



KPMG Inc.

Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-3364
Internet www.kpmg.ca

May 11, 2018
Sent by Email

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**”). On April 13, 2018, the Court also granted a Receivership Order pursuant to 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**”).

A copy of the Winding Up Order, the Receivership 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**”).

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. This letter is further to our letter to you dated April 17, 2018 and our follow up email on April 26, 2017, copies of which are posted on the Website.

We are writing to you to advise you that on May 9, 2018 the Court granted three Orders and issued reasons for the granting of the Orders (the “**Reasons**”). The three Orders and the Reasons have been posted to the Website.

First, the Court approved the Successful Bid for the sale of the Assets of Tarn Financial including the Real Property on May 9, 2018. The Successful 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. The Order approving the Successful Bid specifically excludes the APSs and allows for the transfer of the Real Property free and clear of the APSs.



Page 2

Second, the Court confirmed that the Receiver is entitled to terminate the APSs on behalf of Tarn Construction without damages, subject to further Order of the Court being granted to address the return of Deposits to the Purchasers prior to doing so. The Court confirmed that, other than a return of their Deposits, Purchasers cannot pursue any other claims or costs (see page 8 of the Reasons).

Third the Court granted the Disputed Deposits Resolution Order which established a process to resolve any disputes relating to deposits held by the Deposit Trustee, Bennett Jones LLP.

As you are aware, 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**”). Pursuant to the Deposit Confirmation Procedure, you should have received 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. If you did not receive the Deposit Statement, please 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 has 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. If you dispute the amounts set out on the Deposit Statement, you are to file a Notice of Dispute of Deposit Statement (“**Notice of Dispute**”) with KPMG by May 15, 2018. Thereafter, KPMG will review the Notices of Dispute received and seek to resolve the disputes in accordance with the Disputed Deposits Resolution Order.

Once KPMG has reviewed and considered any Notices of Dispute received, it intends to bring a motion to address the return of Deposits to the Purchasers to allow KPMG to terminate the APSs. KPMG will advise you when this motion will be heard by the Court.

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.
In its capacity as Liquidator of
Tarn Financial Corporation and Receiver
of Tarn Construction Corporation