

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

**URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.,
URBANCORP (RIVERDALE) DEVELOPMENTS INC. and
URBANCORP (THE BEACH) DEVELOPMENT INC.**

Respondents

RESPONDING MOTION RECORD OF CERTAIN PURCHASERS

September 2, 2016

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TO: SERVICE LIST

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Court File No. CV-16-11409-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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- and -

**URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.,
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URBANCORP (THE BEACH) DEVELOPMENT INC.**

Respondents

**AFFIDAVIT OF ELAINE WAN-MING SHIN
(Sworn August 8, 2016)**

**I, ELAINE WAN-MING SHIN, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:**

1. I am one of the purchasers of a townhouse at the condominium project (the "**Project**") at 50 Curzon Street, in Toronto (the "**Property**") owned by Urbancorp (Leslieville) Inc. ("**UC Leslieville**").
2. I am currently employed as a senior manager with the Ontario Public Service. My husband Howard Quinn is a marketing manager with Manulife Financial. We have a 3 year old son.

3. I am swearing this Affidavit on behalf of purchasers of 42 townhomes in the Project (collectively, the “**Ad Hoc Curzon Purchasers**”), in response to the Affidavit of Glen Watchorn sworn July 15, 2016 (the “**Watchorn Affidavit**”), and for the purpose of opposing the motion by Terra Firma Capital Corporation (“**Terra Firma**”) for an order vesting title to the Property in Terra Firma, free and clear of the interests of the Ad Hoc Purchasers.

4. Construction of the Project is nearly complete and the Ad Hoc Curzon Purchasers are very anxious to take occupancy of their homes and complete their agreements of purchase and sale. We have been waiting a very long time. All of the agreements of purchase and sale for the town homes in the Project were signed in the summer of 2011, and the townhomes were scheduled to be completed and ready for occupancy in February of 2013.

Background

5. On May 5, 2016, the Ad Hoc Curzon Purchasers commenced an application to appoint an investigative receiver for the purpose of investigating and reporting to this Honourable Court on the financing, management, and development of the Project and the reasons for the failure of UC Leslieville to: (a) deliver occupancy of the homes which the Ad Hoc Curzon Purchasers have contracted to purchase; and (b) complete the sale of the homes to the Ad Hoc Curzon Purchasers. A copy of the Notice of Application that was issued on May 5, 2016 to appoint an investigative receiver on behalf of Ad Hoc Curzon Purchasers (the “**Initial Application**”) is attached as **Exhibit “A”**.

6. The Initial Application was superseded when the Canadian Imperial Bank of Commerce (“**CIBC**”), who holds the first mortgage over the Property, initiated the within proceeding to appoint Alvarez & Marsal Canada Inc. (the “**Receiver**”), as receiver over the Project. A copy of

the Order appointing the Receiver dated May 31, 2016 granted by the Honourable Mr. Justice Newbould (the “**Receivership Order**”) is attached as **Exhibit “B”**.

7. The terms of the Receivership Order were negotiated and agreed upon by counsel for the Ad Hoc Curzon Purchasers, Terra Firma, and CIBC. On the basis of representations made by CIBC, and the Receiver, both prior to and following the Receiver’s appointment, the Ad Hoc Curzon Purchasers understood that the Receiver’s mandate was to secure and assess the Project, with a view to developing a strategy and report to this Honourable Court by the middle of July, 2016 with its recommendations regarding realization options, including completion of the construction of the Project, or a sale of the Project in its current state to a developer.

8. The Receiver has not yet released any such report or discussed with the Ad Hoc Curzon Purchasers its proposed recommendations regarding a realization plan.

Overview

9. The Project is a 56 unit, architecturally modern, residential townhouse condominium development at Queen Street East and Curzon Street. The townhomes range in size from 1,750 to 2,350 square feet and were marketed to a significant degree to families. The Project was advertised as “sold out” by September of 2011.

10. Many of the Ad Hoc Curzon Purchasers have young families.

11. Although under the terms of the agreements of purchase and sale, the townhomes were scheduled to be completed and ready for occupancy in February of 2013, unfortunately, UC Leslieville has repeatedly delayed and extended the occupancy dates. In some instances,

occupancy dates were delayed within only a few weeks before occupancy was to have been given.

12. Although construction was nearly complete, little, if any, work at the Property had been done in the year receding the Receiver's appointment.

13. As a result of the continuing delays, my family and I have been forced to move in and out of temporary, furnished accommodations over the past year and have spent at least \$50,000.00 on short-term rent and storage fees for our belongings.

14. All of the Ad Hoc Curzon Purchasers are very anxious to take occupancy of their homes and complete their agreements of purchase and sale. If we are unable to do so, in view of the appreciation of home prices in downtown Toronto, many of us will be unable to find comparable alternative housing in Leslieville or in similar downtown neighborhoods.

Purchase Agreements

15. On June 22, 2011, my husband and I signed an agreement of purchase and sale with UC Leslieville in respect of a 2,055 square foot townhome and 1 parking unit for a purchase price of \$610,000. Copies of the agreement of purchase and sale, and amendments thereto dated June 30, 2011, August 20, 2012 and July 10, 2014 (collectively, the "**Purchase Agreement**") are attached as **Exhibit "C"**.

16. In addition to the base purchase price of \$610,000, we have paid an additional sum of approximately \$20,000 for upgrades directly to UC Leslieville, which funds are not held in trust, and which I understand are not insured. Copies of the invoices and payments in respect of those upgrades are attached as **Exhibit "D"**. Many of the Ad Hoc Curzon Purchasers also paid UC

Leslieville directly for upgrades. I understand that all of these monies are at risk if our agreements of purchase and sale are disclaimed.

17. Pursuant to the Purchase Agreement, our home was scheduled to be completed and ready for occupancy by February 28, 2013. I understand that the other Ad Hoc Curzon Purchasers were scheduled to take occupancy of their homes in early 2013 as well.

18. At the time we entered into the Purchase Agreement, my husband and I had lived in Leslieville since March of 2008. We moved into the neighbourhood because it is a vibrant, multicultural area with many young families. Over the years, we have built a strong network of friends in the community and we were eager to raise a family here. We purchased our townhome from UC Leslieville as an opportunity to move into a larger, modern home in the same neighbourhood.

