursuant to the Mortgage.

The within assignment and grant includes all the Assignor's right to demand, sue for, collect and receive all Rent (as herein defined), and otherwise to enforce (either in the name of the Assignor or the Assignee) the Assignor's rights under a Lease consequent on any default by the Tenant thereunder whether such rights arise under the Lease or by statute or at law or in equity, including without limitation the Assignor's right to distain.

2. **THE ASSIGNOR** acknowledges that this Assignment is being executed and delivered as a continuing and additional security for the performance and observance of the Assignor's promise to pay and other obligations pursuant to the Loan and neither the execution and delivery of this Assignment nor anything done pursuant hereto shall in any way impair or diminish the obligations of the Assignor as Landlord (as herein defined) of the Leases.

3. **NO PROVISION** contained in this Assignment shall be deemed to have the effect of making the Assignee responsible for the collection of any Rent, or any part thereof or for the performance or observance of any of the covenants, terms, conditions or other obligations imposed upon either party to a Lease.

4. **THE ASSIGNEE** shall not by virtue of this Assignment be deemed to be a trustee or mortgagee in possession of the Property and upon the payment of the principal sum, interest and other monies secured by the Mortgage, this Assignment shall terminate and the Assignee shall execute and deliver at the expense of the Assignor a reassignment of the Leases to the Assignor. It is further agreed that a full and complete discharge (but not a partial discharge) of the Mortgage from title to the Property shall operate as a full and complete release of the Assignee's interest and rights hereunder.

5. **IT IS UNDERSTOOD** and agreed that the Assignee shall be liable to account for only such monies as may actually come into its hands by virtue of this Assignment less proper collection and management charges.

6. **ALTHOUGH IT IS** the intention of the parties that this Assignment shall be a present assignment, effective immediately upon execution, it is expressly understood and agreed that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an event of default shall occur under the terms and provisions of the Mortgage. Upon such event of default occurring and during the time that such event of default remains uncured (i) the Assignee shall be entitled, upon notice to the Tenants, to collect and receive all Rent under the Leases and (ii) this Assignment shall constitute an irrevocable direction and authorization of the Assignor to the Tenants to pay such amounts to the Assignee or as the Assignee shall direct otherwise in writing without proof of any event of default by the Assignor until such time as the Assignee shall direct the Tenants in writing to the contrary. Without limiting the generality of the foregoing, the Tenants are hereby irrevocably authorized and directed to rely upon and comply with, and to be fully protected in so doing, any notice or demand by the Assignee for the payment to the Assignee of any Rent or for the performance of any other obligation of the Tenants under the Leases and the Tenants shall not be required to or be under any duty to inquire as to whether any event of default under the Mortgage has actually occurred or is then existing.

7. **THE ASSIGNOR** represents and warrants to the Assignee that:

- (a) each Lease is a valid and subsisting lease constituting the entire and only agreement between the Landlord and Tenant thereto pertaining to the premises demised;
- (b) the Tenants are occupying the premises described in each Lease and paying the full Rent



stipulated therein;

- (c) no notice has been received from any Tenant indicating an intention to assign or sublet or indicating an intention to surrender the term or otherwise part with possession of the premises demised to it other than as specifically provided for herein;
- (d) no notice has been received by the Assignor from any Tenant alleging default by the Assignor in the performance of its obligations as Landlord pursuant to any Lease which notice has not been complied with by the Assignor to the Tenant's satisfaction; and
- (e) all copies of the Leases which have been delivered to the Assignee are true and correct copies.

**8. THE ASSIGNOR covenants and agrees that:**

- (a) there is no outstanding encumbrance or assignment of the Leases or the Rents payable or receivable thereunder except as may be permitted under this Assignment or as may be disclosed by the registered title to the Property;
- (b) it shall at all times perform and observe all of the Landlord's obligations contained in the Leases or imposed by law;
- (c) it now has full power and absolute authority to assign its interest in the Leases and all benefits and advantages to be derived from the Leases to the Assignee according to the intention of this Assignment;
- (d) it shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further assignments and assurances of the Leases as the Assignee shall reasonably require; and
- (e) it shall give prompt notice to the Assignee of any notice of default on the part of the Assignor with respect to the Leases which is received from any Tenant and shall provide the Assignee with complete copies of such notices.

**9. THE ASSIGNOR further covenants and agrees that it will not without the prior written consent of the Assignee, which consent the Assignee shall not unreasonably withhold or delay:**

- (a) (i) cancel or take any action to cancel any Lease or (ii) accept the surrender of any Lease;
- (b) collect or attempt to collect or permit either the payment or the prepayment of Rent for a period greater than one (1) month or in any manner and at any time other than that stipulated in the Leases; or
- (c) execute any other assignments of the Leases or any interest in or Rents under the Leases.

**10. THE ASSIGNOR agrees that any and all rights of the Assignee pursuant to this Assignment may be exercised by any trustee or receiver appointed at the instance of or for the benefit of the Assignee. The Assignor further agrees that the Assignee is authorized (but is not obligated) in the name of the Assignor to take at any time any proceeding which in the opinion of the Assignee or its solicitors may be expedient or necessary for the purpose of enforcing any of the rights of the Assignor under the**

Leases and further to compromise or submit to arbitration any dispute which has arisen or may arise in respect of any Lease and any settlement arrived at shall be binding upon the Assignor. The Assignee is further authorized (but is not obligated) in the name and for the account of the Assignor to perform and observe any of the Landlord's obligations under the Leases, and without limiting the generality of the foregoing, any amount paid by the Assignee in respect thereof as well as any other expense incurred by the Assignee shall be added to the monies secured by the Mortgage and bear interest at the interest rate stipulated therein.

11. **THE TERM "Leases"** shall extend to and include (i) all present and future leases, agreements to lease, licences or other agreements in respect of each and every present and future tenancy, right of use or occupation of or license granted by the Assignor in respect of all or any part of the Property as they may be extended or renewed or replaced (ii) any amending agreement whether written or oral and (iii) any present and future guarantee of or indemnity with respect to a Tenant's Lease obligations whether included in a Lease or contained in a separate instrument.

12. **THE TERM "Tenants"** means and includes (i) the person, firm or corporation named as tenant or lessee in a Lease and (ii) any person, firm or corporation who has guaranteed (whether as a primary debtor, surety or otherwise) the performance and observance of a Tenant's covenants and other obligations pursuant to a Lease.

13. **THE TERM "Landlord"** means the Assignor, its successors and assigns and includes the person, firm or corporation named as landlord or lessor in a Lease.

14. **THE TERM "Rent"** shall extend to and include all monies that the Landlord is entitled to receive under the terms of the Leases, including without limitation, insurance proceeds, arbitration awards and the proceeds arising from any guarantee or other security held by the Assignor.

15. **THE RIGHTS**, remedies and security given to the Assignee hereunder are cumulative and are not in substitution for any rights, remedies or security to which the Assignee may be entitled, either under the Mortgage or under any other security or at law.

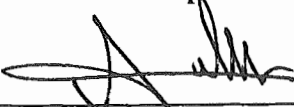
16. **THE ASSIGNOR** acknowledges receiving a true copy of this Assignment.

17. **THIS ASSIGNMENT** shall be binding upon and enure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto and all words and phrases shall be taken to include the singular or plural or masculine, feminine or neuter gender as the circumstances shall require.

**IN WITNESS WHEREOF** the Assignor has hereunto caused this Assignment to be executed by its duly authorized officer under its corporate seal as of the date written above.

**Tarn Financial Corporation**

Per:

  
\_\_\_\_\_  
Ali Akman, President

*I have authority to bind the corporation.*



**RESOLUTION OF THE SOLE DIRECTOR  
OF  
TARN CONSTRUCTION CORPORATION  
(the "Corporation")**

**WHEREAS** a Loan Agreement (the "**Loan Agreement**") was entered into among the Corporation, as a borrower (the "**Borrower**"), SAMM Capital Holdings Inc., as a lender (the "**Lender**") and Tarn Financial Corporation, as a guarantor (the "**Guarantor**") dated June 22<sup>nd</sup>, 2017 with respect the lands legally described as follows:

PIN 06164-0197(LT) PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO; and

PIN 06164-0509(LT) LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
(the "**Lands**");

**AND WHEREAS** a Loan Amending Agreement (the "**Loan Amending Agreement**") was entered into among the Borrower, the Lender and the Guarantor dated August 2017 with respect to the Lands;

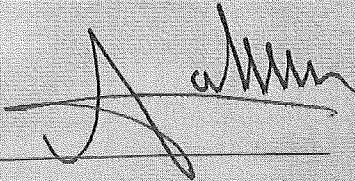
**NOW THEREFORE BE IT RESOLVED THAT:**

- a) The entering of the Loan Amending Agreement by the Corporation upon the terms and conditions contemplated and set forth in the Loan Agreement and the Loan Amending Agreement are hereby approved and ratified;
- b) The President or any officer or director of the Corporation be hereby authorized for and on behalf of the Corporation to execute and deliver any further documents and agreements required to implement and complete the Loan Amending Agreement;

\* \* \* \*

CERTIFIED to be a true copy of a unanimous resolution of the directors of the Corporation passed this day at a meeting held for the purpose indicated.

Dated the 14<sup>th</sup> day of August, 2017.

  
 \_\_\_\_\_  
 Name: Ali Akman  
 Title: President



**ACKNOWLEDGEMENT AND DIRECTION**

**TO:** Phil Thompson Professional Corporation, Phil Thompson

**AND TO:** Farheen Alladin, Thompson Dymond


**RE:** SAMM Capital Holdings Inc., as lender (the "Lender"), Tarn Construction Corporation, as a borrower (the "Borrower"), and Tarn Financial Corporation, as a guarantor (the "Guarantor") entered into a Loan Amending Agreement dated August 14, 2017 (the "Loan Amending Agreement") to amend the Loan Agreement dated June 22, 2017 (the "Loan Agreement"), which was secured by a land mortgage on 2035 Kennedy Road, Toronto, Ontario ("Property") owned by the Guarantor

**This will confirm that:**

1. I/We have reviewed the information contained on the document(s) attached hereto and initialled by the undersigned for identification purposes and confirm this information is accurate;
2. You are authorized and directed to register electronically on our behalf the following document(s), copies of which are attached hereto and initialled by the undersigned for identification purposes:
  - Notice
3. The effect of the electronic documents described in this Acknowledgement and Direction has been fully explained to the undersigned and the undersigned understands that it is party to and is bound by the terms and provisions of these electronic document(s) to the same extent as if the undersigned had signed these documents; and
4. The undersigned is in fact the party named in the electronic document(s) described in this Acknowledgement and Direction and the undersigned has not misrepresented its identities to you.

**Dated this 14<sup>th</sup> day of August, 2017.**

**TARN FINANCIAL CORPORATION**

  
 Per: \_\_\_\_\_  
 Ali Akman, President  
 I have authority to bind the Corporation

**SAMM CAPITAL HOLDINGS INC.**

Per: \_\_\_\_\_  
 Ali Akman, President  
 I have authority to bind the Corporation



LRO # 80 Notice

Received as AT4657388 on 2017 08 17 at 13:26

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

yyyy mm dd Page 1 of 2

**Properties**

PIN 06164 - 0197 LT  
 Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH, CITY OF TORONTO  
 Address TORONTO

PIN 06164 - 0509 LT  
 Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
 Address TORONTO

**Consideration**

Consideration \$ 2.00

**Applicant(s)**

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

Name TARN FINANCIAL CORPORATION  
 Address for Service 21 Balmuto Street, Suite 2603  
 Toronto, Ontario, Canada M4Y 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

**Party To(s)**

Capacity

Share

Name SAMM CAPITAL HOLDINGS INC.  
 Address for Service 21 Balmuto Street, Suite 2603  
 Toronto, Ontario, Canada M4Y 1W4

I, Ali Akman, President, have the authority to bind the corporation

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

**Statements**

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

This notice may be deleted by the Land Registrar when the registered instrument, AT4623337 registered on 2017/07/11 to which this notice relates is deleted

Schedule: See Schedules

**Signed By**

Phillip Warren Thompson 1595-16th Ave, Suite 301 acting for Signed 2017 08 17  
 Richmond Hill Applicant(s)  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578

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

**Submitted By**

PHIL THOMPSON PROFESSIONAL CORPORATION 1595-16th Ave, Suite 301 2017 08 17  
 Richmond Hill  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578



LRO # 80 Notice

Received as AT4657388 on 2017 08 17 at 13:26

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

yyyy mm dd Page 2 of 2

**Fees/Taxes/Payment**

Statutory Registration Fee \$63.35

Total Paid \$63.35

**File Number**

Applicant Client File Number : 5154

Party To Client File Number : 5154

**LOAN AMENDING AGREEMENT**

This Agreement made as of the 14<sup>th</sup> day of August, 2017.

Among:

**SAMM CAPITAL HOLDINGS INC.**  
(the "Lender")

-and-

**TARN CONSTRUCTION CORPORATION**  
(the "Borrower")

-and-

**TARN FINANCIAL CORPORATION**  
(the "Guarantor")

**WHEREAS** the Guarantor is the registered owner of the lands described in Schedule "A" ("Lands");

**AND WHEREAS** the Borrower is constructing two residential condominium towers on the Lands for and on behalf of the Guarantor (the "**Development**");

**AND WHEREAS** the Lender has provided financial and construction security for the Development including Tarnion registration, bonding, etc.;

**AND WHEREAS** the Lender has previously loaned \$4,000,000.00 to the Borrower to finance construction of the Development in accordance with a loan agreement dated June 22<sup>nd</sup>, 2017 (the "**Loan Agreement**") which was secured by a land mortgage registered on title to the Lands as Instrument No. AT4623337 (the "**Loan Agreement**");

**AND WHEREAS** the parties have agreed to amend the Loan Agreement as provided herein;

**THEREFORE**, in consideration of the sum of \$2.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

The Loan Agreement shall be amended on the following terms and conditions:

**LOAN AMOUNT:** A maximum of \$8,000,000.00, by way of revolving line of credit.

To be advanced as and when required by the Borrower on no less than one week's prior notice.

Repayments will be available to be re-advanced prior to the end of the Term or other maturity of the Loan provided there has been no default under the Loan Agreement or any document delivered hereunder, and interest is paid as and when it falls due.

The principal amount of the Charge registered on July 11<sup>th</sup>, 2017 as Instrument No. AT4623337 is hereby amended to \$8,000,000.00.

All other terms, covenants and conditions under the Loan Agreement shall remain in full force and effect.

Capital terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.


The parties will execute and deliver any further documents as required for completion of this Loan Amending Agreement and acknowledge that the Loan Amending Agreement will be registered on title to the Lands.

This Loan Amending Agreement may be executed in one or more counterparts, whether original or by electronic transmission, each of which shall constitute an original and all of which, when taken together, together shall constitute one and the same agreement. Telefaxed, pdf or other electronic copies of the signatures of the parties shall be valid and binding upon them.


*Signatures on following page.*

IN WITNESS WHEREOF the parties have executed this Loan Amending Agreement as of the date first written above.


**SAMM CAPITAL HOLDINGS INC.**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN CONSTRUCTION CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN FINANCIAL CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**SCHEDULE "A" - LANDS**

**PIN 06164 - 0197 LT**

Interest/Estate Fee Simple

Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT  
1. 2 66RJ2484 SCARBOROUGH, CITY OF TORONTO

Address TORONTO

**PIN 06164 - 0509 LT**

Interest/Estate Fee Simple

Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO

Address TORONTO

**TAB D**

**THIS IS EXHIBIT "D" TO THE AFFIDAVIT OF  
FIORELLA SASSO, SWORN BEFORE ME ON  
OCTOBER 18, 2018**



---

**A COMMISSIONER FOR TAKING OATHS**

SCHEDULE B

PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST  
TARN FINANCIAL CORPORATION

1. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant: Samm Capital Holdings<sup>Inc</sup> (the "Claimant")  
(Full legal or corporate name should be the name of the original Claimant.)

Full Mailing Address of the Claimant:

21, Balmuto St Suite 2902  
Toronto, ON M4Y 1W14

Telephone Number of Claimant: 647 919 7761

Facsimile Number of Claimant: \_\_\_\_\_

Attention (Contact Person): Ali Akman

Email Address: ali@samholding.com

Has the Claim been sold or assigned  
by Claimant to another party?

Yes \_\_\_\_\_ No  (If yes please complete section D)

2. PROOF OF CLAIM:

I, Ali Akman [Name of Claimant or Representative of the Claimant], do  
hereby certify :

that I am (please check one):

the Claimant; or

\_\_\_\_\_ hold the following position of \_\_\_\_\_ the Claimant and have  
personal knowledge of all the circumstances connected with the Claim described herein.



