

Court File No. CV-16-11573-00CL

**Talon International Inc., Midland Development Inc.,
1456253 Ontario Inc., 2025401 Ontario Limited, Barrel
Tower Holdings Inc., Harvester Developments Inc.,
Talon International Development Inc., TFB Inc.,
2263847 Ontario Limited and 2270039 Ontario Limited**

THIRD REPORT OF THE RECEIVER

March 8, 2017

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

IN THE MATTER OF THE RECEIVERSHIP OF
TALON INTERNATIONAL INC., MIDLAND DEVELOPMENT INC.,
1456253 ONTARIO INC., 2025401 ONTARIO LIMITED,
BARREL TOWER HOLDINGS INC., HARVESTER DEVELOPMENTS INC.,
TALON INTERNATIONAL DEVELOPMENT INC., TFB INC.,
2263847 ONTARIO LIMITED AND 2270039 ONTARIO LIMITED

**THIRD REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS RECEIVER**

INTRODUCTION

1. Pursuant to the Order of the Honourable Mr. Justice Hainey (the “**Initial Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted November 1, 2016 (the “**Date of Receivership**”), FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”) without security, of certain assets, undertakings, and properties of Talon International Inc. (“**Talon**”), TFB Inc. (“**TFB**” and together with Talon, the “**Nominees**”), Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc., Talon International Development Inc. (“**TIDI**”), 2263847 Ontario Limited (“**226**”), and 2270039 Ontario Limited (“**227**”) (collectively, the “**Respondents**”) acquired for, or used in relation to the condominium residence and hotel branded as the Trump International Hotel & Tower (the “**Property**”) located at 311 and 325 Bay Street, Toronto, Ontario, Canada (the “**Trump Tower Toronto**”).

2. The proceedings were commenced by way of application under section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43*, as amended (the “**CJA**”), and section 243 of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended (the “**BIA**”), and shall be referred to herein as the “**Receivership**”.
3. Pursuant to an Order of the Honourable Mr. Justice Hainey granted on November 9, 2016 (the “**Representative Counsel Order**”), Chaitons LLP was appointed as representative counsel (“**Representative Counsel**”) of the owners of hotel guestroom type condominium units and residential condominium units located in the Trump Tower Toronto that had been sold to third parties prior to the Date of Receivership (collectively, the “**Unit Owners**”).
4. Pursuant to an Order of the Honourable Mr. Justice Hainey granted on November 14, 2016 (the “**Supplementing Appointment Order**”), the Initial Receivership Order was supplemented to, *inter alia*, extend the stay of proceedings to include any rights and remedies against Northbridge General Insurance Corporation (“**Northbridge**”), in respect of which Northbridge has recourse to the funds subject to the Trust Claims, as defined in the Initial Receivership Order.
5. Pursuant to an Order of the Honourable Mr. Justice Hainey granted on December 20, 2016, the Initial Receivership Order was amended and restated to, *inter alia*, add certain assets to the definition of Property and require that the consent of the Receiver be obtained prior to incurring certain obligations, making certain payments or amending, varying or terminating certain contracts (the Initial Receivership Order as amended and restated being the “**Receivership Order**”).
6. On January 4, 2017, the Honourable Mr. Justice Hainey granted an Order (the “**Sale Procedure Order**”) *inter alia* approving:
 - (a) A procedure for the marketing and sale of the Property (the “**Sale Procedure**”);

- (b) The execution, *nunc pro tunc*, by the Receiver of an asset purchase agreement between the Receiver as vendor and the Secured Lender as purchaser (in such capacity, the “**Purchaser**”) dated December 21, 2016, for the sale of the Property (the “**Stalking Horse Agreement**”) to stand as a “stalking horse” in the Sale Procedure;
 - (c) The engagement of CBRE Limited (“**CBRE**”) as marketing and listing agent to assist in the implementation of the Sale Procedure pursuant to an agreement between the Receiver and CBRE dated November 1, 2016 (the “**CBRE Engagement Agreement**”).
7. This, the Receiver’s third report (this “**Report**”), is to inform the Court on the following:
- (a) The receipts and disbursements of the Nominees for the period December 13, 2016 to February 28, 2017;
 - (b) The revised cash flow forecast of the Reporting Respondents, as hereinafter defined, for the period March 1, 2017 to May 31, 2017 (the “**March 1 Forecast**”);
 - (c) The requests for consents to lift the stay of proceedings provided for in the Receivership Order and the consents granted by the Receiver for certain limited purposes;
 - (d) The results of the Sale Procedure;
 - (e) The Receiver’s motion (the “**Waterous Sale Motion**”) for an Order approving the sale of residential unit 4805 and a related locker (collectively, the “**Waterous Unit**”) in the Trump Tower Toronto pursuant to an agreement of purchase and sale dated February 19, 2016, between Ms. Janet Waterous, as purchaser, and Talon, as vendor, (the “**Waterous Agreement**”); and

- (f) The Receiver's motion (the "**Service Motion**") for an Order for substituted service in the Receivership, including service of the Receiver's motion for approval of the Stalking Horse Agreement, and dispensing with service for six Unit Purchasers (the "**Service Order**").

TERMS OF REFERENCE

- 8. In preparing this Report, the Receiver has relied upon unaudited financial information of the Respondents, the Respondents books and records, certain financial information prepared by the Respondents and discussions with the Respondents' management and various interested parties (the "**Information**").
- 9. Except as described in this Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 10. The Receiver has prepared this Report in connection with the Waterous Sale Motion and the Service Motion, both scheduled to be heard on March 16, 2017. The Report should not be relied on for other purposes.
- 11. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Receivership Order or the previous Reports of the Receiver.

RECEIPTS AND DISBURSEMENTS TO FEBRUARY 28, 2017

Pursuant to the Receivership Order, the Receiver is not in possession or control of the operations or cash flow of the Respondents, but does receive periodic reporting from the Talon, TFB, TIDI, 226 and 227 (collectively the “**Reporting Respondents**”). The Reporting Respondents’ actual cash flow on a consolidated basis for the period December 13, 2017 to February 28, 2017, was approximately \$3.4 million lower than the forecast filed as Exhibit 2A to the affidavit of Mr. Jay Wolf sworn December 13, 2016 (the “**December 13 Forecast**”), as summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts:			
Sale proceeds	493.3	0.0	(493.3)
Insurance proceeds	3,450.0	0.0	(3,450.0)
Condo corp receipts	581.5	206.3	(375.2)
Rents and deposits	67.8	101.5	33.7
Taxes	677.2	319.4	(357.8)
Total Receipts	5,269.8	627.2	(4,642.6)
Disbursements:			
Construction	457.3	15.5	441.8
Public Art Light Fund	100.0	100.0	0.0
Rent guarantees and deposits	16.7	87.3	(70.6)
Condo corp payments	668.0	0.0	668.0
Overhead	834.7	807.3	27.4
Taxes	184.7	30.2	154.5
Total Disbursements	2,261.4	1,040.3	1,221.1
Net Cash Flow	3,008.4	(413.1)	(3,421.5)
Opening balance	996.7	996.7	0.0
Net Cash Flow	3,008.4	(413.1)	(3,421.5)
Outstanding cheques clearing	(101.2)	0.0	101.2
Closing balance	3,903.9	583.6	(3,320.3)

13. Explanations for the key variances in actual receipts and disbursements as compared to the December 13 Forecast are as follows:

- (a) An unfavourable timing variance of approximately \$493,000 in sale proceeds arose because of a delay in collecting proceeds of pre-receivership sales of residential units;
- (b) An unfavourable timing variance of approximately \$3.5 million in insurance proceeds arose because of a delay in collecting insurance settlements;
- (c) An unfavourable timing variance of approximately \$375,000 in condo corporation receipts arose from delay in payments by the condo corporations as the reconciliation of amounts payable has not yet been completed;
- (d) A favourable permanent variance of approximately \$34,000 in rents and deposits arose from the collection of certain amounts that had not been forecast;
- (e) An unfavourable timing variance of approximately \$358,000 in the collection of sales tax recoveries;
- (f) A favourable timing variance of approximately \$442,000 in construction costs arose primarily due to a delay in carrying out the work;
- (g) An unfavourable timing variance of approximately \$71,000 in rent guarantee and deposit payments arose primarily as the amounts had been included in the “outstanding cheque clearing” line of the December 13 Forecast rather than the “rent guarantee and deposits” line where they were allocated in the actual results; and

- (h) A favourable timing variance of approximately \$155,000 in respect of taxes arose primarily from the delay in payment of an HST reimbursement to the Hotel Condo Corporation as the reconciliation of the amount to be reimbursed has not yet been completed.

THE MARCH 1 FORECAST

14. A copy of the March 1 Forecast is attached hereto as **Appendix A**. The March 1 Forecast shows a net cash inflow, before proceeds of asset realizations, of approximately \$2 million in the period March 1 to May 31, 2017. The March 1 Forecast is summarized as follows:

	Total
	\$000
Receipts:	
Sale proceeds	493.6
Insurance proceeds	3,450.0
Net condo corp receipts	628.8
Rents and deposits	0.0
Taxes	508.0
Total Receipts	5,080.4
Disbursements:	
Construction	1,000.9
Public Art Light Fund	0.0
Rent guarantees and deposits	16.8
Net condo corp payments	859.4
Overhead	1,031.1
Taxes	184.7
Total Disbursements	3,092.9
Net Cash Flow	1,987.5
Opening balance	583.6
Net Cash Flow	1,987.5
Closing balance	2,571.1

15. There are no changes to the key underlying assumptions of the March 1 Forecast as compared to the December 13 Forecast, other than the assumption that the payment of property taxes will be deferred until after the closing of the Stalking Horse Agreement, if approved by the Court.

THE RESULTS OF THE SALE PROCEDURE

16. As the Court and the Service List were previously informed, no Qualified Phase I Bid other than the Stalking Horse Agreement was received by the Phase I Bid Deadline of 10:00 am on February 15, 2017. As a result, the Receiver determined that the Stalking Horse Bidder is the Successful Bidder.
17. A motion for the approval of the Stalking Horse Agreement has been scheduled for March 30, 2017, and the Receiver will provide a full report on the Sale Procedure in connection with that motion.

CONSENTS TO LIFTING OF THE STAY OF PROCEEDINGS

18. A number of persons have requested a lifting of the stay of proceedings contained in the Receivership Order. Although the marketing of the Property has now been completed, the Receiver has been advised by counsel to the Stalking Horse Bidder that they have requested significant assistance of the Debtors in respect of number of pre-closing matters and to ensure a smooth transition of operations on closing. As a result, the Stalking Horse Bidder has advised the Receiver that it does not support a broad lifting of the stay of proceedings at this time. As noted above, a motion to seek approval of the Stalking Horse Agreement is scheduled on March 30, 2017, and the Receiver understands that the current intention of the Stalking Horse Bidder is to close the transaction as soon as possible following such approval, if granted.

19. Given the limited time anticipated until closing of the transaction, if approval is granted, the Receiver has attempted to work with parties requesting a lifting of the stay of proceedings to permit initial steps to commence provided that such initial steps do not require significant time and attention of the Nominees. Specifically:
- (a) *Levine Sherkin Boussidan*, (“**LSB**”): on behalf of one Unit Purchaser requested the stay to be lifted in order to issue and serve a statement of claim (the “**New Action**”) and the Receiver consented to such provided that no other steps were taken in the New Action. Following service of the New Action, LSB has also requested a case conference be scheduled in the matter. The Receiver has consented to such, provided that such case conference does not take place on or before March 31, 2017;
 - (b) *Levine Sherkin Boussidan*: on behalf of approximately 17 different existing actions has requested a case conference to be scheduled to determine next steps in the contemplated summary judgement motions. The Receiver has consented to such, provided that such case conference does not take place on or before March 31, 2017;
 - (c) *Fogler Rubinoff LLP*, (“**Fogler**”): on behalf of six different Unit Purchasers has requested an entire lifting of the stay. The Receiver’s counsel has spoken with both Fogler and Talon’s counsel to determine the next steps in this litigation. The Receiver understands that the next step would be to schedule a case conference. As such, the Receiver has agreed to consent to such scheduling, provided, consistent with the consents described above, that such case conference is not held until after March 31, 2017. Fogler has indicated that it may not be satisfied with the conditions of that consent;

- (d) *Klein and Schonblum Associates (“Klein”)*: On behalf of 2 unit purchasers has requested a lifting of the stay. The Receiver’s counsel has spoken with both Klein and Talon’s counsel to determine the next steps in this litigation. The Receiver understands that the next step would be the completion of a Trial Certification Form, with a pre-trial and trial likely to be scheduled no earlier than September of 2017. As such the Receiver has consented to the completion of the Trial Certification Form; and

- (e) *Midland Developments*: Counsel for Midland has requested that stay be lifted to issue and serve a statement of claim. The Receiver has consented to the lifting of the stay for this limited procedural purpose (consistent with the requested of LSB noted above), provided that no other steps are taken at this time;

- (f) *Northbridge*: Counsel for Northbridge has requested that the stay be lifted to permit Northbridge access to the Designated Trust Accounts held with Harris Schaeffer, referred to as the Specified Trust Funds in the Receivership Order, to permit Northbridge to exercise contractual rights over the funds, for the purpose of Northbridge making claims to such funds to cover Northbridge’s costs. The Receiver has consented to the lifting of the stay for such purposes.

THE WATEROUS SALE MOTION

THE WATEROUS AGREEMENT

20. The Waterous Agreement, a copy of which is attached hereto as **Appendix B** with personal information and the financial terms redacted, is dated February 19, 2016. The sale did not close at that time, although the purchaser has been in interim occupancy of the Waterous Unit since March 1, 2016. Rather, pursuant to the Waterous Agreement, closing is to take place within 2 years after execution upon not less than thirty days' notice to the purchaser by the vendor (the "**Closing Notice**").
21. At the January 4, 2017 hearing to approve the Sale Procedure, counsel for Waterous appeared and on consent of Waterous and the Stalking Horse Bidder, an endorsement was made by Mr. Justice Hainey that the Stalking Horse Agreement be amended to include an assignment of the Waterous Agreement.
22. The Receiver has had a number of discussions with the Stalking Horse Bidder and Waterous regarding how the Waterous Agreement should be handled in the context of the Stalking Horse Agreement. Rather than the Waterous Agreement being assumed by the Stalking Horse Bidder on closing of the Stalking Horse Agreement, it was determined that the preference was for the Waterous Agreement to be completed prior to the completion of the Stalking Horse Agreement.
23. Accordingly, the Receiver issued the Closing Notice, subject to Court approval of the Waterous Agreement, on February 22, 2017, with closing scheduled to occur on March 29, 2017.
24. If the Waterous Agreement is approved and the transaction closes, the requested Order provides that the proceeds of sale will be held by the Receiver subject to further Court order. If the Stalking Horse Agreement is approved and closes, the proceeds from the sale of the Waterous Unit will form part of the assets being sold under the Stalking Horse Agreement.