Delays in Occupancy

19. On November 12, 2012, my husband and I received the first notice that our home would not be ready for occupancy on February 28, 2013. We subsequently received 11 further delay notices, the most recent of which purported to postpone our occupancy date to September 14, 2016. The chronology of delay notices is summarised in the table below. In some instances the delay notices were accompanied by undated cover letters which purported to provide an update regarding the status of construction and explain the reasons for the delays:

| No. | Date of Notice | Revised Occupancy Date | Cover Letter (in any) and Explanation Given |
|-----|--------------------|------------------------|---|
| 1. | November 12, 2012 | October 31, 2013 | |
| 2. | July 2, 2013 | September 30, 2014 | |
| 3. | February 25, 2014 | February 20, 2015 | |
| 4. | October 20, 2014 | February 20, 2015 | |
| 5. | December 12, 2014 | April 21, 2015 | |
| 6. | February 18, 2015 | July 17, 2015 | |
| 7. | May 14, 2015 | August 14, 2015 | Exterior of homes almost complete, underground garage complete, drywall complete, installation of interior finishes well underway. Delay attributable City not yet confirming installation of water service. |
| 8. | June 25, 2015 | October 9, 2015 | Working with City to finalize groundwater discharge design as a condition for connecting municipal water service. |
| 9. | August 13, 2015 | October 16, 2015 | |
| 10. | September 9, 2015 | December 9, 2015 | Approval from City with respect to water and sewer connections received. Anticipated completion date is end of October 2015. |
| 11. | September 13, 2015 | April 13, 2016 | City has commenced on site work to complete water and sewer connections, with anticipated completion date is end of October/early December 2015. Internal servicing and landscaping have been delayed due to water connection completion and are anticipated for completion by February 2016. |
| 12. | March 16, 2016 | September 14, 2016 | Construction has come to a halt. We are working with our lenders to make arrangements to proceed with construction. |

20. Copies of the notices and the accompanying cover letters that were received are attached as **Exhibit "E"**. The other Ad Hoc Curzon Purchasers received similar notices and letters.

21. According to the notice which my husband and I received in October of 2014, UC Leslieville notified us that February 20, 2015 was to be the "Firm Occupancy Date" (as opposed to a "Tentative Occupancy Date"). After receiving it, I spoke at length with Laurie Doucette ("**Laurie**"), the Customer Relations Manager at Urbancorp. She was my primary contact while the occupancy delays were unfolding, until my calls and emails stopped being returned in January of this year.

22. Laurie assured me that February 20, 2015 was definitely a firm date and told me to expect a call from someone at Urbancorp to schedule our Pre-Delivery Inspection in January of 2015. Based on my observations of the progress of construction at the Project at the time, I had no reason to doubt Laurie's advice.

23. In reliance on the October 2014 notice, my husband and I began preparing to list our then home at 89 Brooklyn Avenue, in Leslieville, for sale. We had lived there since March of 2008. Our preference would have been to wait to list our house in the spring market but with an occupancy date in February 2015 for our new townhome that was not an option we could afford.

24. Accordingly, we signed a listing agreement with a real estate agent, paid a professional "stager" to get the house ready for viewing, scheduled a photoshoot of the house and had the house locally marketed.

25. In mid-December of 2014, we received another delay notice that our "Firm Occupancy Date" would be delayed until April 21, 2015.

26. Unfortunately, after our agreement to sell our house went firm with a closing date in May of 2015, we received yet another notice from UC Leslieville that our "Revised Occupancy Date" would be July 17, 2015.

27. As a result we were left scrambling to find temporary, short-term furnished accommodation and forced to place all of our belongings into storage. Our son was 2 years old at the time.

28. The ongoing delays in completing the purchase of our future homes have taken a toll on my family and on many of the other Ad Hoc Curzon Purchasers.

29. As a direct result of UC Leslieville repeatedly postponing occupancy of our home, my husband, son and I have moved 4 times within 1 year, from one temporary furnished accommodation to another. To date, we have incurred moving and storage costs, as well as rent on short-term accommodations in the total amount of approximately \$50,000. We expect that these costs will continue until we are finally able to move into our home. These unforeseen expenses have significantly diminished our financial security. We have also lost the appreciation in the value of our home on Brooklyn Avenue by selling it in reliance on the notice we received in October of 2014. If not for that notice and the subsequent delay notices, we would still be owning and living in our former home. Leslieville is a high-demand neighbourhood for young families and the cost of housing has increased since we sold our house on Brooklyn Avenue. Over the past year, similar properties in the neighbourhood are now selling for \$100,000 more than the price which we sold our house for.

30. The instability in our living situation has also created significant emotional and psychological stress for our family. The 3 subsequent notices of delay which we received

immediately following the February 18, 2015 notices created serious challenges for us in terms of finding suitable temporary furnished accommodations because of the shortage of accommodations arising from the hosting of the Pan Am games in Toronto. Moving our then 2 year old son from one home to another was also very challenging. As a young child, he thrives on routine - of which we had none.

31. Due to the uncertainty and dislocation caused by these events, I was personally unable to take advantage of several opportunities to advance my career. In June of 2015, and again in October of 2015, I received two separate secondment offers of employment from other Ministries in the Ontario Government, each of which involved significantly more responsibility, advancement opportunity and salary than I am earning. Unfortunately, due to the instability in our living situation and the turmoil and stress which resulted, I declined both offers of employment.

32. The uncertainty with respect to our living situation has also created significant difficulties with respect to school placement for our son. My husband and I have always intended and hoped to live in Leslieville for the long term. We had hoped that Liam would enter kindergarten in September 2016 at St. Joseph Catholic School, the local school in the vicinity of the Project. However, given the uncertainty with respect to the completion and occupancy of our new home, he will not be starting kindergarten in the neighbourhood. We have also incurred additional daycare fees in connection with the delays, as daycare costs in the downtown core are considerably higher than in Leslieville.

Terra Firma Motion

33. Terra Firma is a mezzanine lender that looks for opportunities to provide short term bridge lending and special situation facilities. A copy of one of the pages on Terra Firma's website is attached as **Exhibit "F"**.

34. The Terra Firma mortgage against the Property is in the principal face amount of \$5.5 million, and carries interest at the rate 16% per annum, calculated daily and compounded monthly. I note that it was registered on July 15, 2015 - fairly recently insofar as this saga is concerned, given that the Project was sold out by the fall of 2011. As noted above, UC Leslieville completed little or no work at the Property following registration of the Terra Firma mortgage in July 2015.

35. I understand that condominium projects are financed on the basis of pre-sales. As such, I believe that Terra Firma must have underwritten its loan on the basis of pre-sales, and was prepared to assume the risk that cost overruns or delays in construction of the Project could erode its recovery.

36. In fact, as appears from the Fifth Omnibus Amending Agreement between Terra Firma and UC Leslieville dated July 21, 2015, attached as Exhibit "B" to the Watchorn Affidavit, Terra Firma obtained Assignments of the Agreements of Purchase and Sale in respect of the Project, to secure repayment of its advances.

37. As recently as May 11, 2016, Terra Firma released its Management's Discussion and Analysis of Results of Operations and Financial Condition for the three months ended March 31, 2016 (the "**MD&A**"). In its MD&A, Terra Firma reported that (a) "there is no objective

evidence of impairment on any individual loan and mortgage investments”, and (b) it had “not identified any loans in arrears for which a loss provision would be made.” A true copy of the MD&A together with the Terra Firma Interim Financial Statements for the three months ended March 31, 2016 are attached collectively as **Exhibit “G”**.

38. In light of the forgoing, it is difficult to accept the assertion by Terra Firma that its collateral is insufficient to repay the indebtedness owing to it by UC Leslieville.