3. PARTICULARS OF CLAIM:

Amount	Currency	Claim Specification
\$ _____		<input type="checkbox"/> Wages & Benefits Claim
\$ <u>6,910,000.00</u>		<input checked="" type="checkbox"/> Secured Claim
\$ _____		<input type="checkbox"/> Unsecured Claim
Total: \$ _____		

Description of transaction, agreement or event giving rise or relating to the Claim:

Receivable Invoice #2 Tarn 01 and Tarn 02  
Tarn Construction Corp.

If the Claim includes an amount for any accrued interest thereon and costs payable in respect thereof, state the basis for such interest and/or cost claim, the rate of interest, and provide evidence upon which the claim for interest and/or costs is being made.

If the Claim is contingent or unliquidated, state the basis and provide evidence upon which the Claim has been valued:

IF CLAIMANTS REQUIRE ADDITIONAL SPACE, PLEASE ATTACH A SCHEDULE HERETO. CLAIMANTS SHOULD PROVIDE PARTICULARS OF THE CLAIM AND COPIES OF ALL SUPPORTING DOCUMENTATION, INCLUDING AMOUNT AND DESCRIPTION OF TRANSACTION(S), AGREEMENT(S) OR LEGAL BREACH(ES) GIVING RISE TO THE CLAIM.

4. PARTICULARS OF ASSIGNEE(S) (IF ANY):

Full Legal Name of Assignee(s) of the Claim (*if all or a portion of the Claim has been sold*). If there is more than one assignee, please attach separate sheets with the following information (the "Assignee(s)")

\_\_\_\_\_

Amount of Total Claim Assigned	\$	_____
Amount of Total Claim Not Assigned	\$	_____
Total Amount of Claim	\$	_____

(should equal "Total Claim" as entered on Section 2)

Full Mailing Address of the Assignee(s)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number of Assignee: \_\_\_\_\_

Facsimile Number of Assignee: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

**FILING OF CLAIMS:**

The duly completed Proof of Claim together with supporting documentation must be returned and received by the Liquidator, no later than 5:00 p.m. local Toronto time on **June 15, 2018**, to the email address or address listed below.

**FAILURE TO FILE YOUR PROOF OF CLAIM BY SUCH DATE WILL RESULT IN YOUR CLAIM BEING FOREVER EXTINGUISHED AND BARRED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST TARN FINANCIAL CORPORATION.**

This Proof of Claim must be delivered by email, facsimile, personal delivery, courier or prepaid mail at the following address:

**Address of the Liquidator:**

KPMG Inc.,  
in its capacity as Court-appointed Liquidator  
of Tarn Financial Corporation  
333 Bay Street, Suite 4600  
Toronto, Ontario, M5H 2S5

Attention: Marcel Réthoré  
Phone 1-855-222-8083  
Fax: 416-777-3364  
E-mail: tarn@kpmg.ca

DATED at Toronto this 1 day of May, 2018.

\_\_\_\_\_  
(Signature of Witness)

  
\_\_\_\_\_  
(Signature of individual completing this form)



## PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST TARN FINANCIAL CORPORATION

Samm Capital Holdings Inc

## DEVELOPMENT FEES OF PROMOTION OF CONDOS TARN CONSTRUCTION CORP

INVOICE NUMBER: TARN01	\$1,130,000.00
INVOICE NUMBER: TARN02	\$6,780,000.00
TOTAL DEVELOPMENT FEES	\$7,910,000.00
RECEIVED PAYMENT INV#TARN01	\$1,000,000.00
BALANCE OWE TO SAMM HOLDING	\$6,910,000.00

## Attachments:

Invoices: Tarn 01 and Tarn 02

Guarantee Tarn Financial Corporation

Thompson Dymond (Lawyer) Lender Letter

Ontario PPSA Confirmation

General Security Agreement Samm Capital Holdings Inc and Tarn Construction .

For further information please contact below:

Anton Ganesh

Controller

Samm Capital Holding Inc

Tel: 416 240 7511 x 584

600 Dixon Road, Toronto, ON M9W 1J1

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Feb 28 2017  
 Invoice NO:Tarn 01

**Invoice to:**

Name Tarn Construction Corp  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Tarn Construction Corp  
 Address 2035 Kennedy Rd  
 City Toronto ST IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Development Fees for Promotion of Condos.	\$1,000,000.00	\$1,000,000.00

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

SubTotal	\$1,000,000.00
Shipping & Handling	
H.S.T. 13%	\$130,000.00
<b>TOTAL</b>	<b>\$1,130,000.00</b>

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: Tarn 02

**Invoice to:**

Name Tarn Construction Corp  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Tarn Construction Corp  
 Address 2035 Kennedy Rd  
 City Toronto ST IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Development Fees for Promotion of Condos.	\$6,000,000.00	\$6,000,000.00

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

SubTotal	\$8,000,000.00
Shipping & Handling	
H.S.T. 13%	\$780,000.00
<b>TOTAL</b>	<b>\$6,780,000.00</b>

**Shipping Notes**

**Project Manager**

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

**LOAN AMENDING AGREEMENT**

This Agreement made as of the 14<sup>th</sup> day of August, 2017.

Among:

**SAMM CAPITAL HOLDINGS INC.**  
(the "Lender")

-and-

**TARN CONSTRUCTION CORPORATION**  
(the "Borrower")

-and-

**TARN FINANCIAL CORPORATION**  
(the "Guarantor")

**WHEREAS** the Guarantor is the registered owner of the lands described in Schedule "A" ("Lands");

**AND WHEREAS** the Borrower is constructing two residential condominium towers on the Lands for and on behalf of the Guarantor (the "Development");

**AND WHEREAS** the Lender has provided financial and construction security for the Development including Tarion registration, bonding, etc.;

**AND WHEREAS** the Lender has previously loaned \$4,000,000.00 to the Borrower to finance construction of the Development in accordance with a loan agreement dated June 22<sup>nd</sup>, 2017 (the "Loan Agreement") which was secured by a land mortgage registered on title to the Lands as Instrument No. AT4623337 (the "Loan Agreement");

**AND WHEREAS** the parties have agreed to amend the Loan Agreement as provided herein;

**THEREFORE**, in consideration of the sum of \$2.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

The Loan Agreement shall be amended on the following terms and conditions:

**LOAN AMOUNT:** A maximum of \$8,000,000.00, by way of revolving line of credit.

To be advanced as and when required by the Borrower on no less than one week's prior notice.

Repayments will be available to be re-advanced prior to the end of the Term or other maturity of the Loan provided there has been no default under the Loan Agreement or any document delivered hereunder, and interest is paid as and when it falls due.

The principal amount of the Charge registered on July 11<sup>th</sup>, 2017 as Instrument No. AT4623337 is hereby amended to \$8,000,000.00.

All other terms, covenants and conditions under the Loan Agreement shall remain in full force and effect.

Capital terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

The parties will execute and deliver any further documents as required for completion of this Loan Amending Agreement and acknowledge that the Loan Amending Agreement will be registered on title to the Lands.

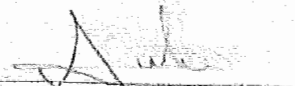
This Loan Amending Agreement may be executed in one or more counterparts, whether original or by electronic transmission, each of which shall constitute an original and all of which, when taken together, together shall constitute one and the same agreement. Telefaxed, pdf or other electronic copies of the signatures of the parties shall be valid and binding upon them.

*Signatures on following page.*




IN WITNESS WHEREOF the parties have executed this Loan Amending Agreement as of the date first written above.


**SAMM CAPITAL HOLDINGS INC.**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN CONSTRUCTION CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

**TARN FINANCIAL CORPORATION**

Per:   
Name: Ali Akman  
Title: President  
I have authority to bind the Corporation

## SCHEDULE "A" - LANDS

**PIN 06164 - 0197 LT**

Interest/Estate Fee Simple

Description PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT  
1.2 66R12484 SCARBOROUGH, CITY OF TORONTO

Address TORONTO

**PIN 06164 - 0509 LT**

Interest/Estate Fee Simple

Description LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO

Address TORONTO

# General Security Agreement

THIS AGREEMENT is dated the 6<sup>th</sup> day of July , 2017.

**B E T W E E N:**

**SAMM CAPITAL HOLDINGS INC.**  
(the "Secured Party or Creditor")

-and-

**TARN FINANCIAL CORPORATION**  
(the "Debtor")

For value received and as additional security for a mortgage loan made under the Loan Agreement dated June 22, 2017 by and among the Debtor as a guarantor, the Creditor as a lender and Tarn Construction Corporation as a borrower the Debtor agrees with the Secured Party as follows:

## ARTICLE 1 INTERPRETATION

1.1 Defined Terms. In this agreement, unless there is something in the context or subject matter inconsistent therewith,

"Accounts" means all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owed by the Debtor, whether or not earned by performance excluding, to the extent that an assignment in favour of the Secured Party is restricted by law, any such debts, amounts, claims and moneys due from the Government of Canada or any department or agency thereof or any Crown corporation; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof;

"Banking Day" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

"Chattel Paper" means all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;

"Collateral" means all undertaking, property and assets of the Debtor, now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further

described, without limitation, all Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Securities, Documents, Proceeds, and Leaseholds;

“Credit Agreement” means such written or oral loan agreements, promissory notes, financing terms or debt instruments between the Debtor, and a Secured Party, as the same may be amended, modified, supplemented or replaced from time to time, and other similar, replacement or additional agreements at any time entered into between the Debtor and a Secured Party, and any document of any kind evidencing or supporting an advance of funds from the Secured Party to the Debtor or any indebtedness or obligation of the Debtor to a Secured Party;

“Documents” means all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the “Documents”;

“Documents of Title” means any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;

“Equipment” means all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory and all items described in Schedule “A” hereto;

“Event of Default” shall have the meaning ascribed thereto in Section 5 hereof and in a Credit Agreement;

“Instruments” means all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment, and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;

“Inventory” means all goods or chattels now or hereinafter forming the inventory of the Debtor including, without limitation, the goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging;

“Intangibles” means all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other

choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;

"Leaseholds" subject to Section 2.3, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor;

"Money" means all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;

"Obligations" means the aggregate of all indebtedness, obligations and liabilities of the Debtor to a Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation: advances to the Debtor; letters of credit and letters of guarantee issued by a Secured Party on behalf of the Debtor, whether or not drawn upon; bankers' acceptances of the Debtor which have been accepted by a Secured Party; tender cheques certified by a Secured Party on behalf of the Debtor, whether or not negotiated; obligations or liabilities of the Debtor to third parties financed or guaranteed by a Secured Party; all interest payable by the Debtor to a Secured Party; obligations or liabilities of the Debtor under any present or future guarantee by the Debtor of the payment or performance or both of the debts, obligations or liabilities of a third party to a Secured Party; and debts, obligations or liabilities of the Debtor under any agreement with a Secured Party including, without limitation, this agreement, a Credit Agreement and any promissory note, debt obligation or any other agreement whatsoever, whether it or they be in writing;

"PPSA" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

"Prime Rate" means the commercial prime rate of interest per annum charged by the Canadian Imperial Bank of Commerce to its customers in Toronto, Ontario for loans of Canadian dollars, as the same is adjusted from time to time.

"Proceeds" means all property in any form derived directly or indirectly from any dealing with the Collateral including, without limitation, property that indemnifies or compensates for the expropriation, destruction, or damage of the Collateral or the proceeds therefrom and all proceeds of proceeds;

"Secured Party" means all those persons identified as Secured Parties and includes them collectively, individually, jointly, severally, or in any other combination of any kind whatsoever, and their assignees;

"Securities" means all present and future securities held by the Debtor, including shares, options, rights, warrants, joint venture interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; including, without limitation, an uncertificated security within the meaning of Part VI (Investment Securities) of the *Business Corporation Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom;

1.2 Other Usages. References to "this agreement", "hereof", "herein", "hereto" and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this agreement.

1.3 Plural and Singular. Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings. The division of this agreement into Articles and Sections and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.5 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this agreement shall mean lawful money of Canada.

1.6 Applicable Law. This agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto do hereby attorn to the exclusive jurisdiction of the courts of competent jurisdiction in the City of Toronto or Town of Newmarket, in the Province of Ontario.

1.7 Prohibited Provisions. In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect, unless a court of competent jurisdiction shall determine otherwise in proceedings to which the Secured Party has been made a party.

1.8 Time of the Essence. Time shall in all respects be of the essence of this agreement.

1.9 Schedules. Each and every one of the schedules which is referred to in this agreement and attached to this agreement shall form a part of this agreement.

## ARTICLE 2 SECURITY INTEREST

2.1 Grant of Security Interest. As general and continuing security for the payment and performance of all Obligations, the Debtor hereby:

- (a) grants to the Secured Party a security interest in the Collateral including a fixed charged on the Collateral listed in Schedule "A"; and
- (b) assigns, transfers and sets over the Secured Party all Accounts.

Whenever used elsewhere in this agreement, the expression "security interest" refers to the security interest created in (a) above and/or the assignment created in (b) above, as the context may require or permit.

2.2 Attachment of Security Interest. The parties hereby agree that they intend the security interest to attach to the Collateral upon the earlier of execution of this Agreement and the effective date set out above.

2.3 Exception re: Leaseholds and Contractual Rights. The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this agreement in any contractual rights (other than Accounts) would constitute a breach or cause the acceleration of such contract, to which the Debtor is a party, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such contractual rights to the Secured Party forthwith upon obtaining the appropriate consents to the attachment of said security interest.

### ARTICLE 3 COVENANTS OF THE DEBTOR

3.1 Covenants. The Debtor hereby covenants and agrees with the Secured Party as follows:

- (a) The Debtor agrees to promptly notify the Secured Party in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this agreement or additional security agreements as may be reasonably required by the Secured Party, in order that a security interest shall be granted and shall attach to such personal property.
- (b) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to the security interest created by this agreement, or becoming affixed to any real property.
- (c) The Debtor shall deliver to the Secured Party from time to time as the same are acquired by the Debtor all items of Collateral comprising Chattel Paper, Instruments, Securities and those Documents of Title which are negotiable.
- (d) The Debtor shall use its best efforts to obtain a written agreement from each landlord of the Debtor in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord:
  - (i) agrees to give notice to the Secured Party of any default by the Debtor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord; and
  - (ii) acknowledges the security interest created by this agreement and the right of the Secured Party to enforce the security interest created by this agreement in priority of any claim of such landlord.

3.2 Performance of Covenants by the Secured Party. The Secured Party may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this agreement that the

Debtor fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Secured Party will require the Secured Party further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

#### ARTICLE 4 DEALING WITH COLLATERAL

4.1 General Restrictions. Except as specifically permitted herein or in some other written agreement between the Debtor and the Secured Party, the Debtor shall not, without the prior written consent of the Secured Party:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (b) release, surrender or abandon possession of the Collateral or any part thereof except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises;
- (c) move or transfer the Collateral or any part thereof from its present location as specified in Schedule "B" hereto except in the ordinary course of its Business and then only in a commercially reasonable manner consistent with past practises; or
- (d) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral.

4.2 Release by the Secured Party. The Secured Party, may at its discretion, at any time release from the security interest created by this agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this agreement.

4.3 Proceeds Held in Trust. All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Secured Party and will be forthwith paid to the Secured Party. The Secured Party shall not exercise its rights under this Section, and the Debtor's trust obligations under this Section need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

#### ARTICLE 5



## DEFAULT AND ENFORCEMENT

5.1 Enforceability of Security. The security hereby constituted shall become enforceable in each and every one of the following events:

- (a) if the Debtor defaults (subject to applicable grace periods) in payment or performance of any of the Obligations; or
- (b) if an Event of Default occurs as specified in the Credit Agreement; or
- (c) if the Debtor ceases to carry on business, makes a sale in bulk of its assets, is adjudged bankrupt, makes an assignment in bankruptcy, makes a proposal or plan of arrangement with its creditors, or if any of its creditors seize its assets; or
- (d) there is a change in control of the voting stock of the Debtor from that now held on the Debtor amalgamates without the prior written consent of the Creditor; or the Debtor is in default of its obligation to any of its other creditors; or
- (e) if the Debtor permits, fails to pay or purports to create any mortgage, charge, lien, security interest, deemed trust or other encumbrance in priority to the Security Interest herein granted, including but not limited to any deemed trust under the *Income Tax Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, the *Canada Pensions Plan Act*, the *Unemployment Insurance Act*, the *Workers' Compensation Act*, the *Employment Standards Act*, the *Public Utilities Act* or the *Municipal Act*, except for any such deemed trusts incurred in the ordinary course of business and which are not in arrears; or
- (e) if the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.