25. The terms and conditions of the Waterous Agreement are customary for a sale of this nature. Given the significant number of other residential units that remain unsold, the Receiver proposes to maintain the confidentiality of the financial terms at this time, unless disclosure is requested by the Court. As discussed later in this Report, the Receiver is satisfied that the purchase price for the Waterous Unit is reasonable in the circumstances.
26. A commission of 2.5% of the purchase price is payable to Waterous's agent on closing of the transaction under the Waterous Agreement. The Senior Lender has consented to the payment of that commission. Talon has informed the Receiver that other than the commission to Waterous's agent and small commissions payable to Talon personnel, no commission is payable in respect of the transaction under the Waterous Agreement.

THE RECEIVER'S COMMENTS

27. Section 247(b) of the BIA states:

“247. A receiver shall

(a) act honestly and in good faith; and

(b) deal with the property of the insolvent person or the bankrupt in a commercially reasonable manner.”

28. Pursuant to the leading cases¹, in reviewing a proposed sale of assets by a receiver, the Court should consider the following:
 - (a) Whether the receiver has made a sufficient effort to obtain the best price and has not acted improvidently;
 - (b) The interests of all parties;

¹ *Royal Bank v. Soundair Corp.* (1991) 4 O.R. (3d) 1 (C.A.), tab 7 of Commercial List Authorities Book

- (c) The efficacy and integrity of the process by which offers have been obtained; and
- (d) Whether there has been unfairness in the working out of the process.

The Commercial Reasonableness of the Waterous Sale Agreement

- 29. As noted earlier in this Report, the Waterous Agreement was executed long before the appointment of the Receiver. Accordingly, the Receiver had no involvement in the marketing of the Waterous Unit or the negotiation of the Waterous Agreement. Talon has informed the Receiver, that in addition to its internal marketing and sales efforts, the Waterous Unit, along with the other unsold residential units, was marketed from late 2013 to early 2014 by Sotheby's International Realty Canada, ("Sotheby's"), a real estate agent engaged by Talon. Sotheby's marketed the units through the customary channels for properties of this nature such as the multiple listing service, brochure advertising etc. Following the resignation of Sotheby's, Talon launched a marketing website featuring various Residential Units available for sale in Trump Tower Toronto. This site, <http://www.trumptoronto.ca/>, has been active since mid-2014 and provides information on a variety of Units as well as contact information for Talon's internal sales and marketing department.
- 30. Talon has informed the Receiver that the purchase price in the Waterous Agreement, on a per square foot basis, is within the range of other sales completed for Residential Units in the Trump Tower Toronto.
- 31. Based on the results of the Sale Procedure, the Senior Lender is the only party that could recover proceeds from the sale of the Property other than holders of Priority Claims, which Claims will be assumed by the Stalking Horse Bidder pursuant to the provisions of the Stalking Horse Agreement. Accordingly, the Senior Lender is the only party with an economic interest in the sale of the Unit. As noted earlier in this Report, the Senior Lender has consented to the sale of the Unit pursuant to the Waterous Agreement.

32. Based on the foregoing, the Receiver is of the view that it is commercially reasonable to complete the sale of the Unit pursuant to the Waterous Sale Agreement.

Efforts to Obtain the Best Price and Efficacy and Transparency of the Process

33. The efforts to market the Unit are described above.
34. In the Receiver's view, based on the information provided by Talon:
- (a) The marketing of the Unit was carried out in a manner typical of, and consistent with, marketing practices for a residential condominium unit of this nature;
 - (b) The opportunity to acquire a Residential Unit in the Trump Tower Toronto was widely known; and
 - (c) The process that resulted in the execution of the Waterous Agreement was fair, transparent and reasonable in the circumstances.

Interests of the Various Parties

35. As described in the Receiver's First Report, the Senior Lender holds valid and enforceable security on the Property, including the Unit, and there are no registrations that predate that security.
36. As noted earlier in this Report, based on the results of the Sale Procedure, the Senior Lender is the only party with an economic interest in the Property and has consented to the sale of the Unit pursuant to the Waterous Agreement.
37. Accordingly, in the Receiver's view, the completion of the Waterous Agreement represents the best available outcome for the Senior Lender and is not prejudicial to creditors ranking subordinate to the Senior Lender.

Unfairness in the Process

38. Based on the information it has available, the Receiver has not identified any unfairness in the process leading to the proposed sale of the Unit.

RECEIVER'S CONCLUSION

39. The Waterous Agreement is the highest and best transaction currently available in respect of the Unit. The marketing of the Unit and the consideration to be received under the Waterous Sale Agreement both appear to be fair and reasonable in the circumstances. There is no evidence to suggest that viable alternatives exist that would deliver a better recovery from the Unit. In any event, any such higher recovery would only accrue to the benefit of the Senior Lender.
40. Accordingly, the Receiver respectfully requests that the Court approve the Waterous Agreement and authorize the Receiver to complete the transaction contemplated therein.
41. As the Receiver has not been in possession or control of the Property of the Respondents, the Receiver is of the view that it will require the assistance of Talon to complete the transaction contemplated by the Waterous Agreement. Specifically, the Receiver anticipates it will require Talon to assist in completing the statement of adjustments and in completing certain closing documentation. As such, the Receiver has requested a provision in the Approval and Vesting for the Waterous Unit Order specifically directing such cooperation.

THE SERVICE MOTION

42. The Service Motion seeks an Order for substituted service in the Receivership, including service of the Receiver's motion for approval of the Stalking Horse Agreement, and dispensing with service for six Unit Purchasers.

SUBSTITUTED SERVICE

43. The materials to be filed in respect of the Vesting Order Motion are voluminous and the list of parties on whom the Purchaser has requested service is extensive, incorporating a total of 285 parties.
44. For cost efficiency and to minimize printing requirements, the Receiver proposes that service of any notice of motion, motion record, report, pleading, factum, draft order, document or other material in these proceedings (collectively, “**Served Materials**”) be effected by serving a letter (a “**Service Letter**”) in any manner permitted by the Rules of Civil Procedure, the Receivership Order or the Representative Counsel Order or as may otherwise be agreed in advance by the sending party and any receiving party.
45. A Service Letter shall:
 - (a) Summarize the relief being requested or position being taken by the sending party;
 - (b) Refer to a website where full copies of the Served Materials may be accessed, and
 - (c) Provide an email address and telephone number where the sending party may be contacted to request a hard copy of the Served Materials.

DISPENSING OF SERVICE

46. The Receiver previously served materials related to the motion for the approval of the Sale Procedure (the “**Sale Procedure Motion**”) on an extended list of parties, including on parties that executed, prior to the Receivership, agreements for the purchase of hotel or residence units that did not close (“**Unit Purchasers**”).

47. Service of the Unit Purchasers was attempted by courier but was unsuccessful for nine Unit Purchasers. Counsel to the Purchaser has been successful in locating 3 of those Unit Purchasers but, despite extensive efforts as described in the affidavit of Nancy Thompson sworn March 8, 2017, and attached hereto as **Appendix C** (the “**Thompson Affidavit**”), six parties have not been located such that service can be effected, including one corporate party that has been struck from the corporate register. The six parties are identified in the Thompson Affidavit (collectively, the “**Unfound Unit Purchasers**”).
48. The Purchaser has requested that service of the Receiver’s motion for approval of the Stalking Horse Agreement be made on the Unit Purchasers as the Vesting Order – Hotel Transaction and the Vesting Order – Residence Transaction, each as defined in the Stalking Horse Agreement, if granted will each vest out any interest of the Unit Purchasers in the Purchased Assets.
49. As the Receiver is unable to effect service on the Unfound Unit Purchasers, the Receiver now seeks an Order dispensing with service on the Unfound Unit Purchasers.

The Receiver respectfully submits to the Court this, its Third Report.

Dated this 8th day of March, 2017.

FTI Consulting Canada Inc.
In its capacity as Receiver of certain assets of
Talon International Inc., Midland Development Inc.,
1456253 Ontario Inc., 2025401 Ontario Limited,
Barrel Tower Holdings Inc., Harvester Developments Inc.,
Talon International Development Inc., TFB Inc., 2263847
Ontario Limited and 2270039 Ontario Limited
And not in its personal or corporate capacity



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Senior Managing Director

Appendix A

The March 1 Forecast

Consolidated CF	Mar-17	Apr-17	May-17	Total Mar to May
Opening Balance				
Talon International Inc. 06032 105-343-8 CAD Opening Balance	(14,751.39)	814,554.35	(270,206.74)	529,596.22
Talon International Inc. 06032 100-834-1 CAD Opening Balance	499.39	493.39	487.39	1,480.17
Talon International Inc. 06032 401-488-2 USD Opening Balance	1.54	(34.46)	(70.46)	(103.38)
TLC 02874 100-354-0 CAD Opening Balance	243,190.62	186,708.41	60,621.72	490,520.75
TLC 02874 400-110-3 USD Opening Balance	0.02	0.02	0.02	0.06
Talon IT 02874 108-350-0 CAD Opening Balance	354,639.18	326,156.01	401,966.26	1,082,761.45
TFB 02874 103-308-3 CAD Opening Balance	(43.53)	(73.53)	(103.53)	(220.59)
Total Opening Balance	583,535.83	1,327,804.19	192,694.66	2,104,034.68
Inflows				
Computershare - Insurance Claim Proceeds In Trust	450,000.00			450,000.00
Harris Sheaffer Res Sales Proceeds in Trust End Bal (Interest to Nov)	470,989.87			470,989.87
Harris Sheaffer Hotel Sales Proceeds in Trust End Bal (Interest to Nov)	22,634.67			22,634.67
Monthly HST Refund - Talon ¹	130,000.00	130,000.00	130,000.00	390,000.00
HST Assessment - TLC Hotel Related 2012-2013 ²		118,000.00		118,000.00
Insurance - Business Interruption Final Settlement			3,000,000.00	3,000,000.00
Condo Corp Interco Cash Flow				
Hotel	0.00	(80,143.96)	36,458.34	(43,685.62)
License Fees	0.00	95,257.87	95,257.87	190,515.74
Talon IT	0.00	104,293.42	115,366.01	219,659.43
Parking	0.00	44,801.65	53,457.81	98,259.46
TLC	0.00	(2,865.84)	(2,865.84)	(5,731.69)
Residence	0.00	(161,218.87)	(161,218.87)	(322,437.73)
Total Condo Corp Interco Cash Flow	0.00	124.27	136,455.32	136,579.59
Common Area Property Tax Reimbursement (from Condo Corp)		166,827.24		166,827.24
Past Projected Condo Corp Interco Settlement ³		265,301.11		265,301.11
Estimated October 2016 Interco Settlement ³		60,001.36		60,001.36
Estimated November 2016 Interco Settlement ³		(72,021.26)		(72,021.26)
Estimated December 2016 Interco Settlement ³		(273,239.09)		(273,239.09)
Estimated January 2017 Interco Settlement ³		(329,895.38)		(329,895.38)
Estimated February 2017 Interco Settlement ³		(184,196.87)		(184,196.87)
Total Inflows	1,073,624.54	(119,098.61)	3,266,455.32	4,220,981.25
Outflows				
Construction Completion				
OZZ				0.00
Brookfield	0.00			0.00
York Marble	(5,424.00)			(5,424.00)
Misc Deficiencies	(8,468.22)			(8,468.22)
Balconies	(33,979.10)			(33,979.10)
East Wall Fascade		(50,000.00)		(50,000.00)
Strone			(127,964.04)	(127,964.04)
Mechanical Engineer/Other		(425,000.00)	(350,000.00)	(775,000.00)
Construction Completion	(47,871.32)	(475,000.00)	(477,964.04)	(1,000,835.36)
Rental Guarantee Program Property Tax & CAM	(5,608.25)	(5,608.25)	(5,608.25)	(16,824.75)
Rental Deposit Return				
HST Assessment - TLC Hotel Related 2012-2013 ²		(184,738.64)		(184,738.64)
Property Taxes ⁵				
Talon	0.00	0.00	0.00	0.00
TFB	0.00	0.00	0.00	0.00
Property Taxes ⁵	0.00	0.00	0.00	0.00
Residence Overheads	(2,571.91)	(2,571.91)	(2,571.91)	(7,715.73)
HHML (F&B Operator) Interco & Rent ⁶	(11,827.24)	(11,827.24)	(11,827.24)	(35,481.73)
TLC Overheads (Spa Exp, Insurance, Payroll - Res Sales, Acct'g, Director of IT)	(44,684.97)	(44,684.97)	(44,684.97)	(134,054.90)
TLC Insurance			(12,397.77)	(12,397.77)
Talon IT Overheads (IT Exp, Insurance, Office Exp)(28,483.17)		(28,483.17)	(28,483.17)	(85,449.51)
Talon IT Insurance			(38,650.21)	(38,650.21)
Talon Overheads				
Talon Payroll (CEO, Controller, LB Acct, Analyst, Asset Mgmt) & Reimbursements	(63,181.47)	(63,181.47)	(63,181.47)	(189,544.40)
Consultants (Jasper, Tourbillon, IT, Zeidler, CH2M, Hidl Rae, other)	(33,373.22)	(33,373.22)	(33,373.22)	(100,119.65)
Northbridge				
Legal - Receivership (Weirfoulds)		(51,654.55)	(20,000.00)	(71,654.55)
Legal - Residences (Harris Sheaffer)	(10,000.00)		(5,000.00)	(15,000.00)
Legal - HST (Goodmans)		(10,000.00)	(10,000.00)	(20,000.00)
Legal - Other (Torkin Manes)		(11,417.78)		(11,417.78)
Audit		(5,000.00)		(5,000.00)
Talon Insurance			(50,000.00)	(50,000.00)
Other (Office expenses, utilities, Garda, Insurance, HST)	(31,754.64)	(38,469.73)	(34,354.64)	(104,579.01)
Contingency	(50,000.00)	(50,000.00)	(50,000.00)	(150,000.00)
Talon Overheads	(188,309.32)	(263,096.74)	(265,909.32)	(717,315.39)
Total Outflows	(329,356.18)	(1,016,010.92)	(888,096.88)	(2,233,463.98)
Net Cash Flow (Not Cumulative)	744,268.36	(1,135,109.53)	2,378,358.44	1,987,517.27
Cumulative Balance	1,327,804.19	192,694.66	2,571,053.10	2,571,053.10

¹Estimated monthly HST refund due from HST paid on hotel related expenses (CAM fee, reservation fee, per-use fee)

²HST assessment on hotel creates potential liability for Talon but it should be recoverable.