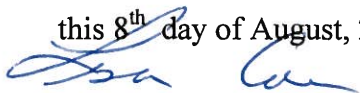
39. The Ad Hoc Curzon Purchasers are very anxious to complete our agreements of purchase and sale and move into our homes as soon as possible. If our agreements are disclaimed, we will suffer significant hardship.

40. Given that no marketing or sale process has been undertaken in respect of the Property, it is not yet known whether a realization which protects the interests of the purchasers can be achieved, and at what price. It is therefore premature to permit our agreements of purchase and sale to be disclaimed, or vest out all interests and rights of the Ad Hoc Curzon Purchasers.

SWORN BEFORE ME at the City of

Toronto, in the Province of Ontario

this 8th day of August, 2016



Commissioner for Taking Affidavits
(or as may be)

}



ELAINE WAN-MING SHIN

This is Exhibit "A" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.



Commissioner for Taking Affidavits (or as may be)

Court File No. CV-16-11382-0001

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:



ELAINE WAN-MING SHIN

and the other persons listed in Schedule "A" hereto

Applicants

and

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appear on the following page.

THIS APPLICATION will come on for hearing on a date to be fixed by a Judge of the Commercial List, at a 9:30 am chambers appointment, at 330 University Avenue, 8th Floor, in Toronto Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

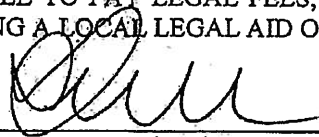
IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

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IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 5, 2016

Issued by



Local Registrar

Address of 330 University Avenue, 7th Floor
court office: Toronto ON
M5G 1R7

TO: **URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.**
120 Lynn Williams Street
Suite 2A
Toronto, Ontario
M6K 3P6

AND
TO: **SERVICE LIST ATTACHED**

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APPLICATION

1. **THE APPLICANTS MAKE APPLICATION FOR:**

- (a) an Order appointing Rosen Goldberg Inc. investigative receiver (the "Receiver") of the Respondent Urbancorp (Leslieville) Developments, Inc. ("Urbancorp Leslieville") pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA"), in order to investigate and report to the Court upon the affairs of Urbancorp Leslieville, the financing, management, and development of the condominium project (the "Project") located at the property municipally know as 50 Curzon Street, Toronto, Ontario (the "Property") and the reasons for the failure of Urbancorp Leslieville to deliver occupancy of the residential units which the Applicants have contracted to purchase and to complete the sale of the units to the Applicants, with the powers and duties set out in the draft Order attached hereto as Schedule "B";
- (b) an Order that Urbancorp Leslieville, together with all other persons having notice of the Order, including, without limitation, the Canadian Imperial Bank of Commerce and Terra Firma Capital Corporation, forthwith provide the Receiver with all relevant information and full and unrestricted access to all records respecting the affairs of Urbancorp Leslieville, the Property, and the Project, including, without limitation, all information and records relating to all amounts currently owing by Urbancorp Leslieville to anyone who has registered security against title to the Property, and all other security held by such lenders in respect of such indebtedness, and the cost of completing construction and transferring title to the Applicants of the condominium units purchased by them from Urbancorp Leslieville;

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- (c) an Order directing the Receiver to provide an interim report to this Honorable Court on or before June 1, 2016;
- (d) an Order requiring Urbancorp Leslieville to pay all reasonable fees and expenses of the Receiver, and its legal counsel in connection with the exercise of its powers and discharge of its duties and granting a charge (the "Receiver's Charge") to secure payment of such fees and expenses over all of Urbancorp Leslieville's assets, properties and undertakings, and reserving the determination of the relative priority of the Receiver's Charge until after the delivery of the initial report by the Receiver and further submissions on notice to all interested parties.
- (e) their costs of this Application on a substantial indemnity scale, the payment of which shall be secured by the Receiver's Charge; and
- (f) such further and other relief as to this Honorable Court may seem just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) Urbancorp Leslieville is the registered owner of the Property and developer of the Project;
- (b) The Project is a 56 unit residential townhouse condominium project in the Leslieville neighbourhood of downtown Toronto;
- (c) The Applicants are purchasers of units in the Project pursuant to agreements of purchase and sale with Urbancorp Leslieville. Many of the agreements of purchase and sale were signed in the summer of 2011;

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- (d) The condominium units were originally scheduled to be completed and ready for occupancy by February 28, 2013;
- (e) Urbancorp Leslieville has repeatedly delayed the anticipated occupancy dates and, most recently, notified the Applicants in March of 2015 that occupancy would be delivered in September of 2016;
- (f) Construction of the Project is near completion, with approximately half of the units ready to be occupied and the balance in the final stages of completion;
- (g) Notwithstanding that construction is nearly complete, there has been no construction at the site for approximately one (1) year, and the Project is at a standstill;
- (h) Several lenders, including the Canadian Imperial Bank of Commerce and Terra Firma Capital Corporation, have registered mortgages against title to the Property. The mortgages collectively secure the aggregate principal face amount of \$83.5 million;
- (i) Numerous trades have registered construction liens against title to the Property;
- (j) The Applicants have repeatedly pressed Urbancorp Leslieville for information regarding the status of the Project and the reasons for extensions of their occupancy dates. Unfortunately, they have been utterly stonewalled;
- (k) The Applicants, through their lawyers, have also attempted to initiate a dialogue and gain information on the status of the Project from the Canadian Imperial Bank of Commerce and Terra Firma Capital Corporation. Unfortunately, these lenders have failed and

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refused to provide any information or discuss the status of the Project with the Applicants;

- (l) The principal and sole officer and director of Urbancorp Leslieville, together with eight companies affiliated with Urbancorp Leslieville, are insolvent and have recently filed Notices of Intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act*;
- (m) The Applicants are anxious to occupy and complete their transactions of purchase and sale. If they are unable to do so, many of the Applicants will be unable to purchase comparable residences in downtown Toronto in view of the appreciation of real estate prices, notwithstanding that the Project was presumably financed on the basis of pre-sales;
- (n) Absent the appointment of an investigative receiver, the Applicants will remain completely in the dark. They will have no ability to obtain the information necessary to assess their positions;
- (o) The Applicants require the equitable intervention of this Court in order to obtain the information required to protect and preserve their rights to obtain occupancy of their homes and complete the purchase transactions;
- (p) It is just and convenient to appoint an investigative receiver in the circumstances of this case;
- (q) Section 101 of the *CJA* and Rule 14.05(1)(g) and (h) and 41 of the *Rules of Civil Procedure*;

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(r) Such further other grounds as counsel may advise and this Honorable Court permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) The Affidavit of Elaine Wan-Ming Shin, to be sworn, and the Exhibits thereto; and
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

May 5, 2016

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Lawyers for the Applicants

SCHEDULE "A"