5.2 Remedies. At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Secured Party shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this agreement shall have all of the powers of the Secured Party hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on the Collateral;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral and any premises where such Collateral is located with power to exclude the Debtor, its agents and its servants from such Collateral and such premises;
- (e) to preserve, protect and maintain the Collateral and make such repairs to,

replacements thereof and additions thereto as the Secured Party shall deem advisable;

- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Secured Party, and to grant security interests in the Collateral in priority to the security interest created by this agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms, so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit; provided that
  - (i) the Secured Party or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomever, for such period of time as is commercially reasonable;
  - (ii) the Secured Party or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
  - (iii) subject to Section 5.8, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Secured Party or the Receiver in cash;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
  - (i) the Collateral is perishable;
  - (ii) the Secured Party or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
  - (iii) the Collateral is of a type customarily sold on a recognized market;
  - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
  - (v) every person entitled by law to receive a notice of disposition consents in

writing to the immediate disposition of the Collateral; or

- (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Secured Party, and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Secured Party, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice to be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.3 Special Rules re Accounts. After the security hereby constituted becomes enforceable,

- (a) all Money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.8; and
- (b) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

5.4 Receiver as Agent. The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.5 Expenses of Enforcement. The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and his own client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them

pursuant to the powers set out herein, and the obligations of the Debtor to the Secured Party and the Receiver pursuant to this Section 5.5 shall be payable on demand and shall bear interest at an annual rate equal to the Prime Rate plus three percent (3%), which interest shall be calculated and compounded monthly and payable on demand.

5.6 Indulgences and Releases. Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the Obligations or the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

5.7 No Liability for Failure to Exercise Remedies. The Secured Party and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.2, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Debtor or any other party in respect of the same.

5.8 Proceeds of Disposition. Subject to the claims, if any, of the prior secured creditors of the Debtor, all moneys received by the Secured Party or by the Receiver pursuant to Section 5.2 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.5;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this agreement and any interest thereon;
- (c) third, in payment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Secured Party may apply the moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.9 Debtor Liable for Deficiency. If the monies received by the Secured Party or the Receiver pursuant to Section 5.2 are not sufficient to pay the claims set out in Section 5.8, the Debtor shall immediately pay the Secured Party the amount of such deficiency.

5.10 Restriction on Debtor. Upon the Secured Party taking possession of the collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Secured

Party; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.11 Rights Cumulative. All rights and remedies of the Secured Party set out in this agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this agreement.

5.12 Care by the Secured Party. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Secured Party's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Secured Party to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.13 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) the purchaser or lessee of such Collateral may be a customer of the Secured Party;
- (c) the disposition may be for cash or credit, or part cash and part credit; and
- (d) the Secured Party may establish a reserve bid in respect of all or any portion of the Collateral.

5.14 Application by Debtor re: Receiver. The Debtor hereby irrevocably waives its right to make an application to any court with respect to the appointment, powers or remuneration of the Receiver.

## ARTICLE 6 GENERAL

6.1 Waiver. Any breach by the Debtor of any of the provisions contained in this agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.2 The Secured Party as Attorney. The Debtor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and,

after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party.

6.3 Further Assurances. The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this agreement.

6.4 Continuing Security. The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and any and all commitments of the Secured Party in favour of the Debtor have been cancelled under the Credit Agreement and otherwise.

6.5 No Obligation to Advance. Neither the execution nor delivery of this agreement shall obligate the Secured Party to advance any moneys to the Debtor.

6.6 Consumer Goods. Notwithstanding any other clause in this agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.7 Notices. All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by electronic means of communications as the case may be. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it should be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any communication which is transmitted by telefacsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission.

6.8 Assignment. The Secured Party may assign or transfer this agreement, any of its rights hereunder or any part thereof.

6.9 Successors and Assigns. This agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Debtor and its successors and assigns.

6.10 Entire Agreement. This agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

6.11 Receipt of Copy of Agreement. The Debtor hereby acknowledges receipt of an executed copy

of this agreement.

IN WITNESS WHEREOF the Debtor has executed this agreement.

**Tarn Financial Corporation**

Per: 

Ali Akman, President

I have authority to bind the Corporation

**SCHEDULE "A" - LIST OF SPECIFIED COLLATERAL**

None.

**SCHEDULE "B" LOCATIONS OF COLLATERAL**

2035 Kennedy Road, Toronto, Ontario

**GENERAL ASSIGNMENT OF LEASES AND RENTS**

**THIS ASSIGNMENT** made as of the 6<sup>th</sup> day of July, 2017.

**BETWEEN:**

**TARN FINANCIAL CORPORATION**  
(hereinafter collectively called the "**Assignor**")

- and -

**SAMM CAPITAL HOLDINGS INC.**  
(hereinafter called the "**Assignee**")

**WHEREAS:**

- A. The Assignor is the registered owner of the lands and premises described as:
- municipally known as 2035 Kennedy Road, Toronto, Ontario, and legally known as  
PIN 06164-0197(LT) PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2,  
SCAR BEING PT 1. 2 66R12484 SCARBOROUGH, CITY OF TORONTO; and  
PIN 06164-0509(LT) LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF  
TORONTO  
(the "**Property**");
- B. The Assignor has charged and mortgaged the Property to the Assignee to secure the repayment of the principal sum of \$4,000,000.00 and interest thereon at the interest rate therein expressed (the "**Loan**") secured by a land Charge/Mortgage of Land in that principal amount issued by the Assignor to the Assignee (the "**Mortgage**") registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) on the date hereof; and
- C. The Assignor has agreed to execute and deliver this Assignment for the purpose of collaterally securing the performance and observance of the Assignor's promise to pay and other obligations under the Loan and Mortgage.

**NOW THEREFORE** this Assignment witnesses that in consideration of the premises and other good and valuable consideration paid by the Assignee to the Assignor (the receipt and sufficiency whereof is hereby acknowledged):

- I. **THE ASSIGNOR** hereby assigns, transfers and sets over to the Assignee:
- (a) all present and future Rents (as defined herein) reserved or payable under the Leases (as defined herein); and
- (b) the Leases and all benefits and advantages to be derived by the Assignor from the Leases to the Assignee as security for the payment of the principal sum, interest and other monies payable by the Assignor to the Assignee pursuant to the Mortgage.



The within assignment and grant includes all the Assignor's right to demand, sue for, collect and receive all Rent (as herein defined), and otherwise to enforce (either in the name of the Assignor or the Assignee) the Assignor's rights under a Lease consequent on any default by the Tenant thereunder whether such rights arise under the Lease or by statute or at law or in equity, including without limitation the Assignor's right to distain.

2. **THE ASSIGNOR** acknowledges that this Assignment is being executed and delivered as a continuing and additional security for the performance and observance of the Assignor's promise to pay and other obligations pursuant to the Loan and neither the execution and delivery of this Assignment nor anything done pursuant hereto shall in any way impair or diminish the obligations of the Assignor as Landlord (as herein defined) of the Leases.

3. **NO PROVISION** contained in this Assignment shall be deemed to have the effect of making the Assignee responsible for the collection of any Rent, or any part thereof or for the performance or observance of any of the covenants, terms, conditions or other obligations imposed upon either party to a Lease.

4. **THE ASSIGNEE** shall not by virtue of this Assignment be deemed to be a trustee or mortgagee in possession of the Property and upon the payment of the principal sum, interest and other monies secured by the Mortgage, this Assignment shall terminate and the Assignee shall execute and deliver at the expense of the Assignor a reassignment of the Leases to the Assignor. It is further agreed that a full and complete discharge (but not a partial discharge) of the Mortgage from title to the Property shall operate as a full and complete release of the Assignee's interest and rights hereunder.

5. **IT IS UNDERSTOOD** and agreed that the Assignee shall be liable to account for only such monies as may actually come into its hands by virtue of this Assignment less proper collection and management charges.

6. **ALTHOUGH IT IS** the intention of the parties that this Assignment shall be a present assignment, effective immediately upon execution, it is expressly understood and agreed that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an event of default shall occur under the terms and provisions of the Mortgage. Upon such event of default occurring and during the time that such event of default remains uncured (i) the Assignee shall be entitled, upon notice to the Tenants, to collect and receive all Rent under the Leases and (ii) this Assignment shall constitute an irrevocable direction and authorization of the Assignor to the Tenants to pay such amounts to the Assignee or as the Assignee shall direct otherwise in writing without proof of any event of default by the Assignor until such time as the Assignee shall direct the Tenants in writing to the contrary. Without limiting the generality of the foregoing, the Tenants are hereby irrevocably authorized and directed to rely upon and comply with, and to be fully protected in so doing, any notice or demand by the Assignee for the payment to the Assignee of any Rent or for the performance of any other obligation of the Tenants under the Leases and the Tenants shall not be required to or be under any duty to inquire as to whether any event of default under the Mortgage has actually occurred or is then existing.

7. **THE ASSIGNOR** represents and warrants to the Assignee that:

- (a) each Lease is a valid and subsisting lease constituting the entire and only agreement between the Landlord and Tenant thereto pertaining to the premises demised;
- (b) the Tenants are occupying the premises described in each Lease and paying the full Rent

stipulated therein;

- (c) no notice has been received from any Tenant indicating an intention to assign or sublet or indicating an intention to surrender the term or otherwise part with possession of the premises demised to it other than as specifically provided for herein;
- (d) no notice has been received by the Assignor from any Tenant alleging default by the Assignor in the performance of its obligations as Landlord pursuant to any Lease which notice has not been complied with by the Assignor to the Tenant's satisfaction; and
- (e) all copies of the Leases which have been delivered to the Assignee are true and correct copies.

8. **THE ASSIGNOR** covenants and agrees that:

- (a) there is no outstanding encumbrance or assignment of the Leases or the Rents payable or receivable thereunder except as may be permitted under this Assignment or as may be disclosed by the registered title to the Property;
- (b) it shall at all times perform and observe all of the Landlord's obligations contained in the Leases or imposed by law;
- (c) it now has full power and absolute authority to assign its interest in the Leases and all benefits and advantages to be derived from the Leases to the Assignee according to the intention of this Assignment;
- (d) it shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further assignments and assurances of the Leases as the Assignee shall reasonably require; and
- (e) it shall give prompt notice to the Assignee of any notice of default on the part of the Assignor with respect to the Leases which is received from any Tenant and shall provide the Assignee with complete copies of such notices.

9. **THE ASSIGNOR** further covenants and agrees that it will not without the prior written consent of the Assignee, which consent the Assignee shall not unreasonably withhold or delay:

- (a) (i) cancel or take any action to cancel any Lease or (ii) accept the surrender of any Lease;
- (b) collect or attempt to collect or permit either the payment or the prepayment of Rent for a period greater than one (1) month or in any manner and at any time other than that stipulated in the Leases; or
- (c) execute any other assignments of the Leases or any interest in or Rents under the Leases.

10. **THE ASSIGNOR** agrees that any and all rights of the Assignee pursuant to this Assignment may be exercised by any trustee or receiver appointed at the instance of or for the benefit of the Assignee. The Assignor further agrees that the Assignee is authorized (but is not obligated) in the name of the Assignor to take at any time any proceeding which in the opinion of the Assignee or its solicitors may be expedient or necessary for the purpose of enforcing any of the rights of the Assignor under the

Leases and further to compromise or submit to arbitration any dispute which has arisen or may arise in respect of any Lease and any settlement arrived at shall be binding upon the Assignor. The Assignee is further authorized (but is not obligated) in the name and for the account of the Assignor to perform and observe any of the Landlord's obligations under the Leases, and without limiting the generality of the foregoing, any amount paid by the Assignee in respect thereof as well as any other expense incurred by the Assignee shall be added to the monies secured by the Mortgage and bear interest at the interest rate stipulated therein.

11. **THE TERM "Leases"** shall extend to and include (i) all present and future leases, agreements to lease, licences or other agreements in respect of each and every present and future tenancy, right of use or occupation of or license granted by the Assignor in respect of all or any part of the Property as they may be extended or renewed or replaced (ii) any amending agreement whether written or oral and (iii) any present and future guarantee of or indemnity with respect to a Tenant's Lease obligations whether included in a Lease or contained in a separate instrument.

12. **THE TERM "Tenants"** means and includes (i) the person, firm or corporation named as tenant or lessee in a Lease and (ii) any person, firm or corporation who has guaranteed (whether as a primary debtor, surety or otherwise) the performance and observance of a Tenant's covenants and other obligations pursuant to a Lease.

13. **THE TERM "Landlord"** means the Assignor, its successors and assigns and includes the person, firm or corporation named as landlord or lessor in a Lease.

14. **THE TERM "Rent"** shall extend to and include all monies that the Landlord is entitled to receive under the terms of the Leases, including without limitation, insurance proceeds, arbitration awards and the proceeds arising from any guarantee or other security held by the Assignor.

15. **THE RIGHTS**, remedies and security given to the Assignee hereunder are cumulative and are not in substitution for any rights, remedies or security to which the Assignee may be entitled, either under the Mortgage or under any other security or at law.

16. **THE ASSIGNOR** acknowledges receiving a true copy of this Assignment.

17. **THIS ASSIGNMENT** shall be binding upon and enure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto and all words and phrases shall be taken to include the singular or plural or masculine, feminine or neuter gender as the circumstances shall require.

**IN WITNESS WHEREOF** the Assignor has hereunto caused this Assignment to be executed by its duly authorized officer under its corporate seal as of the date written above.

**Tarn Financial Corporation**

Per: *Ali Akman*

\_\_\_\_\_  
Ali Akman, President

*I have authority to bind the corporation.*

**Properties**

*PIN* 06164 - 0197 LT  
*Description* PARCEL 28-8, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH, CITY OF TORONTO  
*Address* TORONTO

*PIN* 06164 - 0509 LT  
*Description* LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R2B554; CITY OF TORONTO  
*Address* TORONTO

**Applicant(s)**

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

*Name* TARN FINANCIAL CORPORATION  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation.

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

**Party To(s)***Capacity**Share*

*Name* SAMM CAPITAL HOLDINGS INC.  
*Address for Service* 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

**Statements**

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

This notice may be deleted by the Land Registrar when the registered instrument, AT4623337 registered on 2017/07/11 to which this notice relates is deleted

Schedule: See Schedules

**Signed By**

Philip Warren Thompson 1595-16th Ave, Suite 301 acting for Signed 2017 07 11  
 Richmond Hill Applicant(s)  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578

I have the authority to sign and register the document on behalf of all parties to the document.

Philip Warren Thompson 1595-16th Ave, Suite 301 acting for Signed 2017 07 11  
 Richmond Hill Party To(s)  
 L4B 3N9

Tel 905-881-6505  
 Fax 866-861-6578

I have the authority to sign and register the document on behalf of all parties to the document.

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT4623330 on 2017 07 11 at 10:18

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

yyyy mm dd Page 2 of 6

**Submitted By**

PHIL THOMPSON PROFESSIONAL CORPORATION 1595-16th Ave, Suite 301 2017 07 11  
Richmond Hill  
L4B 3N9

Tel 905-881-6505

Fax 866-861-6578

**Fees/Taxes/Payment**

Statutory Registration Fee \$63.35

Total Paid \$63.35

**File Number**

Applicant Client File Number : 5154

LRO # 80 Charge/Mortgage

Received as AT4623337 on 2017 07 11 at 10:18

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

yyyy mm dd Page 1 of 9

**Properties**

**PIN** 06164 - 0197 LT *Interest/Estate* Fee Simple  
**Description** PARCEL 28-B, SECTION S6 PART LOT 28, CONCESSION 2, SCAR BEING PT 1, 2  
 66R12484 SCARBOROUGH, CITY OF TORONTO  
**Address** TORONTO

**PIN** 06164 - 0509 LT *Interest/Estate* Fee Simple  
**Description** LT 19 RCP 9945 SCARBOROUGH PT 1, PL 66R28554; CITY OF TORONTO  
**Address** TORONTO

**Chargor(s)**

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

**Name** TARN FINANCIAL CORPORATION  
**Address for Service** 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

I, Ali Akman, President, have the authority to bind the corporation

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

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

**Name** SAMM CAPITAL HOLDINGS INC.  
**Address for Service** 21 BALMUTO STREET, Suite 2603, TORONTO, ONTARIO, CANADA, M4Y  
 1W4

**Statements**

Schedule: See Schedules

**Provisions**

**Principal** \$ 4,000,000.00 *Currency* CDN  
**Calculation Period** see schedule  
**Balance Due Date** see schedule  
**Interest Rate** see schedule  
**Payments**  
**Interest Adjustment Date**  
**Payment Date** see schedule  
**First Payment Date**  
**Last Payment Date**  
**Standard Charge Terms** 200033  
**Insurance Amount** full insurable value  
**Guarantor**

LRO # 80 Charge/Mortgage

Received as AT4623337 on 2017 07 11 at 10:18

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

yyyy mm dd Page 2 of 9

**Signed By**

Philip Warren Thompson	1595-16th Ave, Suite 301 Richmond Hill L4B 3N9	acting for Chargor(s)	Signed	2017 07 11
Tel	905-881-6505			
Fax	866-861-6578			

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

**Submitted By**

PHIL THOMPSON PROFESSIONAL CORPORATION	1595-16th Ave, Suite 301 Richmond Hill L4B 3N9		2017 07 11
Tel	905-881-6505		
Fax	866-861-6578		

**Fees/Taxes/Payment**

Statutory Registration Fee	\$63.35
Total Paid	\$63.35

**File Number**

Chargor Client File Number : 5154

## SCHEDULE "A"

### ADDITIONAL PROVISIONS/CLAUSES

For the purpose of this Mortgage (the "Mortgage"), the terms "Charge", "Chargor" and "Chargee" shall also mean "Mortgage", "Mortgagor" and "Mortgagee". "Property" or "Lands" shall mean the lands (which term shall include all buildings situate thereon, now or in the future) and premises secured hereunder and, if applicable, are the premises described in Box 5 of page 1 of the Charge/Mortgage herein. Headings in this Charge do not form part of the Charge but are used only for easy reference.