It is anticipated that there will also be HST assessments for the 2014-2016 fiscal years but the impact is TBD.

³Intercompany figures are to be reconciled as they include accruals for both expenses and revenues

⁴HST assessment obligation for 2013 to be paid through Condo Corps in 12 instalments.

Talon's portion is estimated at approximately \$26.4k/month for hotel and \$12.8k/month for residence but a Special Assessment from the condo corp has not yet been issued.

A portion of the hotel assessment should be reimbursed to the condo corp by the government and would offset future CAM fees.

It is anticipated that there will also be HST assessments for the 2014-2016 fiscal years but the impact is TBD.

⁵Projected property taxes will be addressed post closing and have been excluded from this forecast.

⁶HHML projections based on SO rent and receiver chargeback from HHML

Appendix B

The Waterous Sale Agreement (Redacted)

The Residences at Trump International Hotel & Tower

Suite No. 4805

Residential Unit No. 05 Level No. 19 (Floor No. 17)

Locker Unit No. 32 Level No. 04 (Floor No. 33)

AGREEMENT OF PURCHASE AND SALE

The undersigned JANET KATHERINE WATERGUS collectively the Purchaser hereby agrees with TALON INTERNATIONAL INC. the Vendor to purchase the above noted unit, as outlined for identification purposes only on the site layout and key plan attached hereto as Schedule "A", together with use of Locker Unit as specified above, being units in Toronto Standard Condominium Plan No. 2229 located at 41 Bay Street, Toronto Ontario at the south east corner of Bay Street and Adelaide Street, together with an undivided interest in the common elements appurtenant to such units and the exclusive use of those parts of the common elements attaching to such units as set out in the Creating Documents (collectively, the "Unit") on the following terms and conditions:

1. The purchase price of the Unit (the "Purchase Price") inclusive of the federal portion and the provincial portion of the harmonized goods and services tax or single sales tax (herein collectively referred to as the "GST") ... DOLLARS (\$) in lawful money of Canada, payable as follows:

- (a) in Harris, Sheaffer LLP, in Trust (the "Vendor's Solicitors") in the following amounts at the following times, by cheque or bank draft, as deposits pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on the Unit Transfer Date;
(i) the sum of ... payable with this Agreement, in Trust to Harris Sheaffer LLP.
(ii) the balance of the Purchase Price by certified cheque on the Unit Transfer Date, subject to the adjustments hereinafter set forth.

2. (a) The transfer of title to the Unit shall be completed on SCHEDULE X or such extended date pursuant to the terms hereof in accordance with Paragraph 3 hereof (the "Unit Transfer Date").

(ii) The Purchaser's address for delivery of any notices pursuant to this Agreement and the Act is as follows:

Address: Suite # Street City Province Postal Code
Telephone (B) (HR)
E-Mail Address:
Facsimile

(iii) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed that if the Purchaser has not executed and delivered to the Vendor or its sales representative an acknowledgment of receipt of both the Vendor's disclosure statement and a copy of this Agreement duly executed by both parties hereto, within fifteen (15) days from the date of the Purchaser's execution of this Agreement as set out below, then the Vendor shall have the unilateral right to terminate this Agreement at any time thereafter upon delivering written notice confirming such termination to the Purchaser, whereupon the Purchaser's deposit shall be forthwith returned to the Purchaser by or on behalf of the Vendor.

Paragraphs 3 through 47 and Schedules "A", "B", "C", "D" and "E" and "X" of this Agreement are an integral part hereto and are contained on subsequent pages. The Purchaser acknowledges that he/she has read all paragraphs and schedules of this Agreement.

DATED at Calgary this 19th day of FEBRUARY 2016

SIGNED, SEALED AND DELIVERED in the presence of JANET KATHERINE WATERGUS

WITNESS: PURCHASER D.O.B. S.I.N.

(as to all Purchaser's signatures, if more than one purchaser) PURCHASER'S SOLICITOR: ANDREA LUSK

Address: 990 BAY STREET, TORONTO, ONTARIO M5H 2Y2

Telephone: 416.863.2614 Facsimile: 416.863.8451

The undersigned hereby accepts the above offer and agrees to complete this transaction in accordance with the terms hereof.

DATED at Toronto, this 19th day of February 2016.

Vendor's Solicitors: HARRIS, SHEAFFER LLP Suite 410 4100 Yonge Street Toronto, Ontario, Canada M2P 2B5 Attn: Jeffrey P. Silver Telephone: (416) 250-5800 Fax: (416) 250-3300

TALON INTERNATIONAL INC.

Per: [Signature] Authorized Signing Officer

I/We have the authority to bind the Corporation

[Handwritten signatures]

The meaning of words and phrases used in this Agreement shall have the meaning ascribed to them in the *Condominium Act, R.S.O. 1998, c.19*, the regulations thereunder and any amendments thereto (collectively, the "Act") and other terms used herein shall have ascribed to them the definitions in the Condominium Documents unless otherwise provided for as follows:

- (a) "Agreement" means this Agreement of Purchase and Sale including all Schedules attached hereto and made a part hereof;
- (b) "Condominium" means Toronto Standard Condominium Plan No. 2279 registered against the Property pursuant to the provisions of the Act;
- (c) "Condominium Documents" means the Creating Documents, the by-laws and rules of the Condominium, the disclosure statement and budget statement together with all other documents and agreements which are entered into by the Vendor on behalf of the Condominium or by the Condominium directly prior to the turnover of the condominium, each as may be amended from time to time;
- (d) "Corporation" means Toronto Standard Condominium Corporation No. 2279 created upon registration by the Vendor of the Creating Documents;
- (e) "Creating Documents" means the declaration and description registered against title to the Property and which created the Condominium, as may be amended from time to time; and
- (f) "Property" means the lands and premises upon which the Condominium is constructed and legally described in the Condominium Documents.

Units

4 The Purchase Price shall include those items listed on Schedule "I" attached hereto. The Purchaser acknowledges that only the items set out in Schedule "I" are included in the Purchase Price and that model some furnishings and appliances, decor, upgrades, art or renderings, scale models, improvements, mirrors, drapes, tracks and wall coverings are for display purposes only and are not included in the Purchase Price unless specified in Schedule "I".

Adjustments

5 (a) The Purchase Price shall be adjusted to reflect the following items, which shall be apportioned and allowed to the Unit Transfer Date, with that day itself apportioned to the Purchaser:

- (i) realty taxes (including land improvement charges pursuant to the *Local Improvement Charges Act*, if any) which may be estimated as if the Unit has been assessed as fully completed by the taxing authority for the calendar year in which the transaction is completed, notwithstanding the same may not have been levied or paid on the Unit Transfer Date; and
- (ii) common expense contributions attributable to the Unit, with the Purchaser being obliged to provide the Vendor on or before the Unit Transfer Date with a series of post-dated cheques payable to the Corporation for the common expense contributions attributable to the Unit, for such period of time after the Unit Transfer Date as determined by the Vendor (but in no event for more than one year).

(b) The Purchaser shall, in addition to the Purchase Price, pay the following amounts to the Vendor on the Unit Transfer Date:

- (i) any new taxes imposed on the Unit by the federal, provincial, or municipal government or any increases to existing taxes currently imposed on the Unit by such government;
- (ii) the cost of the Union Warranty Corporation enrolment fee for the Unit;
- (iii) the cost of water meter installation, water and sewer service connection charges and hydro and gas installation and connection or energization charges for the Condominium under the Unit, the Purchaser's portion of such installation and/or connection or energization charges and costs to be calculated by dividing the total amount of such charges and costs by the number of residential dwelling units in the Condominium and by charging the Purchaser on the statement of adjustments with that portion of the charges and costs. A letter from the Vendor's engineers certifying the said charges and costs shall be final and binding on the Purchaser;
- (iv) the charge imposed upon the Vendor or its solicitors by the Law Society of Upper Canada upon registration of a Transfer/Deed of Land, Charge/Mortgage of Land and any other instrument;
- (v) an administration fee of One Hundred and Fifty Dollars (\$150.00) shall be charged to the Purchaser (or any cheque delivered to the Vendor's Solicitor and not accepted by the Vendor's Solicitors' bank for any reason);
- (vi) the sum of Two Hundred Dollars (\$200.00) towards the cost of obtaining (partial) discharges for mortgages not intended to be assumed by the Purchaser, to be adjusted on the Statement of Adjustments, on the Unit Transfer Date; and
- (vii) the cost of reimbursement to the Vendor for any additional services or other related equipment and appliances installed in the Unit (or which may be may be located in the Unit following the closing) for fire, carbon monoxide or water detection, as may be determined by the Vendor in its sole and absolute discretion or which may be mandated by any applicable insurer, and which may be located in addition to any existing or similar equipment or systems having been installed in the Unit as of the registration date of the Condominium under the Act.

(c) Notwithstanding any other provision herein contained in this Agreement, the Purchaser acknowledges and agrees that the Purchase Price does not include any GST eligible with respect to any of the adjustments payable by the Purchaser pursuant to this Agreement, or any extras or upgrades purchased, ordered or chosen by the Purchaser from the Vendor which are not specifically set forth in this Agreement, and the Purchaser covenants and agrees to pay such GST to the Vendor. Furthermore, and without limiting anything contained herein, it is understood and agreed that in the event that the Purchaser qualifies for the federal and provincial new housing rebate applicable pursuant to the *Excise Tax Act* (Canada), or may be amended, such rebates shall not be assigned to the Vendor but shall remain for the benefit of the Purchaser to apply in should the Purchaser qualify for same.

108

6 The Purchaser shall be allowed ten (10) days from the date of acceptance of this Agreement (the "Examination Period") to examine title to the Unit at the Purchaser's own expense and shall not call for the production of any surveys, title deeds, abstracts of title, grading certificates, occupancy permits or certificates, nor any other proof or evidence of the title or occupability of the Unit, except such copies thereof as are in the Vendor's possession. If within the Examination Period, any valid objection to title or to any outstanding work order is made in writing to the Vendor which the Vendor shall be unable or unwilling to remove and which the Purchaser will not waive, this Agreement shall, notwithstanding any intervening acts or negotiations in respect of such objections, be null and void and the deposit monies (including any interest, if any, earned thereon) after deducting any payments due to the Vendor by the Purchaser as provided for in this Agreement shall be returned to the Purchaser and the Vendor shall have no further liability or obligation hereunder and shall not be liable for any costs or damages. Save as to any valid objections so made within the Examination Period, the Purchaser shall be conclusively deemed to have accepted the title of the Vendor to the Unit. The Purchaser acknowledges and agrees that the Vendor shall be entitled to respond to some or all of the requisitions submitted by or on behalf of the Purchaser

through the use of a standard title memorandum or title advice statement prepared by the Vendor's Solicitors, and that same shall constitute a satisfactory manner of responding to the Purchaser's requisitions, thereby relieving the Vendor and the Vendor's Solicitors of the requirement to respond directly or specifically to the Purchaser's requisitions.

7 The Purchaser hereby agrees to submit to the Vendor or the Vendor's Solicitors not less than fifteen (15) days prior to the Unit Transfer Date, a written direction as to how the Purchaser intends to take title to the Unit, including, if applicable, the date(s) of birth and marital status, and the Purchaser shall be required to close the transaction in the manner so advised unless the Vendor otherwise consents in writing, which consent may be arbitrarily withheld. If the Purchaser does not submit such confirmation within the required time as aforesaid, the Vendor shall be entitled to tender a Transfer/Deed on the Unit Transfer Date expressed in the name of the Purchaser as shown on the face of this Agreement.

- 8 (a) The Purchaser agrees to accept title subject to the following:
 - (i) the Condominium Documents, notwithstanding that they may be amended and varied from the Condominium Documents in the form attached to the Disclosure Statement delivered to the Purchaser as set out in Schedule 1;
 - (ii) registered restrictions or covenants that run with the Property, including any encroachment agreements(s) with any governmental authorities or adjacent land owner(s), provided that same are complied with as at the Unit Transfer Date;
 - (iii) easements, rights-of-way and/or licences now registered for to be registered hereafter for the supply and installation of utility services, drainage, telephone services, electricity, gas, storm and/or sanitary sewers, water, cable television and/or any other services) to or for the benefit of the Condominium (or to any adjacent or neighbouring properties), including any easement(s) which may be required by the Vendor (or by the owner of the Property, if not one and the same as the Vendor), or by any owner(s) of adjacent or neighbouring properties for servicing and/or access to or entry onto such properties, together with any easement and cost-sharing agreement(s) or reciprocal agreement(s) confirming (or pertaining to) any easement or right-of-way for access, support and/or servicing purposes, and/or pertaining to the sharing of any services, facilities and/or amenities with adjacent or neighbouring property owners, provided that any such easement and cost-sharing agreement(s) or reciprocal agreement(s) are insofar as the obligations thereunder pertaining to the Property, or any portion thereof, are complied with as at the Unit Transfer Date;
 - (iv) registered municipal agreements and registered agreements with publicly regulated utilities and/or with local ratepayer associations, including, without limitation, any development, site plan, subdivision, engineering and/or other municipal agreement (or similar agreement) entered into with any governmental authority(ies) with all of such agreements being, collectively, the "Development Agreements", provided that same are complied with as at the Unit Transfer Date, or security has been posted in such amounts and on such terms as may be required by the governmental authorities to ensure compliance therewith and/or the completion of any outstanding obligations thereunder; and
 - (v) unregistered or income liens for unpaid utilities in respect of which no formal bill, account or invoice has been issued by the relevant utility authority (or if issued, the time for payment of same has not yet expired) without any claim or request by the Purchaser for any utility bill(s) or reduction/abatement in the Purchase Price, provided that the Vendor delivers to the Purchaser the Vendor's written undertaking to pay all outstanding utility accounts owing with respect to the Property (including any amounts owing in connection with any final meter readings) taken on or immediately prior to the Unit Transfer Date, if applicable, as soon as reasonably possible after the completion of this transaction.

It is understood and agreed that the Vendor shall not be obliged to obtain or register on title to the Property a release of (or an amendment to any of the aforementioned) easements, Development Agreements, reciprocal agreements or restrictive covenants, nor shall the Vendor be obliged to have any of same deleted from the title to the Property, and the Purchaser hereby expressly acknowledges and agrees that the Purchaser shall satisfy himself or herself as to compliance therewith. The Purchaser agrees to observe and comply with the terms and provisions of the Development Agreements, and all restrictive covenants registered on title. The Purchaser further acknowledges and agrees that the retention by the local municipality within which the Property is situated (the "Municipality"), or by any of the other governmental authorities of security (e.g. in the form of cash, letters of credit, performance bond, etc., satisfactory to the Municipality, and/or any of the other governmental authorities) intended to guarantee the fulfillment of any outstanding obligations under the Development Agreements shall, for the purposes of the purchase and sale transaction contemplated hereunder, be deemed to be satisfactory compliance with the terms and provisions of the Development Agreements. The Purchaser also acknowledges that the wires, cables and fittings comprising the cable television system serving the Condominium are (or may be owned by the local cable television supplier, or by a company associated, affiliated with or related to the Vendor.