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| JAMES DANIEL NICHOLAS | ERIC KAFKA |
| VAN DER BORGH | BLAKE SMITH |
| HOWARD MARTIN QUINN | KANDIA AYANNA AIRD |
| KEEFE LEE | ISSA GUINDO |
| ROBERT GILL | ALISON MONTONE-LYON |
| EMIL C. CALIXTERIO | DELIA YU-YAN LAI |
| TRISHA K. ENRIQUEZ | VINCENT CHENG |
| LINDA ING-GILBERT | |
| SELINA NAZIM | |
| SHAYNA ANNE SEGAL | |
| DAN SHEMESH | |
| JEFFREY RICHARD DOBBIN | |
| MIRELLA DOBBIN | |
| KEVIN SHIN | |
| HUI ZHANG | |
| FREDERICK T. F. TANG | |
| AUDREY MA | |
| ALLAN SHIN | |
| JIMMY MING WONG | |
| LE PHUONG LUU | |
| ROBERT JAMES DAVID | |
| BRYANS | |
| CHEN FAI LAW | |
| Y-LE DAO | |
| ASHTON MARIE WRIGHT | |
| ADAM JOHN WRIGHT | |
| LEONA SAVOIE | |
| SAMUEL SHUN-HIM HO | |
| ANITA MAN WAI CHEUNG | |
| J. ADAM CONRAD | |
| ERIN CONRAD | |
| VIPIN NARAIN TIWARI | |
| HELEN TANG | |
| SAU LING CHAN | |
| CECIL LAW | |
| SAMANTHA S. BURROWS | |
| DEAN S. GEGGIE | |
| DANA LYNN ROSS | |
| SEAN HUTCHISON | |
| XIANG FENG CAO | |
| MICHELLE POSNER | |
| RUSSELL SPENCER MORRIS | |
| ALVIN YU BON POON | |
| JELENA COSIC LEUNG | |

SCHEDULE "B"

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE

)

DAY, THE

)

JUSTICE

)

DAY OF MAY 2016

ELAINE WAN-MING SHIN

and the other persons listed in Schedule "A" hereto

Applicants

and

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

Respondent

ORDER

(appointing Receiver)

THIS MOTION made by the Applicants for an Order pursuant to section section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Rosen Goldberg Inc. as an investigative receiver (in such capacity, the "Receiver") of the Respondent, Urbancorp (Leslieville) Developments Inc. ("Urbancorp Leslieville"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Elaine Wan-Ming Shin sworn [DATE] and the Exhibits thereto and on hearing the submissions of counsel for the Applicants, no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of Rosen Goldberg Inc. to act as the Receiver,

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SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, Rosen Goldberg Inc. is hereby appointed Receiver, without security, to investigate the affairs of Urbancorp Leslieville as specified herein.

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver shall investigate and report to this Court by no later than June 1, 2016, upon the affairs and financial position of Urbancorp Leslieville, and the condominium project (the "Project") being developed at the property municipally known as 50 Curzon Street, Toronto, Ontario, (the "Property"), including but not limited to:

- (a) The equity and debt of Urbancorp Leslieville including the amounts currently owing by Urbancorp Leslieville to anyone who has registered security against title to the Property, and all other security held by such lenders in respect of such indebtedness
- (b) The status of the financing, management, development and operation of the Project and the Property;
- (c) The reasons for the failure of Urbancorp Leslieville to deliver occupancy of the residential units which the Applicants have contracted to purchase and to complete the sale of the units to the Applicants; and
- (d) The estimated cost and timing for the completion of construction of the Project in order to deliver and transfer occupancy and title to the units purchased by the Applicants.

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4. THIS COURT ORDER that (i) Urbancorp Leslieville, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel, and shareholders and all other persons acting on their instructions or behalf, and (iii) and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall cooperate fully with the Receiver in the exercise of its responsibilities derived from its appointment herein.
5. THIS COURT ORDERS that Urbancorp Leslieville and all Persons shall, upon request, forthwith provide the Receiver with all relevant information and access to and copies of any and all letters, reports, memoranda, emails, financial records, contracts, agreements, or other documents of any kind including computer programs, computer tapes, computer disks, or other data storage media, including any documents as may be stored electronically (the foregoing, collectively, being the "Documents") in that person's possession or control which are relevant to the investigation ordered herein, including without limiting the generality of the foregoing, all records respecting the Project, the Property, and affairs of Urbancorp Leslieville.
6. THIS COURT ORDERS that the Receiver may enter the Property and any premises occupied or leased by Urbancorp Leslieville or where Urbancorp Leslieville carries on business, in order to obtain all relevant information and to examine, copy or image any Documents for the purposes of the investigation.
7. THIS COURT ORDERS that the Receiver may require that attendance of witnesses and the production of Documents and examine under oath such witnesses as may be necessary to fulfill the responsibilities derived from its appointment herein.
8. THIS COURT ORDERS that the Receiver shall be at liberty to appoint and engage consultants, appraisers, agents, experts, auditors, counsel and such other persons whose assistance from time to time the Receiver may consider necessary for the purposes of performing its duties hereunder and that any reasonable expenditure which shall be made by it in so doing shall be allowed to it in passing its accounts.
9. THIS COURT ORDER that none of the Receiver, its officers, directors, employees, agents, or counsel, acting in good faith, shall be liable for any act or omission whatsoever

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including, without limitation, or any act or omission pertaining to the discharge of duties under the CJA or this Order, except in circumstances of gross negligence or wilful misconduct.

RECEIVER'S ACCOUNTS

10. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts.

11. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements. The relative priority of the Receiver's Charge in relation to existing security will be determined following delivery of the initial report by the Receiver and further submissions on notice to all interested parties.

12. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

GENERAL

13. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

14. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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15. THIS COURT ORDERS that the Applicants shall have their costs of this motion, up to and including entry and service of this Order, on a substantial indemnity basis to be paid by Urbancorp Leslieville and such costs shall be included in and secured by the Receiver's Charge.

SERVICE LIST

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120 Lynn Williams Street, Suite 2A
Toronto ON M6K 3P6

AND TO: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.
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Attention: Alan Saskin, President

AND TO: DRUDI ALEXIOU KUCHAR LLP
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Lawyers for Canadian Imperial Bank of Commerce

ELAINE WAN-MING SHIN et al.
Applicants

-and- TERRA FIRMA CAPITAL CORPORATION
Respondent

Court File No. CV-16-11382-00CC

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

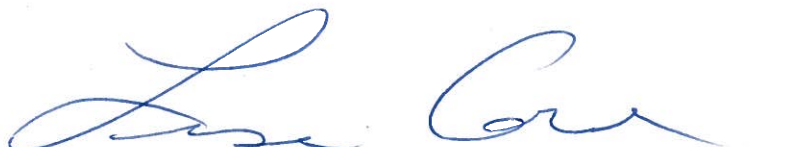
DICKINSON WRIGHT LLP
Barristers & Solicitors
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Lawyers for the Applicants

This is Exhibit "B" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.



Commissioner for Taking Affidavits (or as may be)

Court File No. CV-16-11409-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

TUESDAY, THE 31ST DAY

JUSTICE NEWBOULD

OF MAY, 2016

BETWEEN:



CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.,
URBANCORP (RIVERDALE) DEVELOPMENTS INC., &
URBANCORP (THE BEACH) DEVELOPMENTS INC.