### CONFLICT/AMBIGUITY

Where conflict or ambiguity exists or arises between any one or more of the provisions contained in this Schedule and any one or more of the provisions contained in the standard charge terms, the provisions contained in this Schedule shall prevail.

In the event of conflict between any commitment letter, loan agreement, promissory note, management agreement, guarantee or other instrument or agreement between the Chargor and the Chargee(s) secured by this Charge ("**Loan Document**") and the provisions of this Charge, the provisions in the Loan Document shall prevail.

In the event of any conflict between the interest rate and payments terms provided for in this Charge and any Loan Document, the provisions in the Loan Document shall prevail.

### COLLATERAL SECURITY

This Charge secures all liabilities or obligations of the Chargor to the Chargee(s) of any kind whatsoever now or hereafter owing, including but not limited to any loans, debts, borrowings, guarantees, indemnities, sureties, management fees or other liabilities or obligations of any kind.

### DUE ON DEMAND

Except as otherwise set out in Loan Document all sums secured by this Mortgage are due and payable on demand.

### NON-TRANSFERABLE/NON-ASSUMABLE

This Charge is non-transferable and non-assumable. In the event of the Chargor selling, transferring or conveying title to all or any part of the Lands, or if there is a change in the beneficial ownership of the Chargor or the Lands, this Charge and all sums secured hereby will become due and payable.

It is understood and agreed that any such a transfer shall not relieve the Chargor from any of its obligations hereunder.

### PREPAYMENT PRIVILEGE

Except as otherwise set out in any Loan Document, promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s); The Chargor may prepay the principal sum secured hereby at any time and in any amount without notice, bonus or penalty, provided such payments shall be applied to the ultimate balance owing hereunder without lessening any of the regular payments required hereunder.



**APPLICATION OF PAYMENTS**

All payments received hereunder shall be applied in the following order: (i) all reasonable recoverable costs, expenses and third party payments of the Chargee in relation to this Charge and the Lands including reasonable legal fees on a solicitor and his own client basis; (ii) administration and other fees due to the Chargee; (iii) interest owing; and (iv) principal owing.

**FURTHER ENCUMBRANCES**

The Chargor shall not grant or permit any further Charges, charges, or encumbrances of any nature to be registered against the Lands without the prior consent in writing of Chargee, and in the event of breach of this covenant the Chargee shall be entitled to commence default proceedings.

**NON-TENANCY**

The Chargor covenants not to enter into, renew, extend or terminate any tenancy agreement with respect to any part of the mortgaged premises, or permit any subletting or assignment or surrender thereunder, without the prior consent in writing of the Chargee, and agrees with respect to any tenancy agreement entered into prior to discharge of this Charge to incorporate an acknowledgment of priority by the lessee of the terms and provisions of this Charge including without limitation to generality an acknowledgement by the lessee thereunder that the Chargee's right to possession will not be bound by or subject to the residential tenancy provisions of the *Residential Tenancies Act*, as amended from time to time.

**ASSIGNMENT OF RENTS**

As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Property together with all rights, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

**FRANCHISE AGREEMENT**

The Chargor covenants not to enter into or renew, extend, terminate, assign or transfer any franchise agreement for any business operated by the Chargor on any part of the mortgaged premises without the prior consent in writing of the Chargee.

**SECURITY INTEREST IN CHATTELS**

It is hereby mutually covenanted and agreed by and between the parties hereto that all chattels, erections and improvements, fixed or otherwise, now or hereafter put upon the Property and owned by the Chargor, including, but without limiting the generality of the foregoing, all drapes, lobby furniture, refrigerators and stoves, heating equipment, air-conditioning and ventilation equipment, blinds, storm windows and doors, window screens, etc. and all apparatus and equipment appurtenant thereto are and shall in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns, and all persons claiming thereunder and shall be a portion of the security for the indebtedness hereinbefore mentioned.

The Chargor covenants and agrees to execute and deliver to the Chargee, on demand, a security interest in all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the Chargor and situate in or about the Property. The form and content of such security interest shall be acceptable to the Chargee. The Chargor agrees to pay all legal and other expenses incurred by the Chargee in connection with the preparation and registration of the security interest and any renewals thereof forthwith upon demand and such fees and expenses,

together with interest thereon at the interest rate charged hereunder, shall be added to the principal sum secured by the within charge if not paid by the Chargor.

#### NSF FEE

The Chargee shall be entitled to an administrative fee of \$350.00 plus HST in the event any payment hereunder shall be returned unpaid by the Chargor's bank for any reason or payments not received on payments date(s).

#### TAX RECEIPTS

Proof of payment of property taxes are to be provided to the Chargee on a yearly basis. The Chargee shall have the option, to be exercised in its sole discretion, to pay the property taxes directly and have the Chargor reimburse the amount of such payment forthwith after payment by the Chargee. In the event of the failure of the Chargor to comply with this covenant as aforementioned the Chargee shall be entitled to charge a reasonable administration fee for each written enquiry directed to such taxing authority, or the relevant taxation office for the purpose of ascertaining the status of the tax account pertaining to the Property, together with any costs payable to the said taxing authority for such information. Such administration fee is hereby agreed to be a fair and equitable one under the circumstances and is intended to cover the Chargee's administrative costs and shall not be deemed a penalty.

#### CHARGE STATEMENTS

In the event the Chargee is required to provide a Charge statement, there shall be an administrative fee of \$350.00 plus HST for each such statement.

#### DISCHARGE

The Chargee shall be entitled to prepare or have its solicitors prepare a discharge or assignment of Charge and any other documents necessary to release or assign any security held by the Chargee, and shall have a reasonable time after payment of the Charge debt in full within which to prepare, execute and deliver such documents. A discharge fee in the amount of \$500.00 plus HST, in addition to all other expenses in connection with the preparation, review, execution and delivery of such documents shall be paid by the Chargor to the Chargee.

#### ADMINISTRATION FEES

In the event of non-payment of the foregoing administrative fees, the amount due shall be added to the principal balance outstanding and shall earn interest pursuant to the provisions herein set out. HST will be charged on all administrative fees.

#### INSURANCE

In the event that the Chargee deems it necessary to arrange for insurance to be placed for the Property, any amount paid by the Chargee therefore shall be forthwith payable by the Chargor(s) to the Chargee with interest and shall be part of the indebtedness secured by the Charge bearing interest at the rate set out in the Charge. The Chargor(s) shall also pay to the Chargee a fee in the amount of \$350.00 plus HST on each occasion on which the Chargee so arranges the placement of Insurance. The Chargor shall provide proof of insurance to the Chargee at the Chargee's request.

#### INSPECTION

The Chargee may, in the event of default by the Chargor(s) of any obligation under the Charge, or whenever the Chargee deems it necessary, itself or by its agent enter upon the subject property and inspect the same and the reasonable costs of such inspection including without limitation an inspection fee of \$350.00 plus HST each time shall be forthwith payable by the Chargor(s) to the Chargee

**ADDITIONAL INTEREST**

For the purpose of calculation of interest, any payment of principal received after 2:00 p.m. shall be deemed to have been received on the next following banking day.

**"PRIME" OR "PRIME RATE"**

Except as otherwise set out in any promissory note, loan agreement or other instrument or agreement between the Chargor and the Chargee(s), "Prime" or "Prime Rate" when used in relation to this Charge or any sum secured hereunder means the prime commercial lending rate of the The Toronto-Dominion Bank as quoted to its customers in Toronto, Ontario from time to time fluctuating as and when the said bank changes that rate.

**DUE ON DEFAULT**

It is understood and agreed by the Chargor that should the Chargor be in default under the existing Charges registered against title to the Property, and should the property taxes be in arrears and written notice has been provided to the borrower within the time specified in the notice and if the borrower does not comply, borrower shall be in default, then the Chargor shall be in default hereunder this Charge.

**ADMINISTRATION FEE ON DEFAULT**

If the Chargee takes any proceeding pursuant to the Charge by reason of the Chargor's default, the Chargee shall be entitled to add to the Charge debt a service and administration fee of \$500.00 plus HST in addition to all other fees, claims or demands to which the Chargee is also entitled.

**ASSIGNMENT, TRANSFER, SALE BY CHARGE**

The Chargee has the right to assign, transfer or sell this Charge to any bank, trust company, company or other person without the consent of the Chargor.

**ADDITIONAL COVENANTS**

The Chargor shall diligently defend its title to the Property against the claims of all persons whomsoever. The Chargor will diligently maintain, repair and keep in good order and condition the Property and all buildings situate thereon and will carry on and conduct or will cause to be carried on and conducted its business as presently carried on in a proper and efficient manner.

**POSSESSION**

Upon default in payment of principal or interest under this Charge or in performance of any of the terms and conditions hereof, the Chargee may enter into and take possession of the Property free from all manner of former conveyances, Charges, charges or encumbrances without the suit, hindrance, interruption or denial of the Chargor or any other person whatsoever.

**RECEIVERSHIP**

If the Chargee becomes entitled to enter into possession of the Property the Chargee may in its discretion with or without entering the Property or any part thereof, by writing, appoint a receiver of the Property or any part thereof and of the rents and profits thereof and with or without security and may from time to time remove any receiver with or without appointing another in its stead, and in making such appointment or appointments the Chargee shall be deemed to be acting for the Chargor. Upon the appointment of any such receiver or receivers from time to time, and subject to the provisions of the instruments appointing such receiver, the following provisions shall apply:

- (a) Every such receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers and discretions of the Chargee;

- (b) Every such receiver, so far as concerns the responsibility of its acts or omissions, be deemed the agent or attorney of the Chargor and not the agent of the Chargee (unless specifically appointed by the Chargee as the agent of the Chargee);
- (c) The appointment of every such receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver in any respect and such appointment or anything which may be done by any such receiver shall not have the effect of constituting the Chargee a Chargee in possession in respect of the Property or any part thereof;
- (d) Every receiver shall be the irrevocable agent or attorney of the Chargor (unless the Chargee specifically appoints such receiver as the agent for the Chargee) for the collection of all rents falling due in respect of the Property or any part thereof whether in respect of any tenancies created in priority to the Charge or subsequent thereto;
- (e) Every such receiver shall from time to time have the power to lease any portion of the Property which may become vacant for such term and subject to such provisions as the receiver may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent or the Chargee) and such receiver shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property;
- (f) Every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part thereof in the name of the Chargor for the purpose of securing the payment of rental from the Property or any part thereof; and
- (g) The Chargee may from time to time by writing fix the reasonable remuneration of every such receiver who shall be entitled to deduct the same out of the receipts from the Property or the proceeds thereof. No such receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Property or any part thereof and every such receiver shall apply such cash so received to pay in the following order:
  - i. Its commission or remuneration as receiver;
  - ii. All expenses properly made or incurred by the receiver in connection with the management, operation, amendment, repair, alteration or extension of the Property or any part thereof;
  - iii. Money which may from time to time be or become charged on the Property in priority to this Charge, and all taxes, rates, assessments, insurance premiums and every other proper expenditure made or incurred by it in respect of the Property or any part thereof;
  - iv. In keeping in good standing all charges on the Property prior to this Charge;
  - v. The Chargee in payment of all interest due or falling due under this Charge and the balance to be applied upon principal due and payable and secured by this Charge;
  - vi. The Charge balance should be all sums now or hereafter at any time owing to the Chargee or any other shareholders of the Chargor.
  - vii. Thereafter any surplus remaining in the hands of every such receiver to the Chargor or its assigns.

## ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee acting reasonably, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, or its respective agents to be in possession, management or control of the Property.

In consideration of the advance of funds by the Chargee, the Chargor and the Guarantor (if applicable) hereby agree that, in addition to any liability imposed on the Chargor and Guarantor under any instrument evidencing or securing the loan indebtedness, the Chargor and Guarantor shall be jointly and severally liable for any and all of the cost, expenses, damages, or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor and Guarantor to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them of any default under the Charge.

Except as disclosed in writing to the Chargee, the Chargor hereby represents and warrants that neither the Chargor, nor, to their knowledge, any other person, has ever caused or permitted any Hazardous Material (as hereinafter defined) to be placed, held located or disposed of on, under or at the Property and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation laws respecting the discharge, emission, spill or disposal of any Hazardous Materials) and that no enforcement actions in respect thereof are threatened or pending and covenants to cause any person permitted by the Chargor to use or occupy the Property or any part thereof to continue to so operate.

The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever (including, without limitation: (i) the costs of defending any/or counter-claiming over against third parties in respect of any action or matter; and (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld) which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as direct result of; the presence on or under, or the discharge, emission, spill or disposal from, the Property or into any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Material where it has been proven that the source of the Hazardous Material is the Property. The provisions of and undertakings and indemnification set out in this section shall survive the satisfaction and release of the security documents delivered by the Chargor in connection with this Charge and payment and satisfaction of the Charge and liability of the Chargor to the Chargee pursuant to this Agreement. The indemnity contained herein in favour of the Chargee shall enure to the benefit of the Chargee's successors and assignees of the Charge. For the purposes of this section "Hazardous Material" means any contaminant or pollutant or any substance that when released in the natural environment is likely to cause at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and without restricting the generality of the foregoing, hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws for the protection of the natural environment or human health.

The indemnity contained herein shall survive the repayment of the Charge and shall continue in full force and effect so long as the possibility of any such liability, claim or loss exists.

**BREACH OF COVENANT**

A breach of any covenant contained in this Charge shall constitute a default hereunder and at the option of the Chargee, it may avail itself of the remedies contained in this Charge or available at law.

**SEVERABILITY**

If any covenant, obligation or provision contained in this Charge, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Charge or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or provision of this Charge shall be separately valid and enforceable to the fullest extent permitted by law.

**NOTE: THE CHARGEES RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR OTHER ADMINISTRATIVE SERVICES.**

## GUARANTEE

THIS GUARANTEE is made as of the 6<sup>th</sup> day of July , 2017.

WHEREAS the undersigned Tarn Financial Corporation (the "Guarantor") has agreed to provide SAMM Capital Holdings Inc. (the "Lender") with a guarantee of the Obligations (as hereinafter defined) of Tarn construction Corporation (the "Obligor");

AND WHEREAS the Guarantor has agreed that if the guarantee is not enforceable, the Guarantor will indemnify the Lender or be liable as primary obligor;

NOW THEREFORE THIS GUARANTEE WITNESSES that in consideration of the premises and the covenants and agreements herein contained, the sum of One Dollar (\$1.00) now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

### ARTICLE 1- GUARANTEE

#### 1.01 Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees the due and punctual performance by the Obligor of the Obligor's obligations under:

- (a) a Loan Agreement between the Obligor and the Lender dated June 22, 2017;
- (b) a land mortgage to be registered against the property municipally known as 2035 Kennedy Road, Toronto, Ontario (PIN 06164-0197, 06164-0509) in the amount of \$4,000,000.00 in favour of the Lender ; and
- (b) a General Secutiry Agreement between the Obligaor and Lender dated July 6, 2017;

(collectively referred to as the "Agreement"), and any security (the "Security") granted or to be granted by the Obligor or others to the Lender as security for the payment of the monies and the performance of the Obligor's obligations under the Agreement including, without limitation, the payment of all of the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Obligor to the Lender or remaining unpaid by the Obligor to the Lender pursuant to the Agreement and the Security (hereinafter collectively referred to as the "Obligations") together with all costs and expenses, including without limitation, legal fees and expenses incurred by the Lender in connection with the enforcement of this Guarantee.

#### 1.02 Indemnity

If any or all of the Obligations are not duly paid by the Obligor and are not recoverable under Section 1.01 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Obligor to pay such Obligations and the costs and expenses of enforcement of this indemnity, including without limitation, legal fees and expenses.

**1.03 Primary Obligation**

If any or all of the Obligations are not duly performed by the Obligor and are not performed under Section 1.01 or the Lender is not indemnified under Section 1.02, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor and will extend to the costs and expenses of enforcement of the Obligations including, without limitation, legal fees and expenses.