- (b) The Purchaser covenants and agrees to consent to the matters referred to in subparagraph 8(a) hereof and to execute all documents and do all things requisite for this purpose, either before or after the Unit Transfer Date.
- (c) The Vendor shall be entitled to insert in the Transfer/Deed of Unit specific covenants by the Purchaser pertaining to any or all of the restrictions, easements, covenants and agreements referred to herein and in the Condominium Documents, and in such case the Purchaser may be required to deliver separate written covenants on closing. If so requested by the Vendor, the Purchaser covenants to execute all documents and instruments required to convey or confirm any of the easements, licences, covenants, agreements, and/or rights, required pursuant to this Agreement and shall observe and comply with all of the terms and provisions thereof. The Purchaser may be required to obtain a similar covenant (enforceable by and in favour of the Vendor), in any agreement entered into between the Purchaser and any subsequent transferee of the Unit.

9 The Purchaser agrees that the Vendor shall have a Vendor's Lien for unpaid purchase monies on the Unit Transfer Date and shall be entitled to register a Notice of Vendor's Lien against the Unit any time after the Unit Transfer Date.

10 The Purchaser acknowledges that the Unit may be encumbered by mortgages (and collateral security thereon) which are not intended to be assumed by the Purchaser, and that the Vendor shall not be obliged to obtain and register (partial) discharges of such mortgages insofar as they affect the Unit on the Unit Transfer Date. The Purchaser agrees to accept the Vendor's Solicitors undertaking to obtain and register (partial) discharges of such mortgages in respect of the Unit, as soon as reasonably possible after the Unit Transfer Date subject to the Vendor or its solicitors providing to the Purchaser or the Purchaser's solicitors the following:

- (i) a mortgage statement or letter from the mortgagee(s) (or from their respective solicitor(s) confirming the amount, if any, required to be paid to the mortgagee(s) to obtain (partial) discharges of the mortgages with respect to the Unit;
 - (ii) a direction from the Vendor to the Purchaser to pay such amounts to the mortgagee(s) (or to whomsoever the mortgagees may direct) on the Unit Transfer Date to obtain a (partial) discharge of the mortgage(s) with respect to the Unit; and
 - (iii) an undertaking from the Vendor's Solicitors to deliver such amounts to the mortgagee(s) and to register the (partial) discharge of the mortgages with respect to the Unit upon receipt thereof and within a reasonable time following the Unit Transfer Date and to advise the Purchaser or the Purchaser's solicitors concerning registration particulars.
- unless the mortgages to be assumed are not residential mortgages with a cash-out have, first company credit down from Republic, through company of a registered mortgagee pursuant to the Trust & Loan Companies Act.*

The Residences at Trump International Hotel & Tower

- 11 The Purchaser covenants and agrees that he/she is a "bona fide buyer" within the meaning of the *Construction Lien Act* R.S.O. 1990 c.C.30, and any amendments thereto, and will not claim any lien holdback on the Unit Transfer Date. The Vendor shall complete the remainder of the Condominium according to its schedule of completion and the Unit Transfer Date shall not be delayed on that account.

The Planning Act

- 12 This Agreement and the transaction arising therefrom are conditional upon compliance with the provisions of Section 50 of the *Planning Act* R.S.O. 1990 c.P.13 and any amendments thereto, on or before the Unit Transfer Date.

Delays

- 13 The Purchaser acknowledges and agrees that failure to complete the common elements on or before the Unit Transfer Date shall not be deemed to be a failure to complete the Unit. The Vendor shall have the right to unilaterally extend the Unit Transfer Date, on one or more occasions or more periods of time, not exceeding six (6) months in the aggregate from the date set out in subparagraph 2(a). Alternatively, at the unilateral option of the Vendor, the Vendor may declare this Agreement null and void, in which event the deposit shall be returned to the Purchaser (excluding any interest, if any, earned thereon), and the Vendor shall not be liable for any costs or damages suffered or incurred by the Purchaser thereby and the Vendor shall have no further obligation hereunder.

Purchaser's Covenants, Representations, and Warranties

- 14 The Purchaser covenants and agrees that this Agreement is subordinate to and postponed to any mortgages arranged by the Vendor and any advances thereunder from time to time, and to any covenant, license or other agreement concerning the Condominium and the Condominium Documents. The Purchaser further agrees to consent to and execute all documentation as may be required by the Vendor in this regard and the Purchaser hereby irrevocably appoints the Vendor as the Purchaser's attorney to execute any consents or other documents required by the Vendor to give effect to this paragraph. The Purchaser hereby consents to the Vendor obtaining a consumer's report containing credit and/or personal information for the purposes of this transaction. The Purchaser further agrees to deliver to the Vendor, within ten (10) days of written demand from the Vendor, all necessary financial and personal information required by the Vendor in order to evidence the Purchaser's ability to pay the balance of the Purchase Price on the Unit Transfer Date, including, without limitation, written confirmation of the Purchaser's income and evidence of the source of the payments required to be made by the Purchaser in accordance with this Agreement.
- 15 The Purchaser covenants and agrees not to register this Agreement or notice of this Agreement or a caution, certificate of pending litigation, Purchaser's Lien, or any other document providing evidence of this Agreement against title to the Property, the Unit or the Condominium and further agrees not to give, register, or permit to be registered any encumbrance against the Property, the Unit or the Condominium. Should the Purchaser be in default of his/her obligations hereunder, the Vendor may, as agent and attorney of the Purchaser, cause the removal of notice of this Agreement, caution or other document providing evidence of this Agreement or any assignment thereof, from the title to the Property, the Unit or the Condominium. In addition, the Vendor, at its option, shall have the right to declare this Agreement null and void in accordance with the provisions of paragraph 24 hereof. The Purchaser hereby irrevocably consents to a court order removing such notice of this Agreement, any caution, or any other document or instrument whatsoever from title to the Property, the Unit or the Condominium and the Purchaser agrees to pay all of the Vendor's costs and expenses in obtaining such order (including the Vendor's Solicitor's fees on a full indemnity basis).
- 16 The Purchaser covenants not to list for sale or lease, advertise for sale or lease, sell or lease, nor in any way assign his/her interest under this Agreement, or the Purchaser's rights and interests hereunder or in the Unit, nor directly or indirectly permit any third party to list or advertise the Unit for sale or lease, at any time until the Unit Transfer Date, without the prior written consent of the Vendor, which consent may be arbitrarily withheld. The Purchaser acknowledges and agrees that once a breach of the preceding covenant occurs, such breach is or shall be incapable of rectification, and accordingly the Purchaser acknowledges and agrees that in the event of such breach, the Vendor shall have the unilateral right and option of terminating this Agreement, effective upon delivery of notice of termination to the Purchaser or the Purchaser's solicitors whereupon the provisions of this Agreement dealing with the consequence of termination by reason of the Purchaser's default, shall apply. The Purchaser shall be entitled to direct that title to the Unit be taken in the name of his/her spouse, or a member of his/her immediate family only, and shall not be permitted to direct title to any other third parties.
- 17 The Purchaser covenants and agrees that he/she shall not object to nor oppose any official plan amendment(s), rezoning application(s), severance application(s), minor variance application(s) and/or site plan application(s) nor any other applications ancillary thereto relating to the development of the Property, or any neighbouring or adjacent lands. The Purchaser further acknowledges and agrees that this covenant may be pleaded as an estoppel or bar to any opposition or objection raised by the Purchaser thereto.
- 18 The Purchaser covenants and agrees that he/she shall not interfere with the completion of other units and the common elements by the Vendor. Until the Condominium is completed and all units sold and transferred by the Vendor, the Vendor may make such use of the Condominium as may facilitate the completion of the Condominium and sale of all the units, including, but not limited to, the maintenance of a sales/rental administration office and model units, and the display of signs located on the Property.

Retention without Defect

of repair & repair security as per Schedule "A"

- 19 In the event this Agreement is terminated through no fault of the Purchaser, all deposit monies paid by the Purchaser towards the Purchase Price shall be returned to the Purchaser (excluding any interest, if any, earned thereon); provided however, that the Vendor shall not be obligated to return any monies paid by the Purchaser for optional upgrades, changes or extras ordered by the Purchaser. In no event shall the Vendor or its agents be liable for any damages or costs whatsoever and, without limiting the generality of the foregoing, for any monies paid to the Vendor for optional upgrades, changes, extras, for any loss of bargain, for any relocating costs, or for any professional or other fees paid in relation to this transaction. This provision may be pleaded by the Vendor as a complete defence to any such claim.

Warranty Program

- 20 The Vendor represents and warrants to the Purchaser that the Vendor is a registered vendor-builder with the Tarion Warranty Corporation (the "Warranty Program"). The Vendor covenants that on completion of this transaction a warranty certificate for the Unit will be requested by the Vendor from the Warranty Program. The Vendor further covenants to provide the Corporation with a similar warranty certificate with respect to the common elements. These shall be the only warranties covering the units and common elements. The Purchaser acknowledges and agrees that any warranties of workmanship or materials, in respect of any aspect of the construction of the Condominium including the Unit, whether implied by this Agreement or at law or in equity or by any statute or otherwise, shall be limited to only those warranties deemed to be given by the Vendor under the *Ontario New Home Warranties Plan Act* R.S.O. 1990, c.O.11, as amended (the "ONHWPA") and shall extend only for the time period and in respect of those items as stated in the ONHWPA, it being understood and agreed that there is no representation, warranty, guarantee, collateral agreement, or condition precedent to, concurrent with or in any way affecting this Agreement, the Condominium or the Unit, other than as expressed herein.

Right of Entry

21 Notwithstanding the Purchaser occupying the Unit on the Unit Transfer Date or the closing of this transaction and the delivery of title to the Unit to the Purchaser, as applicable, the Vendor or any person authorized by it shall be entitled at all reasonable times and upon reasonable prior notice to the Purchaser to enter the Unit and the common elements in order to make inspections or to do any work or replace therein or thereon which may be deemed necessary by the Vendor in connection with the Unit or the common elements and such right shall be in addition to any rights and easements created under the Act. A right of entry in favour of the Vendor for a period not exceeding five (5) years similar to the foregoing may be included in the Transfer/Deed provided on the Unit Transfer Date and acknowledged by the Purchaser, at the Vendor's sole discretion.

Incomplete Work

22 The Unit shall be deemed to be substantially completed when the interior work has been finished to the minimum standards allowed by the Municipality so that the Unit may be lawfully occupied notwithstanding that there remains other work within the Unit and/or the common elements to be completed. The Purchaser shall not occupy the Unit until the Municipality has permitted same or consented thereto if such consent is required and the Unit Transfer Date shall be postponed until such required consent is given. The Purchaser shall not require the Vendor to provide or produce an occupancy permit, certificate or authorization from the Municipality, and the Purchaser shall satisfy himself/herself in this regard. The Purchaser acknowledges that the failure to complete the common elements before the Unit Transfer Date shall not be deemed to be failure to complete the Unit and the Purchaser agrees to complete this transaction notwithstanding any claim submitted to the Vendor and/or to the Warrant Program in respect of apparent deficiencies or incomplete work provided always that such incomplete work does not prevent occupancy of the Unit as otherwise permitted by the Municipality.

Inspection

23 (a) The Purchaser or the Purchaser's designate as hereinafter provided agrees to meet the Vendor's representative at the date and time designated by the Vendor or its agents prior to the Unit Transfer Date to conduct a pre-delivery inspection of the Unit (the "PDI") and to list all items remaining incomplete at the time of such inspection together with all mutually agreed deficiencies with respect to the Unit on the ONIWP Certificate of Completion and Possession (the "CCP") and the PDI form, in the forms prescribed from time to time by, and required to be completed pursuant to the provisions of, the ONIWPA. The CCP and PDI forms shall be executed by both the Purchaser or the Purchaser's designate and the Vendor's representative at the PDI and shall constitute the Vendor's only undertaking with respect to incomplete or deficient work and the Purchaser shall not require any further undertaking of the Vendor to complete any outstanding items. In the event that the Vendor performs any additional work to the Unit, in its discretion, the Vendor shall not be deemed to have waived the provision of this subparagraph or otherwise enlarged its obligations hereunder.

(b) The Purchaser acknowledges that the Homeowner Information Package as defined in ONIWP Bulletin 12 (the "HIP") is available from ONIWP and that the Vendor further agrees to provide the HIP to the Purchaser or the Purchaser's designate at or before the PDI. The Purchaser or the Purchaser's designate agrees to execute and provide to the Vendor the Confirmation of Receipt of the HIP forthwith upon receipt of the HIP.

(c) The Purchaser shall be entitled to send a designate to conduct the PDI in the Purchaser's place or attend with his/her designate provided the Purchaser first provides to the Vendor a written authority appointing such designate for PDI prior to the PDI. If the Purchaser appoints a designate, the Purchaser acknowledges and agrees that the Purchaser shall be bound by all of the documentation executed by the designate to the same degree and with the force and effect as if executed by the Purchaser directly.

(d) In the event the Purchaser and/or the Purchaser's designate fails to attend the PDI or fails to execute the CCP and PDI forms at the conclusion of the PDI, the Vendor may declare the Purchaser to be in default under this Agreement and may exercise any or all of its remedies set forth in this Agreement and/or at law. Alternatively, the Vendor may, at its option, complete the within transaction but not provide the keys to the Unit to the Purchaser until the CCP and PDI forms have been executed by the Purchaser and/or its designate or complete the within transaction and complete the CCP and PDI forms on behalf of the Purchaser and/or the Purchaser's designate and the Purchaser hereby irrevocably appoints the Vendor the Purchaser's attorney and/or agent and/or designate to complete the CCP and PDI forms on the Purchaser's behalf and the Purchaser shall be bound as if the Purchaser or the Purchaser's designate had executed the CCP and PDI forms.

(e) In the event the Purchaser and/or the Purchaser's designate fails to execute the Confirmation of Receipt of the HIP forthwith upon receipt thereof, the Vendor may declare the Purchaser to be in default under this Agreement and may exercise any or all of its remedies set forth in this Agreement and/or at law.