Respondents

APPLICATION UNDER section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, section 68 of the *Construction Lien Act*, R.S.O. 1990, c.
C.30, and under section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

APPOINTMENT ORDER
(Appointing Receiver & Construction Lien Trustee)

THIS APPLICATION made by the Canadian Imperial Bank of Commerce ("CIBC" or the "Applicant") for an Order pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), section 68 of the *Construction Lien Act*, R.S.O. 1990, c. C.30 (the "CLA"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as

amended (the “CJA”) appointing Alvarez & Marsal Canada Inc. (A&M”) as receiver and manager (in such capacity, the “Receiver”), without security, and Construction Lien Trustee (in such capacity, the “Construction Lien Trustee”) of all of the property, assets, and undertakings, of (a) Urbancorp (Leslieville) Developments Inc. (“UC Leslieville”), (b) Urbancorp (Riverdale) Developments Inc. (“UC Riverdale”); and (c) Urbancorp (The Beach) Developments Inc. (“UC Beach”, together with UC Riverdale, the “Guarantors”, and the Guarantors, together with UC Leslieville, the “Debtors”) acquired for, or used in relation to the Debtors’ business, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Paul Montgomery, sworn May 25, 2016 (the “Montgomery Affidavit”), and the Exhibits thereto, and on hearing the submissions of counsel for CIBC, and those other counsel and parties listed on the Counsel Slip, no one else on the Service List appearing although duly served as appears from the Affidavit of Service of Fiorella Sasso sworn May 26, 2016, filed, and the Affidavit of Service of Delna Contractor sworn May 30, 2016, and on reading the Consent of A&M to act as the Receiver and Construction Lien Trustee,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

CAPITALIZED & DEFINED TERMS

2. **THIS COURT ORDERS** that any capitalized and/or defined terms not defined herein this Appointment Orders shall have the meanings and definitions ascribed to them in the Montgomery Affidavit.

APPOINTMENT OF RECEIVER

3. **THIS COURT ORDERS** that pursuant to section 243 of the BIA and section 101 of the CJA, A&M is hereby appointed Receiver and Construction Lien Trustee (in its capacities as Receiver and Construction Lien Trustee jointly, the “Construction Receiver”), without security,

of all of the assets, undertakings, and property of the Debtors acquired for, or used in relation to the Debtors' business including all proceeds thereof (the "**Property**").

APPOINTMENT OF CONSTRUCTION LIEN TRUSTEE

4. **THIS COURT ORDERS** that pursuant to section 68 of the CLA, A&M is hereby appointed Construction Lien Trustee, without security, of the Property of the Debtors.

RECEIVER'S & CONSTRUCTION LIEN TRUSTEE'S POWERS

5. **THIS COURT ORDERS** that the Receiver and Construction Lien Trustee are hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Construction Receiver is hereby expressly empowered and authorized to do any of the following where the Construction Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts, and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the power to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any party of the business, or cease to perform any contracts of the Debtors;
- (d) to engage contractors, trades, architects, engineers, consultants, construction consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Construction Receiver's powers and duties, including without limitation those conferred by this Order, and in this

regard the Construction Receiver is specifically authorized to retain counsel for the Applicant to advise and represent it save and except on matters upon which the Construction Receiver in its judgment determines it requires independent advice, in which case the Receiver shall retain ~~Blake, Cassels & Graydon LLP~~ ^{Independent counsel} HT.

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend, or compromise any indebtedness owing to the Debtors;
- (h) to deal with any lien claims, trust claims, and trust funds that have been or may be registered or which arise in respect of the Property, including any part or parts thereof, and, with approval of this Court, to make any required distribution(s) to any contractor or subcontractor of the Debtors or to or on behalf of any beneficiaries of any such trust funds pursuant to section 85 of the CLA;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Construction Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Construction Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) with the approval of this Court, to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts

thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to undertake environmental or worker's health and safety assessments of the Property and the operations of the Debtors;
- (o) to report to, meet with and discuss with such affected Persons (as defined below) as the Construction Receiver deem appropriate on all matters relating to the Property and the receivership and trusteeship, and to share information, subject to such terms as to confidentiality as the Construction Receiver deem advisable;
- (p) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (q) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Construction Receiver, in the name of the Debtors and to execute any agreements required in connection with or as a result of such permits, licences, approvals, or permissions (but solely in its capacity as Construction Receiver and not in its personal or corporate capacity);
- (r) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to

enter into occupation agreements for any property owned or leased by the Debtors;

- (s) to make payments, as required, under any contract in relation to the Projects, without assuming any liability or obligations thereunder;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (u) to exercise the powers provided by section 68(2) of the CLA;
- (v) to repudiate such contracts or agreements to which a Debtor is a party or in respect of the Property, provided that with respect to contracts between the Debtors and residential real estate purchasers, this power to repudiate shall not be exercised pending further Order of the Court; and
- (w) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Construction Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER & CONSTRUCTION LIEN TRUSTEE

6. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, (iii) Urbancorp Toronto Management Inc. ("**Urbancorp Management**"), and (iv) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Construction Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Construction Receiver, and shall deliver all such Property to the Construction Receiver upon the Construction Receiver's request.

7. **THIS COURT ORDERS** that all Persons, including, without limitation, Urbancorp Management, shall forthwith advise the Construction Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the **"Records"**) in that Person's possession or control, and shall provide to the Construction Receiver or permit the Construction Receiver to make, retain and take away copies thereof and grant to the Construction Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Construction Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure. The Construction Receiver is authorized to take possession and control of the Records of the Debtors located at the offices of Urbancorp Management and Urbancorp Management shall cooperate and shall provide reasonable assistance to the Construction Receiver with respect to such Records and information contained in such Records with respect to the Property, including the Project and the Project Lands.

8. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records, including, without limitation, Urbancorp Management, shall forthwith give unfettered access to the Construction Receiver for the purpose of allowing the Construction Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Construction Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Construction Receiver. Further, for the purposes of this paragraph, all such Persons, including, without limitation, Urbancorp Management, shall provide the Construction Receiver with all such assistance in gaining immediate access to the information in the Records as the Construction Receiver may in its discretion require including providing the Construction Receiver with instructions on the use of

any computer or other system and providing the Construction Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Construction Receiver except with the written consent of the Construction Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Construction Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Construction Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Construction Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver, Construction Lien Trustee, or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Construction Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety, or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE CONSTRUCTION RECEIVER

12. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Construction Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Construction Receiver, and that the Construction Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Construction Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Construction Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. **THIS COURT ORDERS** that all funds, including trust funds, monies, cheques, instruments, and other forms of payments received or collected by the Construction Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the Construction Lien Trustee (the "**Post Construction Lien Trustee Accounts**") and the monies standing to the credit of such Post Receivership Accounts and Post Construction Lien Trustee Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver and the Construction Lien Trustee to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. **THIS COURT ORDERS** that all employees of the Debtors, if any, shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related

liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **THIS COURT ORDERS** that nothing herein contained shall require the Construction Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the Canadian *Environmental Protection Act*, the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall

exempt the Receiver and Construction Lien Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Construction Receiver shall not, as a result of this Order or anything done in pursuance of the Construction Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. **THIS COURT ORDERS** that the Receiver and Construction Lien Trustee shall incur no liability or obligation as a result of their appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on their part, or in respect of their obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA and the Construction Lien Trustee by the provisions of the CLA, including but not limited to sections 68 and 78(7) of the CLA, or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. **THIS COURT ORDERS** that the Construction Receiver and counsel to the Construction Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, provided that the said accounts shall be presented based on the fees and expenses incurred in respect of each of the Projects (as defined in the Montgomery Affidavit), and for fees and expenses incurred for general administration and that the Construction Receiver and counsel to the Construction Receiver shall be entitled to and are hereby granted a charge (the "**Construction Receiver's Charge**") on all of the Property, as security for all such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Construction Receiver's Charge shall form a first charge on all of the Property in priority to all security interests, trusts, liens, construction liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. **THIS COURT ORDERS** that the Construction Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Construction Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. **THIS COURT ORDERS** that prior to the passing of its accounts, the Construction Receiver be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Construction Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP & CONSTRUCTION LIEN TRUSTEESHIP

22. **THIS COURT ORDERS** that the Receiver and the Construction Lien Trustee be at liberty and are hereby empowered to borrow by way of a revolving credit or otherwise, from any one or more members of the Syndicate or such other entity as deemed appropriate by the Receiver and Construction Lien Trustee in their sole discretion (the “**Receivership/Trusteeship Borrowing Lender**”), such monies from time to time as they may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$3,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as they deem advisable for such period or periods of time as they may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Construction Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**” and the “**Construction Lien Trustee’s Borrowing Charge**”) as security for the payment of the monies borrowed from the Receivership/Trusteeship Borrowing Lender (but only if the Receivership/Trusteeship Borrowing Lender is the Syndicate or any member thereof), together with interest and charges thereon, in priority to all security interests, trusts, liens, construction liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Construction Receiver’s Charge and the other amounts and/or charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA and the provisions of the CLA.

23. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the Receivership/Trusteeship Borrowing Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record, or perfect the Receiver's Borrowing Charge and Construction Lien Trustee's Borrowing Charge.

24. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge, Construction Lien Trustee's Borrowing Charge, nor any other security granted by the Receiver or Construction Lien Trustee in connection with its borrowings under this Order shall be enforced without leave of this Court.

25. **THIS COURT ORDERS** that the Receiver and Construction Lien Trustee are at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the **"Receiver's Certificates"** or the **"Construction Lien Trustee's Certificates"**, as applicable) for any amount borrowed by it pursuant to this Order.

26. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver and/or Construction Lien Trustee from the Receivership/Trusteeship Borrowing Lender pursuant to this Order or any further order of this Court and any and all Receiver's Certificates and Construction Lien Trustee's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates or Construction Lien Trustee's Certificates.

SERVICE AND NOTICE

27. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the **"Protocol"**) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at www.ontariocourts.ca/scl/en/commercialist) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.alvarezandmarsal.com/urbancorp.

28. **THIS COURT ORDERS** that the Construction Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic mail or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

29. **THIS COURT ORDERS** that the Applicant, the Construction Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsel's email addresses as recorded on the Service List from time to time, and the Construction Receiver may post a copy of any or all such materials on its website at www.alvarezandmarsal.com/urbancorp.

GENERAL

30. **THIS COURT ORDERS** that the Construction Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

31. **THIS COURT ORDERS** that nothing in this Order shall prevent the Construction Receiver from acting as a trustee in bankruptcy of any or all of the Debtors.

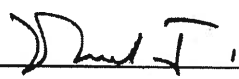
32. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Construction Receiver and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory, and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Construction Receiver, as officers of this Court, as may be necessary or desirable to give effect to this Order or to assist the Construction Receiver and its agents in carrying out the terms of this Order.

33. **THIS COURT ORDERS** that the Construction Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of

this Order, and that the Construction Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

35. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Construction Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 31 2016

PER / PAR: *Rw*

SCHEDULE "A"

RECEIVER'S CERTIFICATE / CONSTRUCTION LIEN TRUSTEE'S CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that Alvarez & Marsal Canada Inc. ("**A&M**"), the Receiver (the "**Receiver**") and Construction Lien Trustee of the assets, undertakings, and property of (a) Urbancorp (Leslieville) Developments Inc. ("**UC Leslieville**"), (b) Urbancorp (Riverdale) Developments Inc. ("**UC Riverdale**"); and (c) Urbancorp (The Beach) Developments Inc. ("**UC Beach**", together with UC Riverdale, the "**Guarantors**", and the Guarantors, together with UC Leslieville, the "**Debtors**") acquired for, or used in relation to the Debtors' business, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 31st day of May, 2016 (the "**Order**") made in an action having Court file number CV16-11409-00CL, has received as such Receiver and Construction Lien Trustee from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver and Construction Lien Trustee is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Canadian Imperial Bank of Commerce from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver and Construction Lien Trustee pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the

Bankruptcy and Insolvency Act, and the right of the Receiver and Construction Lien Trustee to indemnify themselves out of such Property in respect of their remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver and Construction Lien Trustee to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver and Construction Lien Trustee to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver and Construction Lien Trustee do not undertake, and are not under any personal liability, to pay any sum in respect of which they may issue certificates under the terms of the Order.

DATED the ____ day of _____, 201__.

Alvarez & Marsal Canada Inc. solely in its capacity
as Receiver and Construction Lien Trustee of the
Property (as defined in the Order), and not in its
personal or corporate capacity

Per: _____

Name:

Title:

CANADIAN IMPERIAL BANK OF COMMERCE
- Applicant -

- and -

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. et al.
- Respondents -

APPLICATION UNDER section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, section 68 of the *Construction Lien Act*, R.S.O. 1990, c. C.30, and under section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

May 31/16

*The debt as stated in this motion
is approved, various joint names
contribution of assets.*

Don I.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

APPLICATION RECORD
(Returnable May 31, 2016)
(Volume 1 of 2)

GOWLING WLG (CANADA) LLP

Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
TORONTO, Ontario
M5X 1G5

Clifton P. Prophet / Frank Lamé
LSUC No.: 43825K / 54035S

Telephone: (416) 862-3509 / (416) 862-3609
Facsimile: (416) 862-7661

Solicitors for the Applicant,
Canadian Imperial Bank of Commerce



This is Exhibit "C" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.

