

*Rental.*—To be agreed upon between yourself and myself, as President of the Canadian National Railways."

That was a point upon which I insisted. I did not know what the rental would be, and I said we would leave that entirely to be arrived at, that it was no use our attempting to adjust it then, because we did not know.

*Payment of Interest.*—Interest shall be payable out of rental so far as it goes being deducted by the Railway Company. No interest shall be payable on the advances made under this arrangement until the rental begins; in other words, the Railway Company charges no interest on its advances until concurrent with its occupation of the premises."

That was insisted on by Mr. Aronovici. In regard to the payments on principal, the sum of \$25,000 per annum was suggested by Aronovici. I said that did not amount to anything at all, \$25,000 per annum; that would take him a million years to pay it off, and he said of course when the franc came up to par he would double that. I said even that did not amount to very much.

Q. That would be, not a million years, but a hundred years, without bothering about interest at all?—A. I know, and I told him it was a ridiculous thing. However, that was what he was determined on, and I just put it down. Then, about the option to purchase; I said that of course the railway company would have to take over this property, and Aronovici said, "Oh, no, the railway company is not to take over the property;" I said, "Nothing of the kind; we have to be able to take it over or we cannot make advances to you. That would be impossible, because the railway has no authority to make advances to a man to buy property for his own purposes." He said that was the way he understood it, he was to have the management of the property and he was to pay off the principal from time to time. I said I did not understand it that way, and proposed that we just pass that over for the time being. So we went on and put in the insurance clause and the rental terms and the form of mortgage.

*Form of mortgage:* The form and terms of the mortgage to be satisfactory to us, the mortgage, of course, to be a first mortgage, free from prior liens and charges."

Then I said, "We will have to go back and see about this option to purchase", so we went back to the office and I said to the President, "The Railway is not to have any right to purchase this property, according to Mr. Aronovici", and I said, "Of course that is impossible, because we cannot go ahead at all unless that is the basis of the proposition." Sir Henry looked at Mr. Aronovici, and Aronovici said, "Well, I am to have the property: it is my property". Sir Henry said, "Oh no, not at all; the Railway is to have the right to take that over any time". I said, "Of course, we cannot legally go ahead with the thing unless that is understood". Sir Henry said that was the idea, the Railway company to take it over any time, and he said, "In fact, I have some people in mind who will probably take it over before a very long time". Then Aronovici said, "How much am I going to get paid in case it is taken over?" and then we had a discussion on the amount. Aronovici wanted 20 per cent commission, in case we took it over, and I said that was ridiculous. While as a general thing I do not go into questions of terms at all, I said that was absurd and that 5 per cent was all that it should be. Then Aronovici said it might not be taken over for some length of time, and in the meantime he would have to carry the property and get the tenants out, and clean it up, and have charge of the management, and he thought 20 per cent was right. Finally it was suggested that 10 per cent was about the right thing for the first five years, and 20 per cent after that. I pointed out, of course, that that meant we would have to