Purchaser's Default

24 (a) In the event that the Purchaser is in default with respect to any of his/her obligations contained in this Agreement on or before the Unit Transfer Date and fails to remedy such default forthwith, if such default is a monetary default and/or pertains to the execution and delivery of documentation required to be given to the Vendor on the Unit Transfer Date or within five (5) days of the Purchaser being so notified in writing with respect to any other non-monetary default, then the Vendor, in addition to (and without prejudice to) any other rights or remedies available to the Vendor at law or in equity may, at its sole option, unilaterally suspend all of the Purchaser's rights, benefits and privileges contained herein (including, without limitation, the right to make colour and finish selections with respect to the Unit as herein contemplated), and/or unilaterally declare this Agreement to be terminated and of no further force or effect whereupon all deposit monies heretofore paid, together with all monies paid for extras or changes to the Unit, shall be retained by the Vendor as its liquidated damages, and not as a penalty, in addition to (and without prejudice to) any other rights or remedies available to the Vendor at law or in equity. In the event of the termination of this Agreement by reason of the Purchaser's default as aforesaid, then the Purchaser shall be obliged to forthwith vacate the Unit (or cease same to be forthwith vacated) if same has been occupied (and shall leave the Unit in a clean condition, without any physical or cosmetic damages thereto, and clear of all garbage, debris and any furnishings and/or belongings of the Purchaser), and shall execute such releases and any other documents or assurances as the Vendor may require, in order to confirm that the Purchaser does not have (and the Purchaser hereby covenants and agrees that he/she does not have) any legal, equitable or proprietary interest whatsoever in the Unit and/or the Property (or any portion thereof) prior to the completion of this transaction and the payment of the entire Purchase Price to the Vendor or the Vendor's Solicitors as heretofore provided, and in the event the Purchaser fails or refuses to execute same, the Purchaser hereby appoints the Vendor to be his/her lawful attorney in order to execute such releases, documents and assurances in the Purchaser's name, place and stead, and in accordance with the provisions of the Powers of Attorney Act, R.S.O. (1990) c.P.20, as amended, the Purchaser hereby declares that this power of attorney may be exercised by the Vendor during any subsequent legal incapacity on the part of the Purchaser. In the event the Vendor's Solicitors are holding any of the deposits in trust pursuant to this Agreement, then in the event of default as aforesaid, the Purchaser hereby releases the said solicitors from any obligation to hold the deposit monies, in trust, and shall not make any claim whatsoever against the said solicitors and the Purchaser hereby irrevocably directs and authorizes the said solicitors to deliver the said deposit monies and increased interest, if any, to the Vendor.

(b) Notwithstanding subparagraph (a) above, the Purchaser acknowledges and agrees that if any amount, payment and/or adjustment which are due and payable by the Purchaser to the Vendor pursuant to this Agreement are not made and/or paid on the date due, then such amount, payment and/or adjustment shall, until paid, bear interest at the rate equal to eight

[Handwritten signature]

percent (8%) per annum above the bank rate as defined in subsection 19(2) of Ontario Regulation 40/01 to the Act at the date of default.

Common Elements

25 The Purchaser acknowledges that the Condominium has been constructed to Ontario Building Code requirements at the time of issuance of the building permit. The Purchaser consents and agrees that the Purchaser shall have no claims against the Vendor for any equal, higher or better standards of workmanship or materials. The Purchaser agrees that the foregoing may be pleaded by the Vendor as an estoppel in any action brought by the Purchaser or his/her successors at law against the Vendor. The Vendor may, from time to time, change, vary or modify in its sole discretion or at the instance of any governmental authority or mortgagee, any elevations, building specifications or site plans of any part of the Condominium, to conform with any municipal or architectural requirements related to building codes, official plan or official plan amendments, zoning by-laws, committee of adjustment and/or land division committee decisions, municipal site plan approval or architectural control. Such changes may be to the plans and specifications existing at inception of the Condominium or as they existed at the time the Purchaser entered into this Agreement or as illustrated on any sales material, including, without limitation, brochures, models or otherwise. With respect to any aspect of construction, finishing or equipment, the Vendor shall have the right, without the Purchaser's consent, to substitute materials, for those described in this Agreement or in the plans or specifications, provided the substituted materials are in the judgment of the Vendor's architect, whose determination shall be final and binding, of equal or better quality. The Purchaser shall have no claim against the Vendor for any such changes, variances or modifications nor shall the Vendor be required to give notice thereof. The Purchaser hereby consents to any such alterations and agrees to complete the sale notwithstanding any such modifications.

Executions

26 The Purchaser agrees to provide to the Vendor's Solicitors on the Unit Transfer Date a clear and up-to-date Execution Certificate confirming that no executions are filed at the local Land Titles Office against the individual(s) in whose name title to the Unit is being taken.

Risk

27 The Unit shall be and remain at the risk of the Vendor until the Unit Transfer Date. If any part of the Condominium is substantially damaged before the Unit Transfer Date, the Vendor may, in its sole discretion, either terminate this Agreement and return to the Purchaser all deposit monies paid by the Purchaser to the Vendor, if any, or make such repairs as are necessary to complete this transaction.

General

28 The Vendor shall provide a statutory declaration on the Unit Transfer Date that it is not a non-resident of Canada within the meaning of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.), as amended (the "Tax Act").

29 Except as otherwise set forth herein, the Vendor and Purchaser agree to pay the costs of registration of their own documents and any tax in connection therewith.

30 The Vendor and the Purchaser agree that there is no representation, warranty, collateral agreement or condition affecting this Agreement or the Property or supported hereby other than as expressed herein in writing.

31 This offer and its acceptance is to be read with all changes of gender or number required by the context and the terms, provisions and conditions hereof shall be for the benefit of and be binding upon the Vendor and the Purchaser, and as the context of this Agreement permits, their respective heirs, estate trustees, successors and permitted assigns.

32 The Purchaser acknowledges that the net suite area of the Unit, as may be represented or referred to by the Vendor or any sales agent, or which appear in any sales material is approximate only, and is generally measured to the outside of all exterior, window and stairwell walls, and to the centre line of all party walls separating one dwelling unit from another. **NOTE:** For more information on the method of calculating the floor area of any unit, reference should be made to *Builder Bulletin No. 22* published by the Ontario New Home Warranty Program. Actual useable floor space may vary from any stated or represented floor area or gross floor area, and the extent of the actual or useable living space or net floor area within the confines of the Unit may vary from any represented square footage or floor area measurement(s) made by or on behalf of the Vendor. In addition, the Purchaser is advised that the floor area measurements are generally calculated based on the middle floor of the Condominium building for each suite type, such that units on lower floors may have less floor space due to thicker structural members, mechanical rooms, etc., while units on higher floors may have more floor space. Accordingly, the Purchaser hereby confirms and agrees that all details and dimensions of the Unit purchased hereunder are approximate only, and that the Purchase Price shall not be subject to any adjustment or claim for compensation whatsoever, whether based upon the ultimate square footage of the Unit, or the actual or useable living space within the confines of the Unit, or the net floor area of the Unit or otherwise, regardless of the extent of any variance or discrepancy with respect to the area (either gross or net) of the Unit, or the dimensions of the Unit. The Purchaser further acknowledges that the ceiling height of the Unit is measured from the upper surface of the concrete floor slab (or subfloor) to the underside surface of the concrete ceiling slab (or joists). However, where ceiling bulkheads are installed within the Unit, and/or where dropped ceilings are required, then the ceiling height of the Unit will be less than that represented, and the Purchaser shall correspondingly be obliged to accept the same without any abatement or claim for compensation whatsoever.

33 (a) The parties waive personal tender and agree that tender, in the absence of any other mutually acceptable arrangement and subject to the provisions of paragraph 34 of this Agreement shall be validly made by the Vendor upon the Purchaser by a representative of the Vendor attending at the offices of Harris, Nesbitt LLP at 12:00 noon (local time) on the Unit Transfer Date or and remaining there until 4:30 p.m. (local time) and is ready, willing and able to complete the transaction. In the event the Purchaser or his/her solicitors fails to appear or appears and fails to close, such attendance by the Vendor's representative shall be deemed satisfactory evidence that the Vendor is ready, willing and able to complete the sale at such time. Payment shall be tendered by certified cheque drawn on any Canadian chartered bank, and

(b) It is further provided that, notwithstanding paragraph 34 hereof, in the event the Purchaser or his/her solicitors advise the Vendor or the Vendor's Solicitors, on or before the Unit Transfer Date that the Purchaser is unable or unwilling to complete the purchase, the Vendor is relieved of any obligation to make any formal tender upon the Purchaser or his/her solicitors and may exercise forthwith any and all of its right and remedies provided for in this Agreement and at law.

34 Given the electronic registration system ("EERS") is operative in the applicable Land Titles Office in which the Property is registered the following provisions shall prevail, namely:

(a) the Purchaser shall be obliged to retain a lawyer, who is both an authorized EERS user and in good standing with the Law Society of Upper Canada to represent the Purchaser in connection with the completion of the transaction, and shall authorize such lawyer to enter into an escrow closing agreement with the Vendor's Solicitors on the latter's standard form (the "Escrow Document Registration Agreement"), establishing the procedures and timing for completing the transaction and to be executed by the Purchaser's solicitors and returned to the Vendor's Solicitors at least ten (10) days prior to the Unit Transfer Date;

(b) the delivery and exchange of documents, monies and keys to the Unit and the release thereof to the Vendor and the Purchaser, as the case may be

(i) shall not occur contemporaneously with the registration of the Transfer/Deed (and other registrable documentation); and

- (ii) shall be governed by the Escrow Document Registration Agreement, pursuant to which the attorney receiving the documents, keys and/or funds will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the Escrow Document Registration Agreement;
 - (ci) If the Purchaser's lawyer is unwilling or unable to complete this transaction via UERS, in accordance with the provisions contemplated under the Escrow Document Registration Agreement, then said lawyer (or the authorized agent thereof) shall be obliged to personally attend at the office of the Vendor's Solicitors, at such time on the Unit Transfer Date as may be directed by the Vendor's Solicitors or as mutually agreed upon in writing, in order to complete this transaction via UERS utilizing the computer facilities in the Vendor's Solicitors' office, and shall pay a fee as determined by the Vendor's Solicitors, acting reasonably, for the use of the Vendor's Solicitors' computer facilities;
 - (d) the Purchaser expressly acknowledges and agrees that he or she will not be entitled to receive the Transfer/Deed to the Unit for registration until the balance of funds due on closing, in accordance with the Statement of Adjustments, are either remitted by certified cheque via personal delivery or by electronic funds transfer to the Vendor's Solicitors (or in such other manner as the latter may direct) prior to the release of the Transfer/Deed for registration;
 - (e) each of the parties hereto agrees that the delivery of any documents not intended for registration on title to the Unit may be delivered to the other party hereto by telefax transmission (or by a similar system reproducing the original or by electronic transmission of electronically signed documents through the Internet) provided that all documents so transmitted have been duly and properly executed by the appropriate parties/signatories thereto which may be by electronic signature. The party transmitting any such document shall also deliver the original of same (unless the document is an electronically signed document) to the recipient party by overnight courier sent the day of closing or within 7 business days of closing, if same has been so requested by the recipient party, and
 - (f) notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been validly made by the Vendor upon the Purchaser when the Vendor's Solicitors have
 - (i) delivered all closing documents, keys and/or funds to the Purchaser's solicitors in accordance with the provisions of the Escrow Document Registration Agreement;
 - (ii) advised the Purchaser's solicitors, in writing, that the Vendor is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
 - (iii) has completed all steps required by UERS in order to complete this transaction (that can be performed or undertaken by the Vendor's Solicitors without the cooperation or participation of the Purchaser's solicitors, and specifically when the "completeness signature" for the Transfer/Deed has been electronically "signed" by the Vendor's Solicitors
 without the necessity of personally attending upon the Purchaser or the Purchaser's solicitors with the aforementioned documents, keys and/or funds and without any requirement to have an independent witness evidencing the foregoing
- 35 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario
- 36 The headings of this Agreement form no part hereof and are inserted for convenience of reference only.
- 37 Each of the provisions of this Agreement shall be deemed independent and severable and the invalidity or unenforceability in whole or in part of any one or more of such provisions shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Agreement, and in such event all the other provisions of this Agreement shall continue in full force and effect as if such invalid provision had never been included hereon
- 38 The Purchaser acknowledges that the Vendor may from time to time lease any and all unsold units in the Condominium and this paragraph shall constitute notice to the Purchaser as registered owner of the Unit after the Unit Transfer Date pursuant to the Act.
- 39
- (a) If any documents required to be executed and delivered by the Purchaser to the Vendor are, in fact, executed by a third party appointed as the attorney for the Purchaser, then the power of attorney appointing such person must be registered in the Land Titles Office where the Property is registered, and a duplicate registered copy thereof together with a statutory declaration sworn by the Purchaser's solicitors unequivocally confirming, without any qualification whatsoever, that said power of attorney has not been revoked shall be delivered to the Vendor along with such documents.
 - (b) Where the Purchaser is a corporation, or where the Purchaser is buying in trust for a corporation to be incorporated, the execution of this Agreement by the principal or principals of such corporation, or by the person named as the Purchaser in trust for a corporation to be incorporated, as the case may be, shall be deemed and construed to constitute the personal guarantee of such person or persons so signing with respect to the obligations of the Purchaser herein

Notice

- 40 Any notice given pursuant to the terms of this Agreement shall be deemed to have been properly given if it is in writing and is delivered by hand, ordinary prepaid post or facsimile transmission to the attention of the Purchaser or to the Purchaser's solicitors at their respective addresses indicated herein or to the address of the Unit after the Unit Transfer Date and to the Vendor at 328 Bay Street, Toronto, Ontario, Canada M5H 1H3, or to the Vendor's Solicitors, at the address indicated in this Agreement, or such other address as may from time to time be given by notice in accordance with the foregoing. Such notice shall be deemed to have been received on the day it was delivered by hand or one day following facsimile transmission and upon the third day following posting, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, Canada

Material Change

- 41 The Purchaser acknowledges and agrees that the Vendor may, from time to time in its sole discretion, due to site conditions or constraints or for marketing considerations, or for any other legitimate reason, including, without limitation any request or requirement of any of the governmental authorities or any request or requirement of the Vendor's architect or other design consultants:
 - (i) change the Property's municipal address or numbering of the Unit (in terms of the unit number and/or level number ascribed to any one or more of the units comprising the Unit);
 - (ii) change, vary or modify the plans and specifications pertaining to the Unit or the Condominium, or any portion thereof (including architectural, structural, engineering, landscaping, grading, mechanical, fire, wiring and/or other plans and specifications) from the plans and specifications existing at the inception of the project, or existing at the time that the Purchaser has entered into this Agreement, or as same may be illustrated in any sales brochure(s), model(s) in the sales office or otherwise, including, without limitation, making any change to the total number of dwelling, parking, locker and/or other ancillary units within the Condominium, and/or any change to the total number of levels or floors within the Condominium, as well as any changes or alterations to the design, style, size and/or configuration of any dwelling or other ancillary units within the Condominium;
 - (iii) change, vary, or modify the number, size and location of any windows, columns(s) and/or bulkheads) within or adjacent to (or comprising part of) the Unit, from the number, size and/or location of same as displayed or illustrated in any sales brochure(s), model(s) or floor plan(s) previously delivered or shown to the Purchaser including the insertion or placement of any windows(s), columns(s) and/or bulkheads) in one or more locations

within the Unit which have not been shown or illustrated in any sales brochure(s), model(s) or floor plans) previously delivered or shown to the Purchaser (regardless of the extent or impact thereof, as well as the removal of any window(s), column(s) and/or bulkhead(s) from any location(s) previously shown or illustrated in any sales brochure(s), model(s) in the sales office or otherwise; and/or

- (iv) change the layout of the Unit such that same is a mirror image of the layout shown to the Purchaser (or a mirror image of the layout illustrated in any sales brochure or other marketing materials) delivered to the Purchaser;

and that the Purchaser shall have absolutely no claim or cause of action whatsoever against the Vendor or its sales representatives (whether based or founded in contract, tort or in equity) for any such changes, deletions, alterations or modifications, nor shall the Purchaser be entitled to any abatement or reduction in the Purchase Price whatsoever as a consequence thereof, nor any notice thereof (unless any such change, deletion, alteration or modification to the said plans and specifications is material in nature (as defined by the Act) and significantly affects the fundamental character, use or value of the Unit and/or the Condominium, in which case the Vendor shall be obliged to notify the Purchaser in writing of such change, deletion, alteration or modification as soon as reasonably possible after the Vendor proposes to implement same, or otherwise becomes aware of same), and where any such change, deletion, alteration or modification to the said plans and specifications is material in nature, then the Purchaser's only recourse and remedy shall be the termination of this Agreement prior to the Unit Transfer Date (and specifically within ten (10) days after the Purchaser is notified or otherwise becomes aware of such material change), and the return of the Purchaser's deposit monies (excluding any interest, if any, earned thereon).