A handwritten signature in black ink, appearing to read 'L. Chan', is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

AGREEMENT OF PURCHASE AND SALE

The undersigned, Elsine Wan-Ming Shin And Howard Quinn (collectively, the "Purchaser"), hereby agrees with URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. (the "Vendor") to purchase the above-noted unit, as outlined for identification purposes only on the sketch attached hereto as Schedule "A", together with One (1) Parking Unit(s), all of which shall be allocated by the Vendor in its sole discretion being (a) proposed unit(s) in the Condominium, to be registered against those lands and premises situated in the City of Toronto, and which are currently municipally known as 50 Curzon Street (hereinafter called the "Property"), together with an undivided interest in the common elements appurtenant to such unit(s) and the exclusive use of those parts of the common elements attaching to such unit(s), as set out in the proposed Declaration (collectively, the "Unit") on the following terms and conditions:

1. The purchase price of the Unit (the "Purchase Price") is Six hundred and Ten thousand (\$610,000.00) DOLLARS in lawful money of Canada, payable as follows:
 - (a) to Harris, Sheaffer LLP, in Trust, (the "Vendor's Solicitors" or "Escrow Agent" or "Trustee") 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 Occupancy Date:
 - (i) the sum of Five thousand (\$5,000.00) DOLLARS, submitted with this agreement;
 - (ii) the sum of Twenty Five thousand Five hundred (\$25,500.00) DOLLARS submitted with this Agreement and post-dated Thirty (30) days following the date of execution of this Agreement by the Purchaser, being the balance to 5% of the Purchase Price;
 - (iii) the sum of Fifteen thousand Two hundred and Fifty (\$15,250.00) DOLLARS submitted with this Agreement and post-dated Ninety (90) days following the date of execution of this Agreement by the Purchaser, being 2.5% of the Purchase Price;
 - (iv) the sum of Fifteen thousand Two hundred and Fifty (\$15,250.00) DOLLARS submitted with this Agreement and post-dated One Hundred Eighty (180) days following the date of execution of this Agreement by the Purchaser, being 2.5% of the Purchase Price;
 - (b) the sum of Nil (\$0.00) DOLLARS by certified cheque or bank draft to the Vendor's Solicitors on the Occupancy Date;
 - (c) the balance of the Purchase Price by certified cheque on the Title Transfer Date to the Vendor or as the Vendor may direct, subject to the adjustments hereinafter set forth.
2. (a) The Purchaser shall occupy the Unit on the First Tentative Occupancy Date (as defined in the Statement of Critical Dates being part of the Taron Addendum as hereinafter defined), or such extended or accelerated date that the Unit is substantially completed by the Vendor for occupancy by the Purchaser in accordance with the terms of this Agreement including, without limitation, the Taron Addendum (the "Occupancy Date");
- (b) The transfer of title to the Unit shall be completed on the later of the Occupancy Date or a date established by the Vendor in accordance with Paragraph 14 hereof (the "Title Transfer Date");
- (c) The Purchaser's address for delivery of any notices pursuant to this Agreement or the Act is the address set out in the Taron Addendum;
- (d) Notwithstanding anything contained in this Agreement (or in any schedules annexed hereto) 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 acknowledgement 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 Purchaser shall be deemed to be in default hereunder and the Vendor shall have the unilateral right to terminate the Agreement at any time thereafter upon delivering written notice confirming such termination to the Purchaser, whereupon the Purchaser's initial deposit cheque shall be forthwith returned to the Purchaser by or on behalf of the Vendor.

The following Schedules of this Agreement, if attached hereto, shall form a part of this Agreement. If there is a form of Acknowledgement attached hereto same shall form part of this Agreement and shall be executed by the Purchaser and delivered to the Vendor on the Occupancy Date. The Purchaser acknowledges that he has read all Sections and Schedules of this Agreement and the form of Acknowledgement, if any:

Schedule "A" - Unit Plan/sketch
Schedule "B" - Features & Finishes
Schedule "C" - Occupancy Licence
Schedule "D" - Warning Provisions
Schedule "E" - Receipt Confirmation
Schedule being the Taron Warranty Corporation Statement of Critical Dates and Addendum to Agreement of Purchase and Sale (collectively the "Taron Addendum")
and such other Schedules annexed hereto and specified as Schedule " ".

DATED, signed, sealed and delivered this 22 day of June, 2011.

SIGNED, SEALED AND DELIVERED)
in the presence of)
(Signature))
WITNESSES)
(Signature))
(Signature))
signatures, if more than)
one purchaser)

PURCHASER: Elsine Wan-Ming Shin January 15, 1973 D.O.B.
PURCHASER: Howard Quinn Feb 17, 1971 D.O.B.
Address: 89 Brooklyn Ave. Toronto, Ontario M4M 2X4
Tel: 416-325-1575 Email: elsine.shin@gmail.com
PURCHASER'S SOLICITOR: _____
Address: _____
Telephone: _____ Facsimile: _____

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

DATED, signed, sealed and delivered, this 22 day of June, 2011.

Vendor's Solicitors:
HARRIS, SHEAFFER LLP
Suite 610 - 4100 Yonge Street
Toronto, Ontario, M2P 3B5
Attn: David A. Mandell
Telephone: (416) 250-5800 Fax: (416) 250-5300

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.
Per: _____
Authorized Signing Officer
I have the authority to bind the Corporation.

Leslieville
June 15, 2011

3. The meaning of words and phrases used in this Agreement and its Schedules shall have the meaning ascribed to them in the *Condominium Act, 1998*, S.O. 1998, C.19, the regulations thereunder and any amendments thereto (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 the condominium which will be 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, as may be amended from time to time;
 - (d) "CRA" means the Canada Revenue Agency or its successors;
 - (e) "Creating Documents" means the declaration and description which are intended to be registered against title to the Property and which will serve to create the Condominium, as may be amended from time to time;
 - (f) "Interim Occupancy" shall mean the period of time from the Occupancy Date to the Title Transfer Date;
 - (g) "Occupancy Licence" shall mean the terms and conditions by which the Purchaser shall occupy the Unit during Interim Occupancy as set forth in Schedule "C" hereof;
 - (h) "Occupancy Fee" shall mean the sum of money payable monthly in advance by the Purchaser to the Vendor and calculated in accordance with Schedule "C" hereof;
 - (i) "Property" shall mean the lands and premises upon which the Condominium is constructed or shall be constructed and legally described in the Condominium Documents; and
 - (j) "TWC" means Taron Warranty Corporation or its successors.

Finishes

4. The Purchase Price shall include those items listed on Schedule "B" attached hereto. The Purchaser acknowledges that only the items set out in Schedule "B" are included in the Purchase Price and that model suite/vinguette furnishings and appliances, decor, upgrades, artist's renderings, scale model(s), improvements, mirrors, drapes, tracks and wall coverings are for display purposes only and are not included in the Purchase Price unless specified in Schedule "B". The Purchaser agrees to attend and notify the Vendor of his/her choice of finishes within fifteen (15) days of being requested to do so by the Vendor. In the event colours and/or finishes subsequently become unavailable, the Purchaser agrees to re-attend at such time or times as requested by the Vendor or its agents, to choose from substitute colours and/or finishes. If the Purchaser fails to choose colours or finishes within the time periods requested, the Vendor may irrevocably choose the colours and finishes for the Purchaser and the Purchaser agrees to accept the Vendor's selections.