**1.04 Obligations Absolute**

The liability of the Guarantor hereunder will be absolute and unconditional and will not be affected by:

- (a) any lack of validity or enforceability of any agreement between the Obligor and the Lender;
- (b) any impossibility, impracticability, frustration of purpose, illegality, force *majeure* or act of government;
- (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of the Obligor or any other person or the amalgamation of or any change in the status, function, control or ownership of the Obligor, the Guarantor, the Lender or any other person;
- (d) any lack or limitation of power, incapacity or disability on the part of the Obligor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Obligor in its obligations to the Lender; or
- (e) any other law, regulation or other circumstance that might otherwise constitute a defence available to, or a discharge of, the Obligor in respect of any or all of the Obligations.

**ARTICLE 2- DEALINGS WITH OBLIGOR AND OTHERS****2.01 No Release**

The liability of the Guarantor hereunder will not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Lender in connection with any duties or liabilities of the Obligor to the Lender or any security therefor including any loss of or in respect of any of the Security. Without limiting the generality of the foregoing and without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor' liability hereunder, without obtaining the consent of or giving notice to the Guarantor, the Lender may:

- (a) discontinue, reduce, increase or otherwise vary the credit of the Obligor in any manner whatsoever;
- (b) make any change in the time, manner or place of payment under, or in any other term of, any agreement between the Obligor and the Lender or the failure on the part of the Obligor to carry out any of its obligations under any such agreement;
- (c) grant time, renewals, extensions, indulgences, releases and discharge to the Obligor;



- (d) take or abstain from taking or enforcing securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor;
- (e) accept compromises from the Obligor;
- (f) apply all money at any time received from the Obligor or from securities upon such part of the Obligations as the Lender may see fit or change any such application in whole or in part from time to time as the Lender may see fit; and
- (g) otherwise deal with the Obligor and all other persons and securities as the Lender may see fit.

#### 2.02 No Exhaustion of Remedies

The Lender will not be bound or obligated to exhaust its recourse against the Obligor or other persons or any securities or collateral it may hold or take any other action before being entitled to demand payment from the Guarantor hereunder.

#### 2.03 Prima Facie Evidence

Any account settled or stated in writing by or between the Lender and the Obligor will be *prima facie* evidence that the balance or amount thereof appearing due to the Lender is so due.

#### 2.04 No Set-off

In any claim by the Lender against the Guarantor, the Guarantor may not assert any set-off or counterclaim that either any of the Guarantor or the Obligor may have against the Lender.

#### 2.05 Continuing Guarantee

The obligations of the Guarantor hereunder will constitute and be continuing obligations and will apply to and secure any ultimate balance due or remaining due to the Lender and will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid by the Obligor to the Lender. This Guarantee will continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Lender upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of the Obligor or otherwise, all as though such payment had not been made.

### ARTICLE 3 - DEMAND

#### 3.01 Demand

If any Obligation is not paid for any reason whatsoever, the Lender may treat all Obligations as due and payable and may demand forthwith from the Guarantor the total amount guaranteed hereunder whether or not such Obligations are yet due and payable at the time of demand for payment hereunder. The Guarantor will make payment to or performance in favour of the Lender of the total amount guaranteed hereunder forthwith after demand therefor is made to the Guarantor. The Guarantor will make payment to

the Lender forthwith upon demand of all costs and expenses incurred by the Lender in enforcing this Guarantee.

3.02 **Interest**

The Guarantor will pay interest to the Lender at the interest rate provided in the Agreement, as amended from time to time, on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to accrue from and including the date of demand by the Lender on the Guarantor.

**ARTICLE 4- ASSIGNMENT, POSTPONEMENT AND SUBROGATION**

4.01 **Assignment and Postponement**

All debts and liabilities, present and future, of the Obligor to the Guarantor is hereby assigned to the Lender and postponed to the Obligations, and all money received by the Guarantor in respect thereof will be held in trust for the Lender and forthwith upon receipt will be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Guarantor hereunder and this assignment and postponement is independent of the Guarantee and will remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and paid in full.

4.02 **Subrogation**

The Guarantor will not be entitled to subrogation until (i) the Guarantor perform or make payment to the Lender of all amounts owing by the Guarantor to the Lender under this Guarantee and (ii) the Obligations are performed and paid in full. Thereafter, the Lender will, at the Guarantor' request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.

**ARTICLE 5 - GENERAL**

5.01 **Binding Effect of the Guarantee/Assignment**

This Guarantee will be binding upon the heir, estate trustees, administrators, personal representatives, successors and assigns of the Guarantor and will enure to the benefit of the Lender and its successors and assigns. If there is more than one party constituting the Guarantor hereunder, the obligations of each of them hereunder shall be joint and several. The rights of the Lender under this Guarantee may be assigned by the Lender without the prior consent of the Obligor or the Guarantor. The Guarantor may not assign their obligations under this Guarantee.

5.02 **Entire Agreement**

This Guarantee constitutes the entire agreement between the Guarantor and the Lender with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Lender will not be bound by any representations or promises made by the Obligor to the

Guarantor and possession of this Guarantee by the Lender will be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with and this Guarantee will be operative and binding notwithstanding the non-execution thereof by any proposed signatory.

5.03 **Amendments and Waivers**

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Lender. No waiver of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. The remedies herein are cumulative and not exclusive of any remedies provided by law.

5.04 **Severability**

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

5.05 **Notices**

Any demand, notice or other communication to be given in connection with this Guarantee must be given in writing to each party and may be given by personal delivery, by registered mail or by electronic means of communication.

or such other address, individual or electronic communication number as may be designated by notice given by the Guarantor to the Lender. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3<sup>rd</sup>) business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication must not be mailed but must be given by personal delivery or by electronic communication.

5.06 **Waiver of Notice of Acceptance**

The Guarantor hereby waives notice of acceptance of this instrument.

5.07 **Discharge**

The Guarantor will not be discharged from any of its obligations hereunder except by a release or discharge signed in writing by the Lender.

5.08 **Governing Law**

This Guarantee will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

5.9 **Headings**

The division of this Guarantee into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Guarantee. The terms "hereof", "hereunder" and similar expressions refer to this Guarantee and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Guarantee.

5.10 **Extended Meanings**

In this Guarantee words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

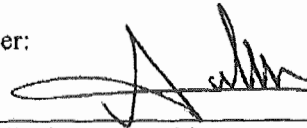
5.11 **Executed Copy**

The Guarantor acknowledges receipt of a fully executed copy of this Guarantee.

**IN WITNESS WHEREOF** the Guarantor has executed this Guarantee.

**Tarn Financial Corporation**

Per:



\_\_\_\_\_  
Ali Akman, President

*I have authority to bind the corporation.*



## ONTARIO PPSA New Registration 1C CONFIRMATION

PPSA Ref File No.: 729658179

Expiry Date: 2022-07-11

Registration Number: 20170711 1023 1590 7853

REGISTRATION TYPE: Personal Property Security Act  
TERM OF REGISTRATION (YEARS): 5CAUTION FILING: N  
MOTOR VEHICLE SCHEDULE: N

### DEBTORS

#### Business Debtors

	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	TARN FINANCIAL CORPORATION 002425409	21 BALMUTO STREET, SUITE 2603 TORONTO ON M4Y 1W4

### SECURED PARTIES

#### Secured Parties

	NAME	ADDRESS
1	SAMA CAPITAL HOLDINGS INC.	21 BALMUTO STREET, SUITE 2603 TORONTO ON M4Y 1W4

### COLLATERAL

Collateral Classification Selected	MATURITY DATE	AMOUNT SECURED
Consumer Goods <input type="checkbox"/> Inventory <input checked="" type="checkbox"/> Equipment <input checked="" type="checkbox"/> Accounts <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Motor Veh Incl <input checked="" type="checkbox"/>		

### REGISTERING AGENT

NAME	ADDRESS
PHIL THOMPSON	301-1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3H9



## SCHEDULE B

PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST  
TARN FINANCIAL CORPORATION

## I. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant: Samm Capital Holding<sup>Inc</sup> (the "Claimant")  
(Full legal or corporate name should be the name of the original Claimant.)

Full Mailing Address of the Claimant:

21 Balmuto St, Suite 2902  
Toronto, ON M4Y 1W4

Telephone Number of Claimant:

647 919 7761

Facsimile Number of Claimant:

Attention (Contact Person):

Ali Akman

Email Address:

ali@samsholding.com

Has the Claim been sold or assigned  
by Claimant to another party?

Yes

No

(If yes please complete section D)

## 2. PROOF OF CLAIM:

I, Ali Akman [Name of Claimant or Representative of the Claimant], do  
hereby certify:

that I am (please check one):

the Claimant; or

hold the following position of \_\_\_\_\_ the Claimant and have  
personal knowledge of all the circumstances connected with the Claim described herein.

3. PARTICULARS OF CLAIM:

Amount	Currency	Claim Specification
\$ _____		<input type="checkbox"/> Wages & Benefits Claim
\$ <u>1,010,974.95</u>		<input checked="" type="checkbox"/> Secured Claim
\$ _____		<input type="checkbox"/> Unsecured Claim
Total: \$ _____		

Description of transaction, agreement or event giving rise or relating to the Claim:

Management Fees Receivable for Turn  
Financial Corp

If the Claim includes an amount for any accrued interest thereon and costs payable in respect thereof, state the basis for such interest and/or cost claim, the rate of interest, and provide evidence upon which the claim for interest and/or costs is being made.

If the Claim is contingent or unliquidated, state the basis and provide evidence upon which the Claim has been valued:

IF CLAIMANTS REQUIRE ADDITIONAL SPACE, PLEASE ATTACH A SCHEDULE HERETO. CLAIMANTS SHOULD PROVIDE PARTICULARS OF THE CLAIM AND COPIES OF ALL SUPPORTING DOCUMENTATION, INCLUDING AMOUNT AND DESCRIPTION OF TRANSACTION(S), AGREEMENT(S) OR LEGAL BREACH(ES) GIVING RISE TO THE CLAIM.



4. PARTICULARS OF ASSIGNEE(S) (IF ANY):

Full Legal Name of Assignee(s) of the Claim (*if all or a portion of the Claim has been sold*). If there is more than one assignee, please attach separate sheets with the following information (the "Assignee(s)")

\_\_\_\_\_

Amount of Total Claim Assigned	\$	_____
Amount of Total Claim Not Assigned	\$	_____
Total Amount of Claim	\$	_____

(should equal "Total Claim" as entered on Section 2)

Full Mailing Address of the Assignee(s)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number of Assignee: \_\_\_\_\_

Facsimile Number of Assignee: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

**FILING OF CLAIMS:**

The duly completed Proof of Claim together with supporting documentation must be returned and received by the Liquidator, no later than 5:00 p.m. local Toronto time on **June 15, 2018**, to the email address or address listed below.

**FAILURE TO FILE YOUR PROOF OF CLAIM BY SUCH DATE WILL RESULT IN YOUR CLAIM BEING FOREVER EXTINGUISHED AND BARRED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST TARN FINANCIAL CORPORATION.**

This Proof of Claim must be delivered by email, facsimile, personal delivery, courier or prepaid mail at the following address:

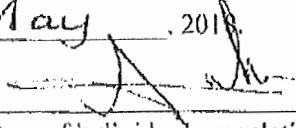
**Address of the Liquidator:**

KPMG Inc.,  
in its capacity as Court-appointed Liquidator  
of Tarn Financial Corporation  
333 Bay Street, Suite 4600  
Toronto, Ontario, M5H 2S5

Attention: Marcel Réthoré  
Phone: 1-855-222-8083  
Fax: 416-777-3364  
E-mail: tarn@kpmg.ca

DATED at Toronto this 1 day of May, 2018

\_\_\_\_\_  
(Signature of Witness)

  
\_\_\_\_\_  
(Signature of individual completing this form)

## PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST TARN FINANCIAL CORPORATION

Samm Capital Holdings Inc

## MANAGEMENT FEE RECEIVABLE FROM TARN FINANCIAL CORP

MANAGEMENT FEE RECEIVABLE 2015        \$324,396.18

MANAGEMENT FEE RECEIVABLE 2016        \$259,457.72

MANAGEMENT FEE RECEIVABLE 2017        \$427,886.05

TOTAL RECEIVABLE PER AUDIT REPORT 2017 \$1,011,739.95

## Attachments:

Invoices for Management fees 2014, 2015, 2016, 2017.

Schedule for Invoices by years.

For further information please contact below:

Anton Ganesh

Controller

Samm Capital Holding Inc

Tel: 416 240 7511 x 584

600 Dixon Road, Toronto, ON M9W 1J1



2017

## Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE25

Invoice to:				Ship To			
Name	Delta	Toronto East		Name	Delta Toronto East		
Address	2035 Kennedy Rd			Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2	City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500			Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for January 2017 (\$1,290,409)	\$38,712.27	\$38,712.27

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_

Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

SubTotal	\$38,712.27
Shipping & Handling	
H.S.T. 13%	\$5,032.60
<b>TOTAL</b>	<b>\$43,744.87</b>

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_

Order No \_\_\_\_\_

Sales Rep \_\_\_\_\_

Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE26

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for February 2017 (\$1082445.00)	\$32,473.35	\$32,473.35
			SubTotal	\$32,473.35
			Shipping & Handling	
			H.S.T. 13%	\$4,221.54
			<b>TOTAL</b>	<b>\$36,694.89</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE27

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for March 2017 (\$1,533,495)	\$46,004.85	\$46,004.85

SubTotal	\$46,004.85
Shipping & Handling	
H.S.T. 13%	\$5,980.63
<b>TOTAL</b>	<b>\$51,985.48</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennody Rd.  
Toronto, ON M1T 3G2  
(416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
Invoice NO: DTE28

Invoice to:			
Name	Delta Toronto East	PR ON	ZIP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto		
Phone	416 299 1500		

Ship To			
Name	Delta Toronto East	ST ON	IP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto		
Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for April 2017 (\$1,474,900)	\$44,247.00	\$44,247.00
			SubTotal	\$44,247.00
			Shipping & Handling	
			H.S.T. 13%	\$5,752.11
			<b>TOTAL</b>	<b>\$49,999.11</b>

Account Details	
<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	If supply greater than 1 month, indicate how many month's <input style="width: 40px;" type="text"/>
GL Code	<input style="width: 100%;" type="text"/>
Requested by	<input style="width: 100%;" type="text"/>

**Shipping Notes**

**Project Manager**

Date	<input style="width: 95%;" type="text"/>
Order No	<input style="width: 95%;" type="text"/>
Sales Rep	<input style="width: 95%;" type="text"/>
Ship Via	<input style="width: 95%;" type="text"/>

**Controller**



# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE29

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for May 2017 (\$1,669,713)	\$50,091.39	\$50,091.39
SubTotal				\$50,091.39
Shipping & Handling				
H.S.T. 13%				\$6,511.88
<b>TOTAL</b>				<b>\$56,603.27</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE30

**Invoice to:**

Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2
Phone	416 299 1500		

**Ship To**

Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for June 2017 (\$1,792,681)	\$53,780.43	\$53,780.43
			SubTotal	\$53,780.43
			Shipping & Handling	
			H.S.T. 13%	\$6,991.46
			<b>TOTAL</b>	<b>\$60,771.89</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

**Project Manager**

Date	_____
Order No	_____
Sales Rep	_____
Ship Via	_____

**Controller**

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE31

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for July 2017 (\$1,842,793)	\$55,283.79	\$55,283.79

SubTotal	\$55,283.79
Shipping & Handling	
H.S.T. 13%	\$7,186.89
<b>TOTAL</b>	<b>\$62,470.68</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE32

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for August 2017 (\$1,935,571)	\$58,067.13	\$58,067.13
SubTotal				\$58,067.13
Shipping & Handling				
H.S.T. 13%				\$7,548.73
<b>TOTAL</b>				<b>\$65,615.86</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

Samm Capital Holdings Inc  
 Management Fees Jan - Dec 2016  
 Accounts Receivable

Invoice Date	Invoice Number	Month	Revenue	Management Fee	HST	Total Amount
31-Aug-17	DTE13	January	\$ 1,116,958.00	\$ 33,509.00	\$ 4,356.17	\$ 37,865.17
31-Aug-17	DTE14	February	\$ 1,057,219.00	\$ 31,717.00	\$ 4,123.21	\$ 35,840.21
31-Aug-17	DTE15	March	\$ 1,390,999.98	\$ 41,729.98	\$ 5,424.90	\$ 47,154.88
31-Aug-17	DTE16	April	\$ 1,543,265.00	\$ 46,298.00	\$ 6,018.74	\$ 52,316.74
31-Aug-17	DTE17	May	\$ 1,753,241.00	\$ 52,597.00	\$ 6,837.61	\$ 59,434.61
31-Aug-17	DTE18	June	\$ 1,554,792.00	\$ 46,644.00	\$ 6,063.72	\$ 52,707.72
31-Aug-17	DTE19	July	\$ 1,773,320.00	\$ 53,200.00	\$ 6,916.00	\$ 60,116.00
31-Aug-17	DTE20	August	\$ 1,732,163.00	\$ 51,965.00	\$ 6,755.45	\$ 58,720.45
31-Aug-17	DTE21	September	\$ 1,755,169.00	\$ 52,655.00	\$ 6,845.15	\$ 59,500.15
31-Aug-17	DTE22	October	\$ 1,742,435.00	\$ 52,273.00	\$ 6,795.49	\$ 59,068.49
31-Aug-17	DTE23	November	\$ 1,429,969.00	\$ 42,899.00	\$ 5,576.87	\$ 48,475.87
31-Aug-17	DTE24	December	\$ 1,336,497.00	\$ 40,095.00	\$ 5,212.35	\$ 45,307.35
				\$ -	\$ -	\$ -
		Total Management fee for Jan-Dec 2016				\$ 616,507.64