Waiver of Action/Assignment

- 12 (a) The Purchaser acknowledges and agrees that notwithstanding any rights which he or she might otherwise have at law or in equity arising out of this Agreement, the Purchaser shall not assert any of such rights, nor have any claim or cause of action whatsoever as a result of any matter or thing arising under or in connection with this Agreement (whether based or founded in contract law, tort law or in equity), and whether for innocent misrepresentation, negligent misrepresentation, breach of contract, breach of fiduciary duty, breach of constructive trust or otherwise, against any person, firm, corporation or other legal entity, other than the person, firm, corporation or legal entity specifically named or defined as the Vendor herein, even though the Vendor may be (or may ultimately be found or adjudged to be) a nominee or agent of another person, firm, corporation or other legal entity, or a trustee for and on behalf of another person, firm, corporation or other legal entity, and this acknowledgement and agreement may be pleaded as an estoppel and bar against the Purchaser in any action, suit, application or proceeding brought by or on behalf of the Purchaser to assert any of such rights, claims or causes of action against any such third parties.
- (b) At any time prior to the Unit Transfer Date, the Vendor shall be permitted to assign this Agreement (and its rights, benefits and interests hereunder) to any person, firm, partnership or corporation registered as a vendor pursuant to the OSWPA and upon any such assignee assuming all obligations under this Agreement and notifying the Purchaser or the Purchaser's solicitors of such assignment, the Vendor named herein shall be automatically released from all obligations and liabilities to the Purchaser arising from this Agreement, and said assignee shall be deemed for all purposes to be the vendor herein as if it had been an original party to this Agreement, in the place and instead of the Vendor.

Irrevocability and Acceptance by Teletype

- 13 This offer by the Purchaser, shall be irrevocable by the Purchaser until the 15th day (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, Canada) following the date of his/her execution of this Agreement, after which time if this offer is not accepted by the Vendor, this offer may be withdrawn, and if so, same shall be null and void and any deposit made hereunder shall be returned to the Purchaser without interest thereon or deduction therefrom. Acceptance by the Vendor of this offer shall be deemed to have been sufficiently made if this Agreement is executed by the Vendor on or before the irrevocable date specified in the preceding sentence, without requiring any notice of such acceptance to be delivered to the Purchaser prior to such time. Without limiting the generality of the foregoing, acceptance of this offer (or any counter-offer with respect thereto) may be made by way of teletype (transmission or similar system reproducing the original) provided all of the necessary signatures and initials of both parties hereto are duly reflected on (or represented by) the telefaxed copy of the agreement of purchase and sale so transmitted, and such acceptance shall be deemed to have been effected or made when the accepted offer (or counter-offer, as the case may be) is relayed to the intended party, provided that a confirmation of such telefaxed transmission is received by the transmitting party at the time of such transmission, and the original executed document is thereafter forthwith couriered (or personally delivered) to the recipient of the telefaxed copy.

Non-Merger

- 14 The covenants and agreements of each of the parties hereto shall not merge on the Unit Transfer Date, but shall remain in full force and effect according to their respective terms, until all outstanding obligations of each of the parties hereto have been duly performed or fulfilled in accordance with the provisions of this Agreement. No further written assurances, evidencing or confirming the non-merger of the covenants of either of the parties hereto shall be required or requested by or on behalf of either party hereto.

Notice/Warning/Disclaimers

- 15 (a) The Purchaser is hereby advised that the Vendor's builder's risk and/or comprehensive liability insurance, effective prior to the registration of the Condominium, and the Condominium's master insurance policy, effective from and after the registration of the Condominium will only cover the common elements and the standard unit and will not cover any betterments or improvements made in the standard unit, nor any furnishings or personal belongings of the Purchaser or other residents of the Unit, and accordingly the Purchaser should arrange for his/her own insurance coverage with respect to same, effective from and after the Unit Transfer Date, all at the Purchaser's sole cost and expense.
- (b) The Purchaser acknowledges and agrees that the Vendor (and any of its authorized agents, representatives and/or contractors), as well as one or more authorized representatives of the Condominium, shall be permitted to enter the Unit after the Unit Transfer Date, from time to time, in order to enable the Vendor to correct outstanding deficiencies or incomplete work for which the Vendor is responsible, and to enable the Condominium to inspect the condition or state of repair of the Unit and undertake or complete any requisite repairs thereto (which the owner of the Unit has failed to do) in accordance with the Act.
- (c) The Purchaser acknowledges being advised of the following notice:

Despite the best efforts of the Toronto District School Board, sufficient accommodation may not be locally available for all students anticipated from the development area and that students may be accommodated in facilities outside the area, and further, the students may later be transferred.

The Purchasers agree for the purpose of transportation to school if bussing is provided by the Toronto District School Board in accordance with the Board's policy, that students will not be bussed from home to school, but will meet the bus at designated locations in or outside the area.
- (d) The Purchaser acknowledges being advised of the following notice:

Purchasers/Tenants are advised that outdoor sound levels due to increasing road traffic may occasionally interfere with some activities of the dwelling occupants as the sound levels exceed the noise criteria of the Ministry of Environment. This

dwelling unit has been supplied with a central air conditioning system which will allow windows and exterior doors to remain closed, thereby ensuring that indoor sound levels are within the noise criteria of the Ministry of Environment.

- (e) The Purchaser specifically acknowledges and agrees that the Condominium has been developed in accordance with requirements imposed by governmental authorities, and that the proximity of the Condominium to major arterial roadways and Toronto Transit Commission services may result in noise and/or vibration transmissions to the Property, and cause noise exposure levels affecting the Property to exceed the noise criteria established by the governmental authorities, and that despite the inclusion of noise control features within the Condominium, noise levels from the aforementioned sources may continue to be of concern, occasionally interfering with some activities of the residential occupants in the Condominium. The Purchaser nevertheless agrees to complete this transaction in accordance with the terms hereof, notwithstanding the existence of such potential noise concerns, and the Purchaser further acknowledges and agrees that a noise warning clause similar to the preceding sentence (subject to amendment by any wording or text recommended by the Vendor's noise consultants or by any of the governmental authorities) may be registered on title to the Property on the Unit Transfer Date, if, in fact, same is required by any of the governmental authorities. Without limiting the generality of the foregoing, the Purchaser specifically acknowledges that the following noise warning clause has been inserted in this Agreement, at the request of the governmental authorities, namely: "Purchasers and Tenants are advised that despite the inclusion of noise control measures within the building units, sound levels due to increasing road traffic may occasionally interfere with some activities of the residential occupants as the outdoor sound levels exceed the Ministry of the Environment's noise criteria. (Lining constructions have been selected and this residential unit has been supplied with a central air conditioning system, which will allow exterior doors and windows to remain closed so that the indoor sound levels from road traffic are within the Ministry of the Environment's noise criteria."
- (f) Without limiting the generality of the preceding subparagraph, the Purchaser is hereby advised that:
- (i) noise levels caused by the Condominium's emergency generator, bank of elevators, garbage chutes, mechanical equipment, move-in bays and ancillary moving facilities and areas, may occasionally cause noise and inconvenience to the residential occupants; and
 - (ii) as and when other residential units in the Condominium are being completed and/or moved into, excessive levels of noise, vibration, dust and/or debris are possible, and same may accordingly temporarily cause noise and inconvenience to the residential occupants.
- (g) The Vendor reserves the right to alter the design, style, size and/or configuration of the residential units ultimately comprised within the Condominium which have not yet been sold by the Vendor to any unit purchaser(s) all in the Vendor's sole discretion, and the Purchaser expressly acknowledges and agrees to the foregoing.
- (h) The Purchaser hereby acknowledges and agrees that the Vendor cannot guarantee (and will not be responsible for) the arrangement of a suitable move-in time for purposes of accommodating the Purchaser's occupancy of the residential unit on the Unit Transfer Date for any acceleration or extension thereof as heretofore provided, and that the Purchaser shall be solely responsible for directly contacting the Vendor's customer service office in order to make suitable booking arrangements with respect to the Condominium's service elevator, if applicable (with such booking being allocated on a "first come, first served" basis), and under no circumstances shall the Purchaser be entitled to any claim, refund, credit, reduction/abatement or set-off whatsoever against any portion of the Purchase Price, or against any portion of the common expenses or other adjustments with respect thereto as a result of the service elevator not being available to accommodate the Purchaser moving into the Condominium on (or within any period of time after) the Unit Transfer Date for any acceleration or extension thereof, as aforesaid.
- (i) Purchasers are also advised that pursuant to license agreement entered into between an affiliate of Donald J. Trump (the "Licensor") and each of the Vendor and the Corporation (collectively, the "Licensees"), a license has been granted to allow for the use of various trade-marks (the "Trump Marks") in connection with the marketing and promotion of the Condominium, including the right for the Condominium to be known as and be designated as "The Residences at Trump International Hotel & Tower". In addition pursuant to such license agreements, occupants within the Condominium will have the right to use the appropriate Trump Marks solely for the purpose of identifying their address at the Condominium. The Licensor or its designee shall at all times have access to, and the right to inspect the Condominium, interior and exterior, and each component thereof, and to confer with its staff, during normal business hours, provided that such actions do not unreasonably interfere with the operations of the Condominium or any component thereof, to confirm the Licensees' compliance with the provisions of the license agreements and the Purchaser hereby acknowledges and consents to all of the foregoing.

Credit Approval

- 46 This Agreement is conditional upon the Vendor being satisfied, in its sole and absolute discretion, with the creditworthiness of the Purchaser. The Vendor shall have up to thirty (30) days from the date of acceptance of this Agreement (the "Credit Approval Period") by the Vendor to satisfy itself with respect to such creditworthiness. This condition is included for the sole benefit of the Vendor and may be waived by it at its sole option, at any time. The Purchaser covenants and agrees to provide all requisite information and materials including proof respecting income and source of funds as the Vendor may require to determine the Purchaser's creditworthiness. The Vendor must notify the Purchaser in writing that this condition has not been waived or satisfied prior to midnight (Toronto time) on the expiry of the Credit Approval Period, failing which the Vendor shall be deemed to have waived said condition and this Agreement shall be firm and binding. If the Vendor so notifies the Purchaser in writing that the condition has not been satisfied or waived, this Agreement shall be null and void and all deposit moneys shall be returned to the Purchaser without deduction (but excluding any interest, if any, earned thereon). The Purchaser acknowledges that it may be necessary for the Vendor to obtain credit or other information in order to satisfy itself as to the Purchaser's creditworthiness and authorizes the Vendor to obtain any consumer reports or other information it may require and any consumer reporting agency or credit bureau is hereby authorized to release such information as the Vendor may request.

Purchaser's Consent to the Collection and Limited Use of Personal Information

- 47 For the purposes of facilitating compliance with the provisions of any applicable Federal and/or Provincial privacy legislation (including, without limitation, the *Personal Information Protection and Electronic Documents Act, S.C. 2000, c.5*, as amended), the Purchaser hereby consents to the Vendor's collection and use of the Purchaser's personal information necessary and sufficient to enable the Vendor to proceed with the Purchaser's purchase of the Unit, including, without limitation, the Purchaser's name, home address, e-mail address, telephone/telex number, age, date of birth, and in respect of marital status, only for the limited purposes described in subparagraphs (c), (g), (h) and (i) below, and in respect of residency status and social insurance number only for the limited purpose described in subparagraph (i) below, as well as the Purchaser's financial information and desired suite designs) and colour/finish selections, if any, in connection with the completion of this transaction and for post-closing and after-sales customer care purposes, and to the disclosure and/or distribution of any or all of such personal information to the following entities, on the express understanding and agreement that the Vendor shall not sell or otherwise provide or distribute such personal information to anyone other than the following entities, namely to:
- (a) any companies or legal entities that are associated with, related to or affiliated with the Vendor, other future condominium developments that are likewise associated with, related to or affiliated with the Vendor (or with the Vendor's parent/holding company) and are developing one or more other condominium projects or communities that may be of interest to the

Handwritten signatures and initials, including a large stylized signature and a smaller signature below it.

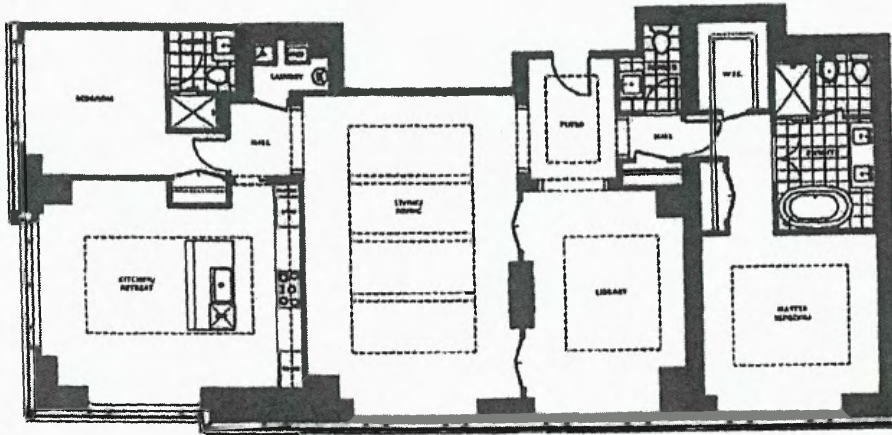
Purchaser or members of the Purchaser's family for the limited purposes of marketing, advertising and/or selling various products and/or services to the Purchaser and/or members of the Purchaser's family.

