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COURT ACTION JUST A BACK-DOOR WAY TO STEAL LAND AT 1 BLOOR

TORONTO (July 20, 2009) – Bazis International intends to vigorously oppose the current court application to appoint a receiver for the 1 Bloor Street project, and have it sold to the current lender.

Mr. Gold was responding to weekend news reports that a triumvirate of Toronto developers and lenders is attempting to use the courts to complete a back-door acquisition of the 1 Bloor property on the southeast corner of Yonge and Bloor streets.

If the court decision is approved, almost 500 condo buyers, the retail chains, which were to have flagship stores in the podium and the Sofitel five-star world-hotel chain at 1 Bloor will all be out in the cold, Mr. Gold says.

“Bazis was caught by events well beyond its control,” he says. “It has been impossible for any developer to arrange financing on projects of this scope because of the sub-prime meltdown and its impact on lenders.”

As further proof of Bazis’ commitment, Mr. Gold points out that on July 13, 2009 the company paid the City more than \$1 million cash to acquire the Hayden Street lane at the southern border of the site. This lane is required in order to complete the project.

“You don’t spend \$1 million on something like that if you are not committed,” Mr. Gold says.

The new lender purchased the \$46-million loan taken out by Bazis from Societe Generale to finance the purchase of the site at a discount when Societe Generale ran into financial problems because of the fall out from the US sub-prime mortgage meltdown. At that time Bazis was negotiating with the French bank for an extension of the loan to allow it to weather the global liquidity crisis.

Bazis also had an agreement with Lehman Brothers to procure construction financing. Lehman Brothers, however, was forced into bankruptcy by the sub-prime crisis.

Two of the participants in the new lender group previously discussed a joint venture arrangement with Bazis on 1 Bloor and during those discussions were given detailed, privileged information on the project, Mr. Gold says.

“They are now attempting to use this information in the court to enable them to purchase the best site in Canada at a significant discount,” he says.

The current lender, if successful in acquiring the site, plans to cancel all deals with buyers, retailers and the hotel chain.

While Mr. Gold admits that the loan is in default, he points out that the situation is not unusual given the global lending crisis. Current discussions indicate that the prospect for securing construction financing and a new partner to replace Lehman will be finalized very soon.

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