Management Fees Received 2016 for 2015 Adjusted per Auditors

January	\$ 30,148.59	\$ 3,919.32	\$ 34,067.91
February	\$ 39,729.00	\$ 5,164.77	\$ 44,893.77
March	\$ 42,103.00	\$ 5,473.39	\$ 47,576.39
April	\$ 46,518.00	\$ 6,047.34	\$ 52,565.34
Part Payment		\$ 15,000.00	\$ 15,000.00

Management Fees Received \$ 194,103.41

Management Fees Received 2017 for 2015

May	\$ 44,026.75	\$ 5,723.35	\$ 49,749.10
June	\$ 50,295.00	\$ 6,538.35	\$ 56,833.35
July	\$ 49,883.00	\$ 6,484.79	\$ 56,367.79
			\$ 162,950.24

Total Management Fees AR 2016 \$ 259,453.99

Src.	Doc. Date	Account Number	Account Description	Debits	Credits
GL-JE	12/31/2016	4001	Management Fees Pivot - Per Auditor	10,692.13	
GL-JE	12/31/2016	4001	Management Fees Pivot - Per Auditor	12,719.59	
Entry Total:				<u>37,232.56</u>	<u>37,232.56</u>

Entry Number: 00005 Year End 2016 Adjustment entry per Auditors 2015  
 Post. Date: 12/31/2016 Year-Prd.: 2016-12

GL-JE	12/31/2016	1119	Management Fees Receivable Delta(Tarn) Per Auditors		194,103.41
		Ref.:	Desc.: Management fees Tarn 2015		
GL-JE	12/31/2016	2430	Canadian HST collected	3,919.32	
GL-JE	12/31/2016	2430	Canadian HST collected	5,473.39	
GL-JE	12/31/2016	2430	Canadian HST collected	5,164.77	
GL-JE	12/31/2016	2430	Canadian HST collected	6,047.34	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	10,000.00	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	5,000.00	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	30,148.59	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	42,103.00	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	39,729.00	
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	46,518.00	
Entry Total:				<u>194,103.41</u>	<u>194,103.41</u>

*Payment 2015,  
in 2016.*

Entry Number: 00006 Year End 2016 Adjustment entry per Auditors S&A  
 Post. Date: 12/31/2016 Year-Prd.: 2016-12

GL-JE	12/31/2016	1112	Accounts Receivable S&A Per Auditors	48,663.19	
		Ref.:	Desc.: Magts Fees S&A		
GL-JE	12/31/2016	2430	Canadian HST collected		5,695.72
GL-JE	12/31/2016	4002	Management Fees Delta(Tarn) Per Auditor	14,427.56	
GL-JE	12/31/2016	4003	Management Fees S&A Per Auditors		42,967.47
GL-JE	12/31/2016	4003	Management Fees S&A Per Auditors		14,427.56
Entry Total:				<u>63,090.75</u>	<u>63,090.75</u>

Entry Number: 00007 Year End 2016 Adjustment entry per Auditors Ont Inc  
 Post. Date: 12/31/2016 Year-Prd.: 2016-12

GL-JE	12/31/2016	1123	Advance to 2446691 Ont Inc	1,022.03	
		Ref.:	Desc.: Reallocate pro fees Ont inc		
GL-JE	12/31/2016	2435	Canadian HST input tax credit		117.58

2016

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE13

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for January 2016 (\$1,116,958)	\$33,509.00	\$33,509.00
				<b>SubTotal</b> \$33,509.00
				Shipping & Handling
				<b>H.S.T. 13%</b> \$4,356.17
				<b>TOTAL</b> \$37,865.17

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE14

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for February 2016 (\$1,057,219)	\$31,717.00	\$31,717.00
SubTotal				\$31,717.00
Shipping & Handling				
H.S.T. 13%				\$4,123.21
<b>TOTAL</b>				<b>\$35,840.21</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE15

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for March 2016 (\$1,390,999.98)	\$41,729.98	\$41,729.98

SubTotal	\$41,729.98
Shipping & Handling	
H.S.T. 13%	\$5,424.90
<b>TOTAL</b>	<b>\$47,154.88</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL. Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE16

**Invoice to:**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for April 2016 (\$1,543,265)	\$46,298.00	\$46,298.00
SubTotal				\$46,298.00
Shipping & Handling				
H.S.T. 13%				\$6,018.74
<b>TOTAL</b>				<b>\$52,316.74</b>

**Account Details**  
 If supply greater than 1 month,  
 indicate how many month's  
   
  
 GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

**Project Manager**

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE17

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for May 2016 (\$1,753,241)	\$52,597.00	\$52,597.00
				<b>SubTotal</b> \$52,597.00
				Shipping & Handling
				H.S.T. 13% \$6,837.61
				<b>TOTAL</b> \$59,434.61

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE18

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for June 2016 (\$1,554,792)	\$46,644.00	\$46,644.00
			SubTotal	\$46,644.00
			Shipping & Handling	
			H.S.T. 13%	\$6,063.72
			<b>TOTAL</b>	<b>\$52,707.72</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE19

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for July 2016 (\$1,773,320)	\$53,200.00	\$53,200.00
			SubTotal	\$53,200.00
			Shipping & Handling	
			H.S.T. 13%	\$6,916.00
			<b>TOTAL</b>	<b>\$60,116.00</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE20

**Invoice to:**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for August 2016 (\$1,732,163)	\$51,965.00	\$51,965.00

SubTotal	\$51,965.00
Shipping & Handling	
H.S.T. 13%	\$6,755.45
<b>TOTAL</b>	<b>\$58,720.45</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017

Invoice NO: DTE21

Invoice to:				Ship To			
Name	Delta Toronto East			Name	Delta Toronto East		
Address	2035 Kennedy Rd			Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2	City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500			Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for September 2016 (\$1,755,169)	\$52,655.00	\$52,655.00
SubTotal				\$52,655.00
Shipping & Handling				
H.S.T. 13%				\$6,845.15
<b>TOTAL</b>				<b>\$59,500.15</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_

Requested by \_\_\_\_\_

**Shipping Notes**

**Project Manager**

Date \_\_\_\_\_

Order No \_\_\_\_\_

Sales Rep \_\_\_\_\_

Ship Via \_\_\_\_\_

**Controller**

# Samm Capital Holding Inc

2035 Kennedy Rd.  
Toronto, ON M1T 3G2  
(416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
Invoice NO: DTE22

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for October 2016 (\$1,742,435)	\$52,273.00	\$52,273.00

SubTotal	\$52,273.00
Shipping & Handling	
H.S.T. 13%	\$6,795.49
<b>TOTAL</b>	<b>\$59,068.49</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
Toronto, ON M1T 3G2  
(416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
Invoice NO: DTE23

**Invoice to:**

Name Delta Toronto East

Address 2035 Kennedy Rd

City Toronto PR ON ZIP M1T3G2

Phone 416 299 1500

**Ship To**

Name Delta Toronto East

Address 2035 Kennedy Rd

City Toronto ST ON IP M1T3G2

Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for November 2016 (\$1,429,969)	\$42,899.00	\$42,899.00
SubTotal				\$42,899.00
Shipping & Handling				
H.S.T. 13%				\$5,576.87
<b>TOTAL</b>				<b>\$48,475.87</b>

**Account Details**

If supply greater than 1 month,  
indicate how many month's

GL Code \_\_\_\_\_

Requested by \_\_\_\_\_

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_

Order No \_\_\_\_\_

Sales Rep \_\_\_\_\_

Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE24

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for December 2016 (\$1,336,497)	\$40,095.00	\$40,095.00

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

SubTotal	\$40,095.00
Shipping & Handling	
H.S.T. 13%	\$5,212.35
<b>TOTAL</b>	<b>\$45,307.35</b>

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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## Claims Against Tarn Financial Corp

Samm Capital Holdings Inc  
 Management Fees Jan - Dec 2015  
 Accounts Receivable

Invoice Date	Invoice Number	Month	Revenue	Management Fee	HST	Total Amount
30-Jun-16	DTE03	January	\$ 1,005,786.67	\$ 15,086.80	\$ 1,961.28	\$ 17,048.08
31-Aug-16	DTE04	February	\$ 1,325,171.00	\$ 19,877.57	\$ 2,584.08	\$ 22,461.65
29-Sep-16	DTE04a	March	\$ 1,403,427.00	\$ 21,051.41	\$ 2,736.68	\$ 23,788.09
30-Nov-16	DTE05	April	\$ 1,550,587.00	\$ 23,258.81	\$ 3,023.64	\$ 26,282.45
30-Dec-16	DTE06	May	\$ 1,467,525.00	\$ 22,012.88	\$ 2,861.67	\$ 24,874.55
27-Feb-17	DTE06a	June	\$ 1,676,484.00	\$ 25,147.26	\$ 3,269.14	\$ 28,416.40
25-Apr-17	DTE07	July	\$ 1,662,756.00	\$ 24,941.34	\$ 3,242.37	\$ 28,183.71
4-Jul-17	DTE08	August	\$ 1,706,752.00	\$ 25,601.27	\$ 3,328.17	\$ 28,929.44
31-Aug-17	DTE09	September	\$ 1,504,695.00	\$ 22,570.43	\$ 2,934.16	\$ 25,504.59
31-Aug-17	DTE10	October	\$ 1,657,415.00	\$ 24,861.23	\$ 3,231.96	\$ 28,093.19
31-Aug-17	DTE11	November	\$ 1,411,509.00	\$ 21,172.63	\$ 2,752.44	\$ 23,925.07
31-Aug-17	DTE12	December	\$ 1,306,498.67	\$ 19,597.48	\$ 2,547.67	\$ 22,145.15
Total Management fee for Jan-Dec 2015						\$ 299,652.37
Total Account Receivable 2015						\$ 299,652.37

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: June 30 2016  
 Invoice NO:DTE03

**Invoice to:**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**  
 Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for Jan 2015 \$1,005,786.67)	\$15,086.80	\$15,086.80
SubTotal				\$15,086.80
Shipping & Handling				
H.S.T. 13%				\$1,961.28
<b>TOTAL</b>				<b>\$17,048.08</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

**Project Manager**

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2016  
 Invoice NO: DTE04

Invoice to:			
Name	Delta Toronto East	PR ON	ZIP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2
Phone	416 299 1500		

Ship To			
Name	Delta Toronto East	ST ON	IP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for Feb 2015 (\$1,325,171)	\$19,877.56	\$19,877.56
				SubTotal
				\$19,877.56
				Shipping & Handling
				\$2,584.08
				H.S.T. 13%
				\$2,584.08
<b>TOTAL</b>				<b>\$22,461.64</b>

Account Details	
<input type="checkbox"/>	If supply greater than 1 month, indicate how many month's
<input type="checkbox"/>	<input style="width: 50px;" type="text"/>
<input type="checkbox"/>	
<input type="checkbox"/>	
GL Code	<input style="width: 100%;" type="text"/>
Requested by	<input style="width: 100%;" type="text"/>

Shipping Notes

Project Manager

Date	<input style="width: 100%;" type="text"/>
Order No	<input style="width: 100%;" type="text"/>
Sales Rep	<input style="width: 100%;" type="text"/>
Ship Via	<input style="width: 100%;" type="text"/>

Controller

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Sep 29 2016  
 Invoice NO: DTE04

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for March 2015 (\$1,403,427)	\$21,051.41	\$21,051.41
			SubTotal	\$21,051.41
			Shipping & Handling	
			H.S.T. 13%	\$2,736.68
			<b>TOTAL</b>	<b>\$23,788.09</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
Toronto, ON M1T 3G2  
(416) 299-1500 fax (416) 299-8959

Invoice Date: Nov 30 2016  
Invoice NO: DTE05

Invoice to:			
Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2
Phone	416 299 1500		

Ship To			
Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500		

Qty	Units	Description
1	1	Management Fee for April 2015 (\$1,550,587)

Unit Price	TOTAL
\$23,258.80	\$23,258.80
SubTotal	\$23,258.80
Shipping & Handling	
H.S.T. 13%	\$3,023.64
<b>TOTAL</b>	<b>\$26,282.44</b>

Account Details	
<input type="radio"/>	If supply greater than 1 month, indicate how many month's
<input type="radio"/>	<input type="text"/>
<input type="radio"/>	
<input type="radio"/>	
GL Code	<input type="text"/>
Requested by	<input type="text"/>

Shipping Notes
<input type="text"/>

Project Manager
<input type="text"/>

Date	<input type="text"/>
Order No	<input type="text"/>
Sales Rep	<input type="text"/>
Ship Via	<input type="text"/>

Controller
<input type="text"/>

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Dec 30 2016  
 Invoice NO: DTE06

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for May 2015 (\$1,467,525)	\$22,012.88	\$22,012.88
SubTotal				\$22,012.88
Shipping & Handling				
H.S.T. 13%				\$2,861.67
<b>TOTAL</b>				<b>\$24,874.55</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Feb 27 2017

Invoice NO: DTE06

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for June 2015 (\$1,676,484)	\$25,147.26	\$25,147.26
			SubTotal	\$25,147.26
			Shipping & Handling	
			H.S.T. 13%	\$3,269.14
			<b>TOTAL</b>	<b>\$28,416.40</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: April 25 2017  
 Invoice NO: DTE07

Invoice to:			
Name	Delta Toronto East	PR ON	ZIP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2
Phone	416 299 1500		

Ship To			
Name	Delta Toronto East	ST ON	IP M1T3G2
Address	2035 Kennedy Rd		
City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for July 2015 (\$1,662,756)	\$24,941.34	\$24,941.34
			SubTotal	\$24,941.34
			Shipping & Handling	
			H.S.T. 13%	\$3,242.37
			<b>TOTAL</b>	<b>\$28,183.71</b>

Account Details	
<input type="radio"/>	If supply greater than 1 month, indicate how many month's
<input type="radio"/>	<input style="width: 40px;" type="text"/>
<input type="radio"/>	
<input type="radio"/>	
GL Code	<input style="width: 100%;" type="text"/>
Requested by	<input style="width: 100%;" type="text"/>

Shipping Notes

Project Manager

Date	<input style="width: 100%;" type="text"/>
Order No	<input style="width: 100%;" type="text"/>
Sales Rep	<input style="width: 100%;" type="text"/>
Ship Via	<input style="width: 100%;" type="text"/>

Controller

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: July 04 2017  
 Invoice NO: DTE08

**Invoice to:**

Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2
Phone	416 299 1500		

**Ship To**

Name	Delta Toronto East		
Address	2035 Kennedy Rd		
City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for August 2015 (\$1,706,752)	\$25,601.27	\$25,601.27
SubTotal				\$25,601.27
Shipping & Handling				
H.S.T. 13%				\$3,328.17
<b>TOTAL</b>				<b>\$28,929.44</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

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**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

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# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017

Invoice NO: DTE09

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for September 2015 (\$1,504,695)	\$22,570.43	\$22,570.43
				<b>SubTotal</b> \$22,570.43
				Shipping & Handling
				H.S.T. 13% \$2,934.16
				<b>TOTAL</b> \$25,504.59

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE10

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for October 2015 (\$1,657,415)	\$24,861.23	\$24,861.23

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

SubTotal	\$24,861.23
Shipping & Handling	
H.S.T. 13%	\$3,231.96
<b>TOTAL</b>	<b>\$28,093.19</b>

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE11

**Invoice to:**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto PR ON ZIP M1T3G2  
 Phone 416 299 1500

**Ship To**

Name Delta Toronto East  
 Address 2035 Kennedy Rd  
 City Toronto ST ON IP M1T3G2  
 Phone 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for November 2015 (\$1,411,509)	\$21,172.63	\$21,172.63
			SubTotal	\$21,172.63
			Shipping & Handling	
			H.S.T. 13%	\$2,752.44
			<b>TOTAL</b>	<b>\$23,925.07</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Aug 31 2017  
 Invoice NO: DTE12

**Invoice to:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto PR ON ZIP M1T3G2  
 Phone: 416 299 1500

**Ship To:**

Name: Delta Toronto East  
 Address: 2035 Kennedy Rd  
 City: Toronto ST ON IP M1T3G2  
 Phone: 416 299 1500

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for December 2015 (\$1,306498.67)	\$19,597.48	\$19,597.48
SubTotal				\$19,597.48
Shipping & Handling				
H.S.T. 13%				\$2,547.67
<b>TOTAL</b>				<b>\$22,145.15</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_  
 Requested by \_\_\_\_\_