- (b) one or more third party data processing companies which handle or process marketing campaigns on behalf of the Vendor or other companies that are associated with, related to or affiliated with the Vendor, and who may send (by e-mail or other means) promotional literature/brochures about new condominiums and/or related services to the Purchaser and/or members of the Purchaser's family;
- (c) any financial institution(s) or other person(s) providing (or wishing to provide) mortgage financing, banking and/or other financial or related services to the Purchaser and/or members of the Purchaser's family, including, without limitation, the Vendor's construction lenders, the project monitor, the Vendor's designated construction lender(s), the Ontario New Home Warranty Program and/or any warranty bond provider and/or excess condominium deposit insurer, required in connection with the development and/or construction financing of the Condominium and/or the financing of the Purchaser's acquisition of the Property from the Vendor;
- (d) any insurance companies providing (or wishing to provide) insurance coverage with respect to the Property (or any portion thereof) and/or the common elements of the Condominium, including, without limitation, any title insurance companies providing (or wishing to provide) title insurance to the Purchaser or the Purchaser's mortgage lender(s) in connection with the completion of this transaction;
- (e) any trades-suppliers or sub-trades-suppliers, who have been retained by or on behalf of the Vendor (or who are otherwise dealing with the Vendor) to facilitate the completion and finishing of the Unit and the installation of any extras or upgrades ordered or requested by the Purchaser;
- (f) one or more providers of cable television, telephone, telecommunication, security alarm systems, hydro-electricity, chilled water/hot water, gas and/or other similar or related services to the Property (or any portion thereof) and/or the Condominium, unless the Purchaser advises the Vendor in writing not to provide such personal information to an entity providing security alarm systems and services;
- (g) any relevant governmental authorities or agencies, including, without limitation, the Land Titles Office (in which the Property is registered), the Ministry of Finance for the Province of Ontario and the City of Toronto (i.e., with respect to Land Transfer Tax), and Canada Revenue Agency (i.e., with respect to HST);
- (h) Canada Revenue Agency, to whose attention the 1-5 interest income tax information return and/or the NR4 non-resident withholding tax information return is submitted (where applicable) which will contain or refer to the Purchaser's social insurance number or business registration number (as the case may be), as required by Regulation 201(1)(b)(ii) of the Tax Act;
- (i) the Vendor's Solicitors, to facilitate the closing of this transaction, including the closing by electronic means via ERS, and which may (in turn) involve the disclosure of such personal information to an internet application service provider for distribution of documentation;
- (j) the Corporation, for purposes of facilitating the completion of the Corporation's voting, leasing and/or other relevant records, and to the Condominium's property manager for the purposes of facilitating the issuance of notices, the collection of common expenses and implementing other condominium management/administration functions; and
- (k) any other person where the Purchaser further consents to such disclosure or disclosures required by law.



SCHEDULE A

Suite R (05)



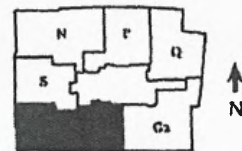
SUITE 4705 LEVEL 19 UNIT 5

4805

19

5

Purchaser's initials dw
Vendor's initials [Signature]



Levels 33-47

*Note: Prices and specifications are subject to change without notice. E. G. O.E.
Actual usable floor space may vary from the stated floor area. All renderings are artist's concept.*

SCHEDULE "B" TO THE AGREEMENT OF PURCHASE AND SALE

FEATURES AND FINISHES

The following are included in the Purchase Price:

- N 11 Subject to paragraph 4 of the Agreement attached hereto, the Vendor shall have the right to substitute other products and materials for those listed in this Schedule or provided for in the plans and specifications provided that the substituted products and materials are of a quality equal to, or better than, the products and materials so listed or so provided.
- 1 Marble and wood are subject to natural variations in colour and grain. Ceramic tile and brocade are subject to pattern, shade and colour variations.
- 2 The Purchaser acknowledges that there shall be no reduction in the price or credit for any standard feature listed herein which is omitted at the Purchaser's request.
- 3 References to model types or model numbers refer to current manufacturer's models. If these types or models shall change, the Vendor shall provide an equivalent model.
- 4 All dimensions, if any, are approximate.
- 5 All specifications and materials are subject to change without notice.
- 6 Pursuant to this Agreement or this Schedule or pursuant to a supplementary agreement or purchase order the Purchaser may have requested the Vendor to construct an additional feature within the Unit which is in the nature of an optional extra. If, as a result of availability or of building, construction or site conditions within the Unit or the Building, the Vendor is not able to construct such extra, then the Vendor may, by written notice to the Purchaser, terminate the Vendor's obligation to construct the extra. In such event, the Vendor shall refund to the Purchaser the monies, if any, paid by the Purchaser to the Vendor in respect of such extra, without interest and in all other respects this Agreement shall continue in full force and effect.
- 7 Floor and specific features will depend on the Vendor's package as selected.



The Residences at Trump International Hotel & Tower

Suite No. 4801

Residential Unit No. 5 Level No. 19 (Floor No. 47)

Locker Unit No. 32 Level No. 4 (Floor No. 33)

SCHEDULE "C" TO THE AGREEMENT OF PURCHASE AND SALE

THE UNDERSIGNED being the Purchaser of the Unit hereby acknowledges having received from the Vendor with respect to the purchase of the Unit the following document on the date noted below:

1 A Disclosure Statement dated October 7, 2013 and accompanying documents in accordance with Section 72 of the Act.

The Purchaser acknowledges and agrees that in the event there is a material change to the Disclosure Statement as defined in subsection 74(2) of the Act, the Purchaser's only remedy shall be as set forth in subsection 74(6) of the Act, notwithstanding any rule of law or equity to the contrary.

DATED at Calgary, this 19 day of FEBRUARY, 2016.

WITNESS:

Purchaser

Purchaser

The Residences at Trump International Hotel & Tower

Suite No. 4805

Residential Unit No. 5, Level No. 19 (Floor No. 17)

Locker Unit No. 32, Level No. 4 (Floor No. 33)

SCHEDULE "D" TO THE AGREEMENT OF PURCHASE AND SALE

THE UNDERSIGNED being the Purchaser of the Unit hereby acknowledges having received from the Vendor with respect to the purchase of the Unit the following document on the date noted below:

- 1 A copy of the Agreement of Purchase and Sale (to which this acknowledgement is attached as a Schedule) executed by the Vendor and the Purchaser.

DATED at Calgary this 19 day of FEBRUARY, 2016

WITNESS:

| [Signature]
| Purchaser
|
| _____
| Purchaser

[Signature]

SCHEDULE "X"

1. Unit Transfer Date Closing

The Unit Transfer Date shall occur 30 days following the date that Vendor delivers written notice to the Purchaser or the Purchaser's solicitor establishing such date, provided that, subject to any further extensions of such date as may be provided in this Agreement, such Unit Transfer Date shall not be later than 24 months following the date of the acceptance of this Agreement.

2. Interim Occupancy

During the period of time between the date of acceptance of this Agreement to and including the Unit Transfer Date the Purchaser upon 10 days prior written notice to the Vendor shall have the right to assume occupancy of the Unit and if the Purchaser exercises such right, such period shall herein be referred to as the "Interim Occupancy Period" and in further consideration and in connection with the foregoing the following shall apply:

(i) Irrespective the date that the Purchaser establishes as the commencement of the Interim Occupancy Period or establishes same at all, the Purchaser shall pay to the Vendor a monthly fee of \$3342.00 payable on the first day of each month (and pro-rated for any period less than a month) from the date of acceptance of this Agreement until the Unit Transfer Date and no part of which shall be credited as payments on account of the Purchase Price. Within 5 days following the acceptance of this Agreement, the Purchaser shall deliver to the Vendor a series of post-dated cheques as required by the Vendor for payment of the monthly fee.

~~(ii) The Purchaser shall be allowed to remain in occupancy of the Unit during Interim Occupancy Period provided the terms of this Agreement have been observed and performed by the Purchaser. In the event the Purchaser breaches the terms of this Agreement the Vendor in its sole discretion and without limitation of any other rights or remedies provided for in this Agreement or at law may terminate this Agreement and revoke the right of occupancy herein granted whereupon the Purchaser shall be deemed a trespasser and shall give up vacant possession forthwith. The Vendor may take whatever steps it deems necessary to obtain vacant possession and the Purchaser shall reimburse the Vendor for all costs it may incur.~~

(iii) At or prior to the time that the Purchaser takes possession of the Unit, the Purchaser shall execute and deliver to the Vendor any documents, directions, acknowledgments, assumption agreements or any and all other documents required by the Vendor in connection with such occupancy.

(iv) During the Interim Occupancy Period the Purchaser agrees to maintain the Unit in a clean and sanitary condition and is permitted to make decorative alterations, improvements or additions with the prior written approval of the Vendor which will not be unreasonably withheld and shall be made in compliance with the condominium corporation governing documents. The Purchaser shall be responsible for all parking charges, if any, utility, telephone expenses, cable television service, internet or other charges and expenses during the Interim Occupancy Period.

(v) The Purchaser's occupancy of the Unit shall be governed by the provisions of the Condominium Documents and the provisions of this Agreement. The Unit may only be occupied and used in accordance with the Condominium Documents and for no other purpose.

(vi) The Vendor and the Purchaser covenant and agree, notwithstanding the taking of possession, that all terms hereunder continue to be binding upon them and that the Vendor may enforce the provisions of this Agreement, including the provisions of this Schedule "X".

(vii) The Purchaser acknowledges that the Condominium holds a fire insurance policy on the Condominium including all aspects of a standard unit only and not on any improvements or betterments made by or on behalf of the Purchaser. It is the responsibility of the Purchaser to insure the improvements or betterments to the Unit and to replace and/or repair same if they are removed, injured or destroyed. The Vendor is not liable for the Purchaser's loss occasioned by fire, theft or other casualty, unless caused by the Vendor's willful conduct.

(viii) The Purchaser agrees to indemnify the Vendor for all losses, costs and expenses incurred as a result of the Purchaser's neglect, damage or use of the Unit or the Condominium, or by reason of injury to any person or property in or upon the Unit or the Condominium resulting from the negligence of the Purchaser, members of his immediate family, servants, agents, invitees, tenants, contractors and licensees. The Purchaser agrees that should the Vendor elect to repair or redecorate all or any part of



the Unit or the Condominium as a result of the Purchaser's neglect, damage or use of the Unit or Condominium, he will immediately reimburse the Vendor for the cost of doing same, the determination of need for such repairs or redecoration shall be at the reasonable discretion of the Vendor, and such costs may be added to the Purchase Price upon provision of documents or invoices to substantiate the cost.

- (ix) The Purchaser shall not have the right to assign, sublet or in any other manner dispose of the possession of the unit during Interim Occupancy Period without the prior written consent of the Vendor which consent may be arbitrarily withheld.

3. Closing Credit

Provided the Purchaser is not in default, the Vendor agrees to provide a credit to the Purchaser on account of the Purchase Price of [REDACTED] Dollars inclusive of HST on closing on the Unit Transfer Date.

4. HST Security Payment

In the event this transaction fails to close as a result of the Purchaser's default (the "Purchaser Closing Default") and as a result of such event, including the Purchaser's occupancy of the Unit during the Interim Occupancy Period, the Vendor becomes obligated to remit any HST which may be exigible in connection with the herein transaction, including the self-assessment provisions of the Excise Tax Act (Canada), the Purchaser agrees to indemnify the Vendor for all losses, costs and expenses incurred as a result thereof. In accordance with the foregoing, the Purchaser further agrees to deliver the sum of \$ [REDACTED] by certified cheque or wire transfer to the Purchaser's solicitors, Messrs., Gardiner Miller Arnold LLP, in trust on or before the commencement of the Interim Occupancy Period (the "HST Security Holdback"). In the event the Vendor is obligated to remit the aforesaid HST to the Canada Revenue Agency due to Purchaser Default, the Vendor shall be at liberty to use the HST Security Holdback to fund such payment and the Purchaser's Solicitors are irrevocably authorized and directed to release the HST Security Holdback to the Vendor in connection therewith and on provision of documentation to verify the amount payable. In the event that the transaction is completed on the Unit Transfer Date, the HST Security Holdback shall be returned to the Purchaser or otherwise credited against the Purchase Price.

5. Pre-Delivery Inspection

The Vendor and Purchaser acknowledge and agree that the Purchaser has completed a Pre-delivery Inspection of the Unit and the same is annexed hereto.

Purchaser(s):
John & Victoria

Suite 4705
Number:
Municipal 4805
Number:
Level: 19
Unit: 5
Suite Type: R

Please list below any damaged or incomplete items, as well as anything that is not operating properly.

Item #	Location	Description
	Entrance	1 - touch up paint on door 2 - handle repairs on door 3 - repair paint on door 4 - cap on door handle 5 - fix hole crack in the cabinet 6 - re-aligning handle over at window, make level up 7 - minor on door handle, all working
	entry cabinet	8 - touch up paint on cabinet 9 - touch up paint on cabinet 10 - touch up paint on cabinet
	pantry	11 - touch up paint on pantry 12 - touch up paint on pantry 13 - clean cabinet on pantry 14 - touch up cabinet door 15 - touch up cabinet door
	Dist. area	16 - touch up paint on cabinet 17 - touch up paint on cabinet 18 - touch up paint on cabinet 19 - touch up paint on cabinet 20 - touch up paint on cabinet 21 - touch up paint on cabinet 22 - touch up paint on cabinet 23 - clean cabinet by hand
	pantry	24 - touch up paint on cabinet
	Master Bath	25 - touch up paint on cabinet 26 - touch up paint on cabinet 27 - touch up paint on cabinet 28 - touch up paint on cabinet 29 - touch up paint on cabinet
	Master Bath	30 - touch up paint on cabinet 31 - touch up paint on cabinet 32 - touch up paint on cabinet 33 - touch up paint on cabinet 34 - touch up paint on cabinet 35 - touch up paint on cabinet 36 - touch up paint on cabinet 37 - touch up paint on cabinet

Purchaser(s):
James Waterhouse

Suite: 4705
Number:
Municipal: 4805
Number:
Level: 19
Unit: 5
Suite Type: R

Please list below any damaged or incomplete items, as well as anything that is not operating properly.

