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April 17, 2018

Sent by Email (with a copy to follow by mail with the Deposit Statement)

To: Purchaser of a condominium unit at “The Kennedys”,

Re: Development project at 2035 Kennedy Road (“The Kennedys”)

As you are aware, KPMG Inc. (“**KPMG**”) was appointed court appointed liquidator (in such capacity, the “**Liquidator**”) of Tarn Financial Corporation (“**Tarn Financial**”) pursuant to the Order (the “**Winding Up Order**”) of the Ontario Superior Court of Justice (the “**Court**”) dated September 15, 2017, which appointment was effective on September 25, 2017 pursuant to the Ontario *Business Corporations Act* for the purpose of winding up Tarn Financial and distributing its assets (the “**Winding Up Proceedings**”). Tarn owns and operates Tarn Construction Corporation (“**Tarn Construction**”), which is developing the condominium development project known as The Kennedys. The real property municipally known as 2035 Kennedy Road, Toronto that is being developed for The Kennedys is also owned by Tarn Financial (the “**Real Property**”). A copy of the Winding Up Order and information pertaining to the Winding Up Proceedings including all other Orders referenced in this letter are posted on KPMG’s website at www.kpmg.com/ca/tarn (the “**Website**”).

This letter is further to our letters to you dated October 11, 2017 and October 13, 2017, copies of which are posted on the Website. We are writing to you with respect to the condominium unit(s) in The Kennedys that you purchased pursuant to an Agreement of Purchase and Sale (an “**APS**”) with the vendor, Tarn Construction.

As you may be aware, the Liquidator obtained an Order approving a sale process (the “**Sale Process**”) from the Court on November 29, 2017 and commenced the Sale Process on January 3, 2018 to market and sell the assets of Tarn Financial including the Real Property with the assistance of Colliers Macaulay Nicolls Inc. (“**Colliers**”) as its listing and marketing agent. The Sale Process has been concluded and on Friday April 13, 2018, the Liquidator and Colliers determined the Successful Bidder. The Liquidator will be seeking Court approval of the Successful Bid on May 1, 2018. Of importance to you, the Successful Bidder’s bid does not contemplate the purchase of the shares of Tarn Construction, the purchase of the Deposits paid pursuant to the APSs or the assumption of the APSs. In addition, it is a condition of the Successful Bid that the APSs be terminated.

This letter is intended to provide you with notice of a Motion being brought by KPMG, which will seek:

- (a) the Court’s authorization and approval to terminate the APSs entered into with Tarn Construction for condominium units in The Kennedys in accordance with the terms of the APSs; and



- (b) if granted, an Order establishing a process to resolve any disputes relating to deposits held by the Deposit Trustee, Bennett Jones LLP, and addressing the orderly return of Deposits to Purchasers in accordance with the terms of their APSs.

The Motion is scheduled to be heard by the Court on May 1, 2018 at 10:00 a.m. or as soon after that time as the Motion can be heard at the courthouse located at 330 University Ave., Toronto, Ontario. KPMG will serve and file its motion record on or about April 24, 2018 and it will be posted on the Website. If you intend to take a position on the Motion, we request that you advise KPMG in writing by April 27, 2018 at 2:00 p.m. so that KPMG can advise the Court.

By way of further update, on April 13, 2018, the Court granted a Deposit Confirmation Procedure Order establishing a process for confirming Deposits paid to Tarn Construction by Purchasers of condominium units in The Kennedys (the “**Deposit Confirmation Procedure**”). In order for KPMG to undertake the Deposit Confirmation Procedure, on April 13, 2018, the Court also granted a Receivership Order pursuant to section 101 of the Ontario *Courts of Justice Act* appointing KPMG as receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties of Tam Construction acquired for, or used in relation to a business carried on by Tam Construction (the “**Receivership Order**”).

Pursuant to the Deposit Confirmation Procedure, you will receive a Deposit Statement by mail setting out the Deposit paid by you to Tarn Construction up to and including March 31, 2018, as indicated by the books and records of Tarn Construction and the Deposit Trustee. The Deposit Statement will be mailed out to you by Friday April 20, 2018. If you do not receive the Deposit Statement by April 30, 2018, you should contact KPMG by phone at 1-855-222-8083 or by email at tarn@kpmg.ca to request that your Deposit Statement be resent to you. The Deposit Statement will have instructions on what is required of you. If you agree with the amount of the Deposits set out on the Deposit Statement then you do not have to do anything. The Deposit Statement will also be accompanied by a set of Frequently Asked Questions to provide you with additional guidance regarding the Deposit Confirmation Procedure.

Unless and until the APSs have been terminated, any deposit payments due after March 31, 2018 under your APS should be made in accordance with the terms of your APS (an “**Additional Deposit**”). Such future payments should be directed as follows:

Bennett Jones LLP c/o Tarn Financial Corporation
2035 Kennedy Road
M1T 3G2

Pursuant to the Deposit Confirmation Procedure, if you remit an Additional Deposit, you will receive an Amended and Restated Deposit Statement restating the Deposit made up to and including March 31, 2018, and setting out any Additional Deposit paid by you after March 31, 2018. The Amended and Restated Deposit Statement will provide you with instructions on what is required of you. Again if you agree with the amount of the Additional Deposit set out on the Amended and Restated Deposit Statement then you do not have to do anything.



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As indicated in the October 11, 2017 and October 13, 2017 letters, all amounts that KPMG has been advised by the Deposit Trustee as having been paid by you in respect of your Deposits continue to be held in trust with Bennett Jones LLP and will continue to be held in trust in accordance with your APS and be under the oversight of KPMG. Additional Deposits received under your APS will also be held in trust with Bennett Jones and be overseen by KPMG.

KPMG (as Liquidator and Receiver) is the only party that is authorized to deal with The Kennedys development project pursuant to the Winding Up Order and the Receivership Order.

Should you wish to discuss this matter further, **all inquiries** should be directed to KPMG's voicemail box at (416) 649-7623 or (1-855) 222-8083 or at tarn@kpmg.ca. **A representative of KPMG will endeavour to respond to your inquiry within 48 hours.**

Yours truly,

**KPMG Inc.
Solely in its capacity as Liquidator of
Tarn Financial Corporation and Receiver
of Tarn Construction Corporation**