**Shipping Notes**

\_\_\_\_\_

**Project Manager**

\_\_\_\_\_

Date \_\_\_\_\_  
 Order No \_\_\_\_\_  
 Sales Rep \_\_\_\_\_  
 Ship Via \_\_\_\_\_

**Controller**

\_\_\_\_\_

## Claims Against Tarn Financial Corp

Samm Capital Holdings Inc  
Management Fees Dec 2014  
Accounts Receivable

Invoice Date	Invoice Number	Month	Revenue	Management Fee	HST	Total Amount
31-Jan-16	DTE02	December	\$ 1,459,811.83	\$ 21,897.18	\$ 2,846.63	\$ 24,743.81

Total Management fee for Dec 2014 \$ 24,743.81

Total Account Receivable 2014 24743.81



# Samm Capital Holding Inc

2035 Kennedy Rd.  
 Toronto, ON M1T 3G2  
 (416) 299-1500 fax (416) 299-8959

Invoice Date: Jan 31 2016  
 Invoice NO: DTE02

Invoice to:				Ship To			
Name	Delta Toronto East			Name	Delta Toronto East		
Address	2035 Kennedy Rd			Address	2035 Kennedy Rd		
City	Toronto	PR ON	ZIP M1T3G2	City	Toronto	ST ON	IP M1T3G2
Phone	416 299 1500			Phone	416 299 1500		

Qty	Units	Description	Unit Price	TOTAL
1	1	Management Fee for Dec 2014 \$1,459,811.83	\$21,897.18	\$21,897.18
SubTotal				\$21,897.18
Shipping & Handling				
H.S.T. 13%				\$2,846.63
<b>TOTAL</b>				<b>\$24,743.81</b>

**Account Details**

If supply greater than 1 month,  
 indicate how many month's

GL Code \_\_\_\_\_

Requested by \_\_\_\_\_

**Shipping Notes**

**Project Manager**

Date \_\_\_\_\_

Order No \_\_\_\_\_

Sales Rep \_\_\_\_\_

Ship Via \_\_\_\_\_

**Controller**



SCHEDULE B

PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST  
TARN FINANCIAL CORPORATION

1. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant: Samm Capital Holdings Inc (the "Claimant")  
*(Full legal or corporate name should be the name of the original Claimant.)*

Full Mailing Address of the Claimant:  
21, Balmuto St, Suite 2902  
Toronto, Ont M4Y 1W4

Telephone Number of Claimant: 647 919 7761

Facsimile Number of Claimant: \_\_\_\_\_

Attention (Contact Person): Ali Akman

Email Address: ali@samholding.com

Has the Claim been sold or assigned  
by Claimant to another party?

Yes \_\_\_\_\_ No  (If yes please complete section D)

2. PROOF OF CLAIM:

I, Ali Akman [Name of Claimant or Representative of the Claimant], do  
hereby certify:

that I am (please check one):

the Claimant; or

\_\_\_\_\_ hold the following position of \_\_\_\_\_ the Claimant and have  
personal knowledge of all the circumstances connected with the Claim described herein.

3. PARTICULARS OF CLAIM:

Amount	Currency	Claim Specification
\$ _____		<input type="checkbox"/> Wages & Benefits Claim
\$ <u>708,870.50</u>		<input checked="" type="checkbox"/> Secured Claim
\$ _____		<input type="checkbox"/> Unsecured Claim
Total: \$ _____		

Description of transaction, agreement or event giving rise or relating to the Claim:

Operational Cash Flow advance -  
Tam Construction Corp.

If the Claim includes an amount for any accrued interest thereon and costs payable in respect thereof, state the basis for such interest and/or cost claim, the rate of interest, and provide evidence upon which the claim for interest and/or costs is being made.

If the Claim is contingent or unliquidated, state the basis and provide evidence upon which the Claim has been valued:

**IF CLAIMANTS REQUIRE ADDITIONAL SPACE, PLEASE ATTACH A SCHEDULE HERETO. CLAIMANTS SHOULD PROVIDE PARTICULARS OF THE CLAIM AND COPIES OF ALL SUPPORTING DOCUMENTATION, INCLUDING AMOUNT AND DESCRIPTION OF TRANSACTION(S), AGREEMENT(S) OR LEGAL BREACH(ES) GIVING RISE TO THE CLAIM.**

4. PARTICULARS OF ASSIGNEE(S) (IF ANY):

Full Legal Name of Assignee(s) of the Claim (*if all or a portion of the Claim has been sold*). If there is more than one assignee, please attach separate sheets with the following information (the "Assignee(s)")

\_\_\_\_\_

Amount of Total Claim Assigned	\$	_____
Amount of Total Claim Not Assigned	\$	_____
Total Amount of Claim	\$	_____

(should equal "Total Claim" as entered on Section 2)

Full Mailing Address of the Assignee(s)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Telephone Number of Assignee: \_\_\_\_\_

Facsimile Number of Assignee: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

**FILING OF CLAIMS:**

The duly completed Proof of Claim together with supporting documentation must be returned and received by the Liquidator, no later than 5:00 p.m. local Toronto time on **June 15, 2018**, to the email address or address listed below.

**FAILURE TO FILE YOUR PROOF OF CLAIM BY SUCH DATE WILL RESULT IN YOUR CLAIM BEING FOREVER EXTINGUISHED AND BARRED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST TARN FINANCIAL CORPORATION.**

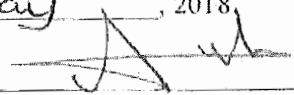
This Proof of Claim must be delivered by email, facsimile, personal delivery, courier or prepaid mail at the following address:

**Address of the Liquidator:**

KPMG Inc.,  
in its capacity as Court-appointed Liquidator  
of Tarn Financial Corporation  
333 Bay Street, Suite 4600  
Toronto, Ontario, M5H 2S5

Attention: Marcel Réthoré  
Phone: 1-855-222-8083  
Fax: 416-777-3364  
E-mail: tarn@kpmg.ca

DATED at Toronto this 1 day of May, 2018.



\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Signature of individual completing this form)



PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST TARN FINANCIAL CORPORATION

Samm Capital Holdings Inc

OPERATION CASH FLOW ADVANCE TO TARN CONSTRUCTION CORP

TOTAL CASH ADVANCE FROM SAMM CAPITAL HOLDING INC	\$967,000.00
TOTAL RECEIVED FROM TARN CONSTRUCTION CORP	-\$258,129.50
BALANCE OWING FROM TARN CONSTRUCTION CORP	
TO SAMM CAPITAL HOLDINGS INC	\$708,870.50

Attachments:

Schedule of Bank Transaction  
Copies of Bank Statement

For further information please contact below:

Anton Ganesh  
Controller  
Samm Capital Holding Inc  
Tel: 416 240 7511 x 584  
600 Dixon Road, Toronto, ON M9W 1J1

SAAM Holdings Inc.  
 For period end: Dec 31 2017  
 Tarn Construction Loan Schedule

			Document Reference
Advance to Tarn Constuction	30/03/2017	100,000.00	1
Advance to Tarn Constuction	02/04/2017	100,000.00	2
Advance to Tarn Constuction	18/04/2017	100,000.00	3
Advance to Tarn Constuction	21/04/2017	100,000.00	4
Advance to Tarn Constuction	25/04/2017	100,000.00	5
Advance to Tarn Constuction	26/04/2017	40,000.00	6
Advance to Tarn Constuction	28/04/2017	10,000.00	7
Advance to Tarn Constuction	28/04/2017	10,000.00	8
Advance to Tarn Constuction	01/05/2017	50,000.00	9
Advance to Tarn Constuction	02/05/2017	100,000.00	10
Advance to Tarn Constuction	04/05/2017	5,000.00	11
Advance to Tarn Constuction	08/05/2017	20,000.00	12
Advance to Tarn Constuction	19/05/2017	4,000.00	13
Advance to Tarn Constuction	06/07/2017	91,000.00	14
Advance to Tarn Constuction	10/07/2017	58,000.00	15
Advance to Tarn Constuction	09/08/2017	79,000.00	16
		967,000.00	
Repayment to Samm	14/08/2017	(40,000.00)	17
Repayment to Samm	16/08/2017	(15,000.00)	18
Repayment to Samm	17/08/2017	(17,000.00)	19
Repayment to Samm	28/08/2017	(56,129.50)	20
Repayment to Samm	28/08/2017	(30,000.00)	21
Repayment to Samm	13/09/2017	(100,000.00)	22
		(258,129.50)	
<b>Balance receivable as of Dec 31, 2017</b>		<b>\$708,870.50</b>	



Member Number: 1995646  
Member Name: Samm Capital Holdings Inc.

Date	Account Activity (cont.)	Withdrawals	Deposits	Balance
30-Mar-2017	Transfer Out # 100048812 inter transfer 4984407 kennedy cheq <i>T. cum.</i>	-100,000.00		163,036.77
31-Mar-2017	Transfer Out # 030321531 inter transfer 8144693 kennedy cheq <i>R. cum.</i>	-30,000.00		133,036.77
31-Mar-2017	Cash & Coin Fee			133,036.77
31-Mar-2017	Transaction Fees	-5.00		133,031.77
<b>Account Totals</b>		<b>868,005.00</b>	<b>1,001,036.77</b>	<b>133,031.77</b>

### Term Deposits

#### GIC 1 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
09-Feb-2017	Balance Forward			0.00
09-Feb-2017	System Generated Transfer in 4984407 kennedy cheq		1,000,000.00	1,000,000.00
14-Mar-2017	Withdrawal Early redemption fee	-518.30		999,481.70
14-Mar-2017	Transfer out - No Charge Payout To cheq-2 Credit Interest	-1,001,036.77	1,555.07	0.00
<b>Account Totals</b>		<b>1,001,555.07</b>	<b>1,001,555.07</b>	<b>0.00</b>

#### GIC 3 - Samm Capital Holdings Inc.

Investment Date: 20-Mar-2017

Maturity Date: 20-Mar-2018

Date	Account Activity	Withdrawals	Deposits	Balance
20-Mar-2017	Balance Forward			0.00
20-Mar-2017	System Generated Transfer in From cheq-2		500,000.00	500,000.00
<b>Account Totals</b>		<b>0.00</b>	<b>500,000.00</b>	<b>500,000.00</b>

On 20Mar2018 interest will be paid at a rate of 1.7200%  
Upon maturity, this investment will renew for a like term.

**Term Deposits Total CAD Balance: 500,000.00**

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001091

Statement Period Ending: April 30, 2017  
Account Number: 1995646

Samm Capital Holdings Inc.  
C/O C/o Ali Akman  
2035 Kennedy Rd  
Toronto ON M1T 3G2

283551.04

### Deposit Accounts

#### Chequing 2 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
31-Mar-2017	Balance Forward			133,031.77
31-Mar-2017	Transaction Fees (Reversed)		-5.00	133,036.77
02-Apr-2017	Transfer Out # 081949105 <i>Tamm</i> inter transfer 4984407 <u>kennedy cheq</u>	-100,000.00		33,036.77
03-Apr-2017	Transfer Out # 031032017 inter loan 8711780 kennedy cheq <i>Akman</i>	-15,000.00		18,036.77
05-Apr-2017	Transfer Out # 033408605 inter loan 8711780 kennedy cheq <i>Akman</i>	-3,000.00		15,036.77
05-Apr-2017	Transfer Out # 103206272 <i>Akman</i> inter loan 8711780 kennedy cheq <i>Akman</i>	-14,000.00		1,036.77
12-Apr-2017	Transfer In From term-3	3400 4200	500,541.92	501,578.69
17-Apr-2017	Cheque Deposit		627,658.50	1,129,237.19
18-Apr-2017	Transfer Out # 103730102 Loan from Samm 4984407 kennedy cheq <i>Tamm</i>	-100,000.00		1,029,237.19
21-Apr-2017	Transfer Out # 103709269 Loan Transfer 4984407 kennedy cheq <i>Tamm</i>	-100,000.00		929,237.19
25-Apr-2017	Transfer Out # 041436461 Loan Transfer 4984407 kennedy cheq <i>Tamm</i>	-100,000.00		829,237.19
26-Apr-2017	Transfer Out # 065046343 Inter company loan 8144693 kennedy cheq <i>Pivot</i>	-50,000.00		779,237.19
26-Apr-2017	Transfer Out # 100428243 inter loan 4984407 kennedy cheq <i>Tamm</i>	-40,000.00		739,237.19
28-Apr-2017	Transfer Out # 071251966 inter loan <i>Pivot</i>	-80,000.00		659,237.19

		Member Number: 1995646		
		Member Name: Samm Capital Holdings Inc.		
Date	Account Activity (cont.)	Withdrawals	Deposits	Balance
28-Apr-2017	8144693 kennedy cheq Transfer Out # 071349062	-10,000.00		649,237.19
28-Apr-2017	Inter company loan 4984407 kennedy cheq <i>Tan</i> Outbound Wire # 3600912 Phil Thompson Professional Corporation I	-375,000.00		274,137.19
28-Apr-2017	Service Charge Transfer Out # 025154018	-100.00 -10,000.00		264,137.19
28-Apr-2017	inter loan 4984407 kennedy cheq <i>Tan</i>			
28-Apr-2017	Bill Payment All Manual Utility Bills	-10,496.14		253,641.05
28-Apr-2017	Transfer Out 8144693 kennedy cheq <i>Prisot</i>	-20,000.00		233,641.05
28-Apr-2017	Transfer Out 8144693 kennedy cheq <i>Prisot</i>	-2,000.00		231,641.05
28-Apr-2017	Outbound Wire # 3601491 Pivot Hospitality Inc.	-5,700.00		225,921.05
30-Apr-2017	Service Charge Cash & Coin Fee	-20.00		225,921.05
<b>Account Totals</b>		<b>1,035,316.14</b>	<b>1,128,205.42</b>	<b>225,921.05</b>

*\$113 Bond*

*7,17532.00*

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Contact Centre: 1-866-592-2226 [www.meridiancu.ca](http://www.meridiancu.ca)

Page 2 of 2

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001076

Statement Period Ending: May 31, 2017  
Account Number: 1995646

Samm Capital Holdings Inc.  
C/O C/o Ali Akman  
2035 Kennedy Rd  
Toronto ON M1T 3G2

### Deposit Accounts

#### Chequing 2 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
30-Apr-2017	Balance Forward			225,921.05
01-May-2017	Transfer Out # 085752490 inter loan	-45,000.00		180,921.05
01-May-2017	8144693 kennedy cheq <i>Private</i> Transfer Out # 085857589 inter loan	-50,000.00		130,921.05
01-May-2017	4984407 kennedy cheq <i>Tax</i> Transfer Out	-5,000.00		125,921.05
02-May-2017	8711780 kennedy cheq <i>Dixon</i> Transfer Out # 020925957 inter loan	-100,000.00		25,921.05
03-May-2017	4984407 kennedy cheq <i>Tax</i> Transfer In		5,000.00	30,921.05
04-May-2017	8711780 kennedy cheq <i>Dixon</i> Transfer Out # 074602173 inter loan	-5,000.00		25,921.05
04-May-2017	4984407 kennedy cheq <i>Tax</i> Transfer In		10,000.00	35,921.05
05-May-2017	8711780 kennedy cheq <i>Dixon</i> Pre Authorized # 910414800 CHEQUES GST HST	-208.95		35,712.10
08-May-2017	Transfer Out # 030630178 inter loan	-20,000.00		15,712.10
15-May-2017	4984407 kennedy cheq <i>Tax</i> Transfer Out # 034450756 inter loan	-15,000.00		712.10
16-May-2017	8711780 kennedy cheq <i>Dixon</i> Transfer In		15,000.00	15,712.10
18-May-2017	8711780 kennedy cheq <i>Dixon</i> Transfer Out # 033809388 inter loan	-10,000.00		5,712.10
19-May-2017	8144693 kennedy cheq <i>Private</i> Transfer Out # 124118353 inter loan	-4,000.00		1,712.10

Meridian

Kennedy Commons  
1-37 William Kitchen Rd  
Scarborough, ON M1P 5B7  
416.438.9231

Exciting changes are coming  
to Meridian's Online Banking  
this Fall  
Stay tuned!