Item #	Location	Description
	<i>Master Bedroom</i>	<i>38 adjust chair and table height</i>
		<i>39 SINK in the master bedroom from sink</i>
		<i>40 touch up cabinet door on right side of sink</i>
		<i>41 re-touch up cabinet door (sink)</i>
		<i>42 touch up on cabinet door (sink)</i>
	<i>Office</i>	<i>43 fix/replace for piece of wood</i>
		<i>44 touch up cabinet door from throughout</i>
		<i>45 replace for light bulb which is not working</i>
		<i>46 touch up something else with the oil light</i>
	<i>Living Room</i>	<i>47 touch up cabinet door from</i>
		<i>48 cabinet door touching cup</i>
		<i>49 touch up cabinet door from throughout</i>
		<i>50 clean paint off piece</i>
		<i>51 replace for the door unit</i>
	<i>Entrance to Kitchen</i>	<i>52 touch up cabinet door</i>
	<i>Living Room</i>	<i>53 Control Vacuum that is not</i>
	<i>Guest Bedroom</i>	<i>54 clean paint off switches from</i>
		<i>55 change track which is broken</i>
		<i>56 touch up on the cabinet</i>
		<i>57 cup touching cabinet to the wall</i>
	<i>Guest Bedroom</i>	<i>58 cup touching cabinet to the wall</i>
		<i>59 change switch from</i>
	<i>Kitchen</i>	<i>60 touch up cabinet door to the wall</i>
		<i>61 cabinet door touching for kitchen door</i>
		<i>62 touch up cabinets at SE kitchen cabinet</i>
		<i>63 replace cover of the oil light unit</i>



RESIDENTIAL UNIT PRE-DELIVERY INSPECTION FORM



Purchaser(s):
J. and M. Anderson

Suite: 4705
Number:
Municipal: 4805
Number:
Level: 19
Unit: 5
Suite Type: R

Please list below any damaged or incomplete items, as well as anything that is not operating properly.

Item #	Location	Description
64	Kitchen	Clean the fan cook hood in kitchen
65	Kitchen Island	Remove tape at end of island under back plate
66		Touch up scratch on granite on front side of island
67		Reinstall handle to the handle
68		Change panel in the fridge
69		Clean the fridge and test its motor
70		Adjust door seal to left lip of lower PANTRY CABINET
71		Adjust drawer under counter
72		Adjust drawer to side left side of COOKTOP
73		Adjust door to side cooktop
74		Adjust top drawer below cooktop
75		No water at pot filler
76		Cooktop needs to be tested
77		Unit needs a deep detail cleaning

List here anything that can't be assessed, because for example it is obscured from view or inaccessible.

Item #	Location	Description

DATED at Toronto, Ontario this 4th of February, 2019.

I have inspected my new Residential Unit as named above and I agree that the descriptions of the items listed on this form are accurate.

Jim McFarlane
Purchaser's Name (Please Print)

[Signature]
Purchaser's Signature

Purchaser's Name (Please Print)

Purchaser's Signature

Vendor's Representative Name

[Signature]
Vendor's Representative Signature

THE COMPLETED PRE-DELIVERY INSPECTION FORM IS A FORMAL RECORD OF THE UNIT'S CONDITION BEFORE THE PURCHASER TAKES POSSESSION. IT WILL BE USED AS A REFERENCE FOR FUTURE WARRANTY SERVICE REQUESTS.

[Handwritten marks]

Appendix C

The Thompson Affidavit

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

JCF CAPITAL ULC

Applicant

- and -

TALON INTERNATIONAL INC., MIDLAND DEVELOPMENT INC., 1456253
ONTARIO INC., 2025401 ONTARIO LIMITED, BARREL TOWER HOLDINGS INC.,
HARVESTER DEVELOPMENTS INC., TALON INTERNATIONAL DEVELOPMENT
INC., TFB INC., 2263847 ONTARIO LIMITED AND 2270039 ONTARIO LIMITED

Respondents

**APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, C. C.43, AS AMENDED, AND SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, C. B-3 AS AMENDED**

AFFIDAVIT OF NANCY THOMPSON

I, NANCY THOMPSON, of the City of Brampton, in the Regional Municipality of Peel, MAKE OATH AND SAY:

1. I am a law clerk in the employ of Blake, Cassels & Graydon LLP ("**Blakes**"), lawyers for JCF Capital ULC ("**JCF**"), and as such have knowledge of the matters hereinafter deposed to. Where this Affidavit is not based on knowledge, it is based on information or belief and I verily believe it to be true and I have indicated the source of such information and belief.
2. Pursuant to the Order of Mr. Justice Hailey dated November 1, 2016 (as amended, the "**Order**"), FTI Consulting Canada Inc. was appointed receiver (the "**Receiver**") of certain Property, which is defined in the Order to include the condominium residence and hotel branded as the Trump International Hotel & Tower and Trump Residences (the "**Trump Hotel & Residence**") located at 311 and 325 Bay Street, Toronto, Ontario.

3. The Receiver retained Cassels Brock LLP (“**Cassels Brock**”) to assist it in connection with its appointment.

4. I am informed by Stephanie Waugh, a legal assistant at Cassels Brock, that Cassels Brock has served materials on various parties, including certain parties who executed agreements for the purchase of hotel or residence units that did not close. Cassels Brock has provided Blakes with a list of those parties where service by courier was unsuccessful. Blakes has conducted various inquiries and taken certain steps to obtain a current address for those parties but has been unable to locate a current residential or e-mail address for the following parties to agreements for the purchase of units that did not close: Johnson Adekunle Adeyeba, Jonathan Logan, Elizabeth Naomi Logan, Sharon Lee and Bumjun Kim (collectively, the “**Notice Entities**”)

5. Set out below is the information obtained through various inquiries and searches for these Notice Entities and the steps I have taken in an effort to obtain a current address for service.

Johnson Adekunle Adeyeba

6. Mr. Adeyeba executed an agreement in May 2007 for the purchase of a hotel unit. The address for service included in the agreement for Mr. Adeyeba was located in Nigeria. I am informed by Ms. Waugh that Cassels Brock attempted service by courier on Mr. Adeyeba at that address but the courier company has advised that the address is incorrect.

7. The agreement listed the purchaser’s solicitor for Mr. Adeyeba as Ross Talarico at Segal, Talarico, Habib, Molot LLP and included a telephone number. On March 7, 2017, I called the telephone number provided and was advised that the partnership wound up some time ago. The telephone number is now listed to one of the former partners, Mark Habib. A woman at this number identifying herself as Joanne confirmed that Mr. Adeyeba is not listed in Mr. Habib’s database, which includes his clients since 2009.

8. A Google search for Mr. Talarico reveals an e-mail address for him at Talarico and Schwisberg Law Offices LLP. By e-mail message dated February 10, 2017, I sent an e-mail message to Mr. Talarico, at ross@tslegaloffice.com, requesting confirmation that he will accept service on behalf of Mr. Adeyeba or, in the alternative, to provide me with a current address for him. I requested the information by February 17, 2017.

9. On February 17, 2017, I left a voice mail message for Mr. Talarico, at 613-236-8000. In my voice mail message, I referred to my e-mail message and asked that he return my call as soon as possible.

10. By e-mail message dated February 21, 2017, Mr. Talarico advised that he had not represented Mr. Adeyeba for a number of years and, as a result, did not want to accept service for him. Mr. Talarico also advised he believed Mr. Adeyeba's current solicitor may be Sonia Kalia of Feld Kalia and he provided me with an e-mail address for Ms. Kalia.

11. I sent an e-mail message to Ms. Kalia on February 21, 2017, asking that she confirm she will accept service on behalf of Mr. Adeyeba or, in the alternative, to provide me with a current address for him. By responding e-mail message that same day, Ms. Kalia advised that she does not act for Mr. Adeyeba, and in fact had never been retained by him. Ms. Kalia indicated her last contact with him was in 2012. As a courtesy, Ms. Kalia sent a blind copy of her responding e-mail message to one of Mr. Adeyeba's associates. Ms. Kalia hoped that the associate would contact me directly to provide a current address.

12. By e-mail message dated March 1, 2017, I followed up with Ms. Kalia, indicating that I had not yet been contacted by Mr. Adeyeba or the associate she referred to and asked that she again forward my message. Ms. Kalia confirmed by return e-mail message that same day that she had again forwarded my message to Mr. Adeyeba's associate.

13. As of today's date, I have not received a response from Mr. Adeyeba or his associate.

14. In the hopes of locating any additional information for Mr. Adeyeba, Ontario PPSA searches, insolvency searches with the Superintendent of Bankruptcy, and Toronto and Halton property searches by name only were conducted against Mr. Adeyeba. All search results were clear.

Jonathan Logan & Elizabeth Naomi Logan

15. The information provided to Blakes by counsel to Talon International Inc. ("**Talon**"), the owner of the Trump Hotel & Residence, regarding Jonathan and Elizabeth Logan (the "**Logans**") is limited. A Statement of Claim was issued against the Logans and against Worldwide Property Portfolio Inc. ("**Worldwide**"). Paragraph 5 of the Statement of Claim indicates that Worldwide executed an agreement of Purchase and Sale on April 19, 2006 for the

purchase of a hotel unit. Paragraph 6 of the Statement of Claim states that by assignment agreement dated December 5, 2005, Worldwide assigned the agreement to the Logans. The address included in the Statement of Claim for the Logans is located in Ballymena, United Kingdom, which I understand is located in Northern Ireland.

16. I am advised by Ms. Waugh that Cassels Brock attempted service by courier on the Logans at the Ballymena, United Kingdom, address, but that the courier company has advised the Logans have moved.

17. The file materials provided to Blakes include only copies of documentation dealing with Worldwide and no information for the Logans. We have been unable to obtain a copy of the assignment agreement between Worldwide and the Logans, despite requests made to both litigation counsel and real estate counsel for Talon. As such, we have no information which may lead to a current address for the Logans.

Sharon Lee

18. Ms. Lee executed an agreement in September 2004 for the purchase of a hotel unit. The address for service included in the agreement for Ms. Lee was located in Missouri. I am advised by Ms. Waugh that Cassels Brock attempted service by courier on Ms. Lee at that address but that the courier company was unable to deliver materials at that address.

19. Ms. Lee's purchase agreement included a home telephone number for Ms. Lee with a Missouri area code. On February 14, 2017, I called this number but received an automated message indicating the number had been disconnected.

20. Ms. Lee's purchase agreement also included a cellular phone number with a Missouri area code. On February 14, 2017, I called this number and left a voice mail message indicating that I was trying to contact Sharon Lee and asking that she return my call. I also asked for someone to contact me if this number is no longer current for Ms. Lee.

21. On February 17, 2017, I called the cell number again, and again left my name and telephone number. I called once more on March 1, 2017.

22. To date, I have not received a response to my voice mail messages.

23. Ontario PPSA searches by name and date of birth, insolvency searches with the Superintendent of Bankruptcy, and Toronto property searches by name only were conducted

against Ms. Lee. The PPSA and insolvency search results were clear. The Toronto property searches revealed numerous matches for several variations of the name. In order to determine if any are a match for this party, each parcel register and each transfer would need to be obtained and reviewed, the cost for which would be significant.

Bumjun Kim

24. Mr. Kim executed an agreement in August 2004 for the purchase of a hotel unit. The address for service included in the agreement for Mr. Kim was located in Ontario. I am advised by Ms. Waugh that Cassels Brock attempted service by courier on Mr. Kim at that address and that the courier company has advised that Mr. Kim cannot be located at that address. I am also advised by Ms. Waugh that service was attempted by courier at another address located in Ontario, which address is known by me to have been obtained by Talon's former counsel in connection with a driver's record search for Mr. Kim, but that the courier company has advised that the business at that address was closed.

25. I arranged for a location search to be conducted for Mr. Kim through an agent. The agent conducted numerous searches and inquiries, including telephone listings, utilities, Ontario driver's licence, Social Services, and social media. The agent was unable to locate a current address for Mr. Kim.

26. The agreement executed by Mr. Kim listed the purchaser's solicitor for Mr. Kim as Jane Chung. A Google search for Ms. Chung revealed an address and facsimile number for her in Toronto.

27. By letter dated February 10, 2017, I wrote to Ms. Chung requesting confirmation that she will accept service on behalf of Mr. Kim or, in the alternative, to provide me with a current address for him. I requested the information by February 17, 2017.

28. On February 17, 2017, I spoke with Ms. Chung who confirmed she had received my letter. Ms. Chung indicated she did not have current contact information for Mr. Kim, but had forwarded my letter to Mr. Kim's real estate agent. Ms. Chung also indicated that she no longer acted for Mr. Kim and could not accept service of any materials on his behalf.

29. I followed up with Ms. Chung by letter dated March 2, 2017. By e-mail message later that day, Ms. Chung's office provided me with the name of the real estate agent for Mr. Kim. By letter dated March 3, 2017, I wrote to the real estate agent, James Park of Living

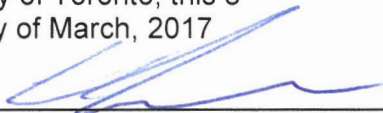
Realty Inc., asking that he provide me with current contact information for Mr. Kim. To date, I have not yet been contacted by Mr. Park, or Mr. Kim.

30. Ontario PPSA searches, insolvency searches with the Superintendent of Bankruptcy, and Toronto and Halton property searches by name only were conducted against Mr. Kim. All search results were clear.

* * * * *

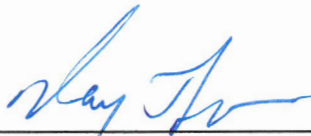
31. This affidavit is sworn in support of the Receiver's motion for, among other things, an order dispensing with service on the Notice Entities, and for no other or improper purpose.

SWORN BEFORE ME at the
City of Toronto, this 8th
day of March, 2017



A Commissioner for Taking Affidavits

)
)
)
)
)
)



NANCY THOMPSON

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED,
AND SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3 AS AMENDED

JCF CAPITAL ULC
Applicant

- and -

TALON INTERNATIONAL INC. et al.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**AFFIDAVIT OF NANCY THOMPSON
Sworn March 8, 2017**

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Pamela Huff – LSUC#: 27344V
Tel: 416-863-2958
Email: pamela.huff@blakes.com

Chris Burr – LSUC#: 55172H
Tel: 416-863-3261
Email: chris.burr@blakes.com

Kelly Peters – LSUC#: 59914W
Tel: 416-863-4271
Fax: 416-863-2653
Email: kelly.peters@blakes.com

Lawyers for JCF Capital ULC