000605

Statement Period Ending: July 31, 2017  
Account Number: 1995646  
Number of Cheques: 1

Samm Capital Holdings Inc.  
C/O C/o Ali Akman  
2035 Kennedy Rd  
Toronto ON M1T 3G2

Deposit Accounts

Chequing 2 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
30-Jun-2017	Balance Forward			1,712.10
04-Jul-2017	Incoming Wire # MTS 1995646 Wire ALI AKMAN AND/OR MELISA AKMAN AND/O		300,000.00	301,702.10
	Service Charge	-10.00		
04-Jul-2017	Transfer Out # 025055013 inter loan <i>Axon</i>	-40,000.00		261,702.10
	8711780 kennedy cheq			
04-Jul-2017	Transfer Out # 025646516 inter loan <i>Prud</i>	-10,000.00 /		251,702.10
	8144693 kennedy cheq			
06-Jul-2017	Transfer Out # 094257930 inter loan <i>Tam</i>	-91,000.00		160,702.10
	4984407 kennedy cheq			
10-Jul-2017	Transfer Out # 111446400 inter loan <i>Tam</i>	-58,000.00		102,702.10
	4984407 kennedy cheq			
14-Jul-2017	Transfer Out # 064318357 inter loan <i>Prud</i>	-45,000.00 /		57,702.10
	8144693 kennedy cheq			
20-Jul-2017	Transfer Out # 044018274 inter loan <i>Prud</i>	-10,000.00 /		47,702.10
	8144693 kennedy cheq			
24-Jul-2017	Transfer Out # 025053577 inter loan <i>Prud</i>	-25,000.00 /		22,702.10
	8144693 kennedy cheq			
25-Jul-2017	Cheque Deposit Prudent Law		2,000,000.00	2,022,702.10
26-Jul-2017	Transfer Out # 091752871 inter loan <i>Prud</i>	-72,000.00 /		1,950,702.10
	8144693 kennedy cheq			
27-Jul-2017	Transfer Out # 040616800 inter loan <i>Prud</i>	-50,000.00 /		1,900,702.10
	8144693 kennedy cheq			

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Scarborough, ON M1P 5B7  
416.438.9231

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to Meridian's Online Banking  
this Fall  
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000598

Statement Period Ending: August 31, 2017  
Account Number: 1995646  
Number of Cheques: 2

Samm Capital Holdings Inc.  
C/O C/o Ali Akman  
2035 Kennedy Rd  
Toronto ON M1T 3G2

### Deposit Accounts

#### Chequing 2 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
31-Jul-2017	Balance Forward			825,888.47
01-Aug-2017	Bill Payment	-60,524.51		765,363.96
	Corporate Income Tax			
	All Manual Utility Bills			
01-Aug-2017	Transfer In		100,000.00 ✓	865,363.96
	8711780 kennedy cheq <i>Akman</i>			
01-Aug-2017	Cheque Deposit		3,625,712.72 ✓	4,491,076.68
	Prudent Law Firm			
02-Aug-2017	Transfer In		100,000.00 ✓	4,591,076.68
	8711780 kennedy cheq <i>Akman</i>			
03-Aug-2017	Transfer In		16,532.00 ✓	4,607,608.68
	8711780 kennedy cheq <i>Akman</i>			
03-Aug-2017	Outbound Wire # 3686710	-4,500,000.00 ✓		107,508.68
	Ali Akman - TD			
	Service Charge	-100.00 ✓		
03-Aug-2017	Cheque # 6	-13,555.12 ✓		93,953.56
04-Aug-2017	Transfer Out	-53,000.00		40,953.56
	Authorized			
	8711780 kennedy cheq			
04-Aug-2017	Transfer Out	-9,500.00 ✓		31,453.56
	Authorized			
	8144693 kennedy cheq			
08-Aug-2017	Cheque # 5	-9,406.80 ✓		22,046.76
09-Aug-2017	Transfer Out	-7,393.27 ✓ <i>Suspicious</i>		14,653.49
	8711780 kennedy cheq <i>Akman</i>			
09-Aug-2017	Transfer In		53,000.00 ✓	67,653.49
	8711780 kennedy cheq <i>Akman</i>			
09-Aug-2017	Transfer In		7,000.00 ✓	74,653.49
	8144693 kennedy cheq <i>Pivot</i>			
09-Aug-2017	Transfer In		4,500.00 ✓	79,153.49
	7990039 kennedy cheq <i>SAA</i>			
09-Aug-2017	Transfer Out	-79,000.00 ✓ <i>Tam</i>		153.49
	Authorized			
	4984407 kennedy cheq			

Member Number: 1995646  
 Member Name: Samm Capital Holdings Inc.

Date	Account Activity (cont.)	Withdrawals	Deposits	Balance
14-Aug-2017	Transfer In 4984407 kennedy cheq <i>Tam</i>		40,000.00 ✓	40,153.49
14-Aug-2017	Transfer Out Authorized 8144693 kennedy cheq <i>Avot</i>	-40,000.00 ✓		153.49
16-Aug-2017	Transfer In 4984407 kennedy cheq <i>Tam</i>		15,000.00 ✓	15,153.49
16-Aug-2017	Transfer Out # 082835505 8144693 kennedy cheq <i>Avot</i>	-15,000.00 ✓		153.49
17-Aug-2017	Transfer In 4984407 kennedy cheq <i>Tam</i>		17,000.00 ✓	17,153.49
17-Aug-2017	Transfer Out Authorized 8144693 kennedy cheq <i>Avot</i>	-11,139.34 ✓		6,014.15
23-Aug-2017	Combined Deposit		<i>Sales</i> 26,435.00 ✓	32,449.15
25-Aug-2017	Transfer Out # 033346762 Inter <i>Avot</i>	-30,000.00 ✓		2,449.15
28-Aug-2017	8144693 kennedy cheq Outbound Wire # 3706012 Design Immigration and Consulting INC Service Charge →	-565.00		1,864.15
28-Aug-2017	Transfer In 4984407 kennedy cheq <i>Tam</i>	-20.00 ✓	56,129.50 ✓	57,993.65
28-Aug-2017	Transfer Out Authorized 8144693 kennedy cheq <i>Avot</i>	-56,129.50 ✓		1,864.15
28-Aug-2017	Transfer In 4984407 kennedy cheq <i>Tam</i>		30,000.00 ✓	31,864.15
28-Aug-2017	Transfer Out # 112942078 8144693 kennedy cheq <i>Avot</i>	-30,000.00 ✓		1,864.15
28-Aug-2017	Transfer In 8144693 kennedy cheq <i>Avot</i>		30,000.00 ✓	31,864.15
31-Aug-2017	Combined Deposit		<i>VTSI inter</i> 15,000.00 ✓	46,864.15
31-Aug-2017	Cash & Coin Fee			46,864.15
<b>Account Totals</b>		<b>4,915,333.54</b>	<b>4,136,309.22</b>	<b>46,864.15</b>

*Bank 8/22/17*  
*46,864.15*

Meridian

Kennedy Commons  
137 William Kitchen Rd  
Scarborough, ON M1P 5B7  
416.438.9231

Exciting changes are coming  
to Meridian's Online Banking  
this Fall  
Stay tuned!

X111(T)

\*0013041

Statement Period Ending: September 30, 2017

Account Number: 1995646

Number of Cheques: 4

Samm Capital Holdings Inc.  
C/O C/o Mr. A. Akman  
21 Balmuto St Suite 2902  
Toronto ON M4Y 1W4

### Deposit Accounts

#### Chequing 2 - Samm Capital Holdings Inc.

Date	Account Activity	Withdrawals	Deposits	Balance
31-Aug-2017	Balance Forward			46,864.15
05-Sep-2017	Transfer Out # 041137369 inter loan	-17,000.00		29,864.15
06-Sep-2017	8711780 kennedy cheq — Dixon Cheque Deposit		115,013.42	144,877.57
06-Sep-2017	PETRO V PLUS LTD. Transfer In		17,000.00	161,877.57
07-Sep-2017	8711780 kennedy cheq — Dixon Outbound Wire # 3716248	-25,000.00		136,827.57
	Kanish and Partners Service Charge	-50.00		
08-Sep-2017	Cheque Deposit holiday inn		20,117.37	156,944.94
13-Sep-2017	Transfer In 4984407 kennedy cheq — Tam		100,000.00	256,944.94
15-Sep-2017	Bill Payment CRA (revenue)-2016-Tax Return	-61.54		256,883.40
15-Sep-2017	Bill Payment CRA (revenue)-2016-Tax Return	-59.35		256,824.05
15-Sep-2017	Bill Payment CRA (revenue)-2016-Tax Return	-59.27		256,764.78
15-Sep-2017	Bill Payment CRA (revenue)-2016-Tax Return	-84.48		256,680.30
15-Sep-2017	Bill Payment CRA (revenue)-tax Installments	-9,083.00		247,597.30
15-Sep-2017	Bill Payment CRA (revenue)-tax Installments	-8,658.00		238,939.30
15-Sep-2017	Bill Payment CRA (revenue)-tax Installments	-8,669.00		230,270.30
15-Sep-2017	Cheque # 9	-20,000.00		210,270.30
15-Sep-2017	Cheque # 8	-1,102.96		209,167.34
15-Sep-2017	Cheque # 10	-260.00		208,907.34
18-Sep-2017	Transfer In 7990039 kennedy cheq SFA		4,500.00	213,407.34







PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST TARN FINANCIAL CORPORATION

Samm Capital Holdings Inc

Long Term Investment for Tarn Financial Corp

**Total amount \$4,332,118.90**

Attachments:

Schedule of Long Term per Auditor Report from Dec 1 2014 to Dec 31 2017.

For further information please contact below:

Anton Ganesh

Controller

Samm Capital Holding Inc

Tel: 416 240 7511 x 584

600 Dixon Road, Toronto, ON M9W 1J1

**SAMM Capital Holding Inc**  
**For the year end: December 31, 2017**  
**Schedule for long-term investment in Tarn Financial Corporation**

	\$	Ref
<b>Balance - Dec 1, 2014</b>	-	
Advances to Tarn (Delta Toronto East) by shareholder on SAMM's behalf		
27/10/2014 - 141027S6149300WIRE	1,178,886.96	1
05/11/2014 - 141105S8141200WIRE	1,500,000.00	2
10/11/2014 - 141110S3234900WIRE	1,500,000.00	3
Initial deposit paid to seller	200,000.00	4
<b>Balance - Dec 31, 2014</b>	<u>\$ 4,378,886.96</u>	
<b><u>Withdrawals by Ali from Tarn Financial on behalf of SAMM</u></b>		
21-07-2015 Withdrawal by Ali on behalf of SAMM	(7,500.00)	
17-01-2015 Withdrawal by Ali on behalf of SAMM	(600,000.00)	
04-11-2015 Purchase of Jeep Car by Tarn Financial on behalf of SAMM	(42,080.09)	
<b><u>Business expenses of Tarn Financial paid by Ali on SAMM's behalf</u></b>		
24-06-2015 Balance payment to Joyco Trading by Ali on behalf of Tarn Financial for the set up of the sales office for Tarn Construction	2,550.00	5
30-10-2015 Payment of bottle juice & water to Akman International trade and consultants by Ali on behalf of Tarn Financial	15,554.03	6
01-04-2015 Payment of Bentley car by Ali on behalf of Tarn Financial	284,608.00	7
<b><u>Payments made to Tarn Construction on behalf of Tarn Financial Corporation</u></b>		
14-10-2015 Payment to Tarn Construction by Ali on behalf of Tarn Financial Corporation	100,000.00	8
05-11-2015 Payment to Tarn Construction by Ali on behalf of Tarn Financial Corporation	100,000.00	9
09-12-2015 Payment to Tarn Construction by Ali on behalf of Tarn Financial Corporation	100,000.00	10
Investment in Tarn Construction of 100 commons shares paid by SH on SAMM's behalf.	100.00	11
<b>Balance - Dec 31, 2015</b>	<u>\$ 4,332,118.90</u>	
No change during the year 2016 and 2017		
<b>Balance - Dec 31, 2017</b>	<u>\$ 4,332,118.90</u>	

SCHEDULE B

PROOF OF CLAIM IN RESPECT OF CLAIMS AGAINST  
TARN FINANCIAL CORPORATION

1. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant: Sam Capital Holding Inc. (the "Claimant")  
(Full legal or corporate name should be the name of the original Claimant.)

Full Mailing Address of the Claimant:  
21, Belmuto St Suite 2902  
Toronto, ON M4Y 1W4

Telephone Number of Claimant: 647 919 7761

Facsimile Number of Claimant: \_\_\_\_\_

Attention (Contact Person): Ali Akman

Email Address: ali@samsholding.com

Has the Claim been sold or assigned  
by Claimant to another party?

Yes \_\_\_\_\_ No  (If yes please complete section D)

2. PROOF OF CLAIM:

I, Ali Akman [Name of Claimant or Representative of the Claimant], do  
hereby certify :

that I am (please check one):

the Claimant; or

\_\_\_\_\_ hold the following position of \_\_\_\_\_ the Claimant and have  
personal knowledge of all the circumstances connected with the Claim described herein.

3. PARTICULARS OF CLAIM:

Amount	Currency	Claim Specification
\$ _____		<input type="checkbox"/> Wages & Benefits Claim
\$ <u>4,332,118.90</u>		<input checked="" type="checkbox"/> Secured Claim
\$ _____		<input type="checkbox"/> Unsecured Claim
Total: \$ _____		

Description of transaction, agreement or event giving rise or relating to the Claim:

Long Term Investment for Tam Financial Corp

\_\_\_\_\_  
\_\_\_\_\_

If the Claim includes an amount for any accrued interest thereon and costs payable in respect thereof, state the basis for such interest and/or cost claim, the rate of interest, and provide evidence upon which the claim for interest and/or costs is being made.

\_\_\_\_\_  
\_\_\_\_\_

If the Claim is contingent or unliquidated, state the basis and provide evidence upon which the Claim has been valued:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IF CLAIMANTS REQUIRE ADDITIONAL SPACE, PLEASE ATTACH A SCHEDULE HERETO. CLAIMANTS SHOULD PROVIDE PARTICULARS OF THE CLAIM AND COPIES OF ALL SUPPORTING DOCUMENTATION, INCLUDING AMOUNT AND DESCRIPTION OF TRANSACTION(S), AGREEMENT(S) OR LEGAL BREACH(ES) GIVING RISE TO THE CLAIM.**

4. PARTICULARS OF ASSIGNEE(S) (IF ANY):

Full Legal Name of Assignee(s) of the Claim *(if all or a portion of the Claim has been sold)*. If there is more than one assignee, please attach separate sheets with the following information (the "Assignee(s)")

---

Amount of Total Claim Assigned	\$	_____
Amount of Total Claim Not Assigned	\$	_____
Total Amount of Claim	\$	_____

(should equal "Total Claim" as entered on Section 2)

Full Mailing Address of the Assignee(s)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number of Assignee: \_\_\_\_\_

Facsimile Number of Assignee: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

**FILING OF CLAIMS:**

The duly completed Proof of Claim together with supporting documentation must be returned and received by the Liquidator, no later than 5:00 p.m. local Toronto time **on June 15, 2018**, to the email address or address listed below.

**FAILURE TO FILE YOUR PROOF OF CLAIM BY SUCH DATE WILL RESULT IN YOUR CLAIM BEING FOREVER EXTINGUISHED AND BARRED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST TARN FINANCIAL CORPORATION.**

This Proof of Claim must be delivered by email, facsimile, personal delivery, courier or prepaid mail at the following address:

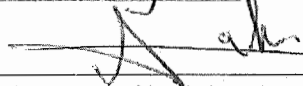
**Address of the Liquidator:**

KPMG Inc.,  
in its capacity as Court-appointed Liquidator  
of Tarn Financial Corporation  
333 Bay Street, Suite 4600  
Toronto, Ontario, M5H 2S5

Attention: Marcel Réthoré  
Phone 1-855-222-8083  
Fax: 416-777-3364  
E-mail: tarn@kpmg.ca

DATED at Toronto this 1 day of May 2018.

\_\_\_\_\_  
(Signature of Witness)

  
(Signature of individual completing this form)

Court File No.: CV-17-11697-0000

**BETWEEN:**

**VOLKAN BASEGMEZ, ET AL**  
Applicants

and

**ALI AKMAN, SAMM CAPITAL, ET AL**  
Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

**(PROCEEDING COMMENCED AT TORONTO)**

**AFFIDAVIT OF FIORELLA SASSO**  
(sworn 18 October 2018)

**GOWLING WLG (CANADA) LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**E. Patrick Shea (LSUC No.: 39655K)**  
Telephone: (416) 369-7399  
Facsimile: (416) 862-7661

**SOLICITORS FOR THE APPLICANT**



**BETWEEN:**

**VOLKAN BASEGMEZ, CEM BLEDA, et al**  
Applicants

v.

**ALI AKMAN, SAMM CAPITAL HOLDINGS INC., et al**  
Respondents

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE**  
(COMMERCIAL LIST)  
  
(PROCEEDING COMMENCED AT TORONTO)

**MOTION RECORD**  
(returnable 6 November 2018)

**GOWLING WLG (CANADA) LLP**  
Barristers & Solicitors  
1 First Canadian Place, Suite 1600  
100 King Street West  
Toronto, ON M5X 1G5

**E. PATRICK SHEA (LSUC. No. 39655K)**  
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**CHRISTOPHER STANEK (LSUC No.45127K)**  
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Fax: (416) 862-7661  
Solicitors for the Applicants