Deposits

5. (a) The Vendor shall credit the Purchaser with interest at the prescribed rate on either the Occupancy Date or Title Transfer Date at the Vendor's sole discretion on all money received by the Vendor on account of the Purchase Price from the date of deposit of the money received from time to time by the Declarant's solicitor or the trustee until the Occupancy Date. The Purchaser acknowledges and agrees that, for the purposes of subsection 81(6) of the Act, compliance with the requirement to provide written evidence, in the form prescribed by the Act, of payment of monies by or on behalf of the Purchaser on account of the Purchase Price of the Unit shall be deemed to have been sufficiently made by delivery of such written evidence to the address of the Purchaser noted in the Taron Addendum. The Purchaser further acknowledges and agrees that any cheques provided to the Vendor on account of the Purchase Price will not be deposited and accordingly interest as prescribed by the Act will not accrue thereon, until after the expiry of the ten (10) day rescission period as provided for in section 73 of the Act (or any extension thereof as may be agreed to in writing by the Vendor). The Purchaser represents and warrants that the Purchaser is not a non-resident of Canada within the meaning of the Income Tax Act of Canada (the "ITA"). If the Purchaser is not a resident of Canada for the purposes of the ITA the Vendor shall be entitled to withhold and remit to CRA the appropriate amount of interest payable to the Purchaser on account of the deposits paid hereunder, under the ITA.
- (b) All deposits paid by the Purchaser shall be held by the Escrow Agent in a designated trust account, and shall be released only in accordance with the provisions of subsection 81(7) of the Act and the regulations thereto, as amended. Without limiting the generality of the foregoing, and for greater clarity, it is understood and agreed that with respect to any deposit monies received from the Purchaser the Escrow Agent shall be entitled to withdraw such deposit monies from said designated trust account prior to the Title Transfer Date if and only when the Vendor obtains a Certificate of Deposit from TWC for deposit monies up to Twenty Thousand (\$20,000.00) Dollars and with respect to deposit monies in excess of Twenty Thousand (\$20,000.00) Dollars, one or more excess condominium deposit insurance policies (issued by any insurer as may be selected by the Vendor, authorized to provide excess condominium deposit insurance in Ontario) insuring the deposit monies so withdrawn (or intended to be withdrawn), and delivers the said excess condominium deposit insurance policies (duly executed by or on behalf of the insurer and the Vendor) to the Escrow Agent holding the deposit monies for which said policies have been provided as security, in accordance with the provisions of section 21 of O. Reg. 48/01.

Adjustments

6. (a) Commencing as of the Occupancy Date, the Purchaser shall be responsible and be obligated to pay the following costs and/or charges in respect to the Unit:
- (i) all utility costs including electricity, gas and water (unless included as part of the common expenses); and
 - (ii) the Occupancy Fee owing by the Purchaser for Interim Occupancy prior to the Title Transfer Date (if applicable).
- (b) The Purchase Price shall be adjusted to reflect the following items, which shall be apportioned and allowed from the Title Transfer Date, with that day itself apportioned to the Purchaser:
- (i) realty taxes (including local 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 as well as for the following calendar year, notwithstanding the same may not have been levied or paid on the Title Transfer Date. The Vendor shall be entitled in its sole discretion to collect from the

Leslieville
June 15, 2011

-3-

Purchaser a reasonable estimate of the taxes as part of the Occupancy Fee and/or such further amounts on the Title Transfer Date, provided all amounts so collected shall either be remitted to the relevant taxing authority on account of the Unit or held by the Vendor pending receipt of final tax bills for the Unit, following which said realty taxes shall be readjusted in accordance with subsections 80(8) and (9) of the Act; and

- (ii) common expense contributions attributable to the Unit, with the Purchaser being obliged to provide the Vendor on or before the Title Transfer Date with a series of post-dated cheques payable to the condominium corporation for the common expense contributions attributable to the Unit, for such period of time after the Title Transfer Date as determined by the Vendor (but in no event for more than one year).
- (c) Interest on all money paid by the Purchaser on account of the Purchase Price, shall be adjusted and credited to the Purchaser in accordance with paragraph 5 of this Agreement.
- (d) The Purchaser shall, in addition to the Purchase Price, pay the following amounts to the Vendor on the Title 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 amount of any increase in development charge(s) and/or education development charge(s) (the "Levies") assessed against or attributable to the Unit (or assessed against the Property or any portion thereof, and attributable to the Unit by pro-rating same in accordance with the proportion or percentage of common interests attributable thereto), pursuant to the *Development Charges Act, 1997*, S.O. 1997, c.27 as amended from time to time, and the *Education Act*, R.S.O. 1990, c. E.2, as amended from time to time, over the amount of such charges that would be exigible as of February 1, 2011 and the amount of any new Levies that were not exigible as of February 1, 2011 with respect to the property and were subsequently assessed against the property or attributable to the Unit.
 - (iii) The amount of any parks levy or any charges pursuant to a section 37 Agreement (pursuant to the *Planning Act*), levied, charged or otherwise imposed with respect to the Condominium, the Property or the Unit by any governmental authority, which is equivalent to the common interest allocation attributable to the Unit as set out in Schedule "D" to the Declaration;
 - (iv) The cost of the TWC enrolment fee for the Unit (together with any provincial or federal taxes exigible with respect thereto).
 - (v) The cost of utility meter installations, water and sewer service connection charges, hydro and gas meter or sub-meter installation, and hydro and gas installation and connection or energization charges for the Condominium and/or 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 registered Condominium and by charging the Purchaser in the statement of adjustments with that portion of the charges and costs. A letter from the Vendor's engineers specifying the said charges and costs shall be final and binding on the Purchaser.
 - (vi) The charge imposed upon the Vendor or its solicitors by the Law Society of Upper Canada upon registration of a Transfer/Deed of Land or Charge/Mortgage of Land or any other instrument;
 - (vii) A sum of Fifty (\$50.00) Dollars for each cheque tendered pursuant to paragraph 1(a) and 1(b) of this Agreement and for any cheque tendered for upgrades or any other monies paid on account of the Purchase Price up to, but not including the Title Transfer Date representing a reasonable reimbursement to the Vendor of the costs incurred or to be incurred by the Vendor in fulfillment of the requirements of subsection 81(6) of the Act;
 - (viii) The sum of Two Hundred (\$200.00) Dollars payable to the Corporation for deposit to the Reserve Fund Account; and
 - (ix) The sum of Three Hundred (\$300.00) Dollars towards the cost of obtaining (partial) discharges of mortgages not intended to be assumed by the Purchaser.
- (e) In the event that the Purchaser desires to increase the amount to be paid to the Vendor's solicitors on the Occupancy Date at any time after the expiry of the initial ten (10) day statutory rescission period, or wishes to vary the manner in which the Purchaser has previously requested to take title to the Property, or wishes to add or change any unit(s) being acquired from the Vendor, then the Purchaser hereby covenants and agrees to pay to the Vendor's Solicitor's the legal fees and ancillary disbursements which may be incurred by the Vendor or charged by the Vendor's Solicitors in order to implement any of the foregoing changes so requested by the Purchaser (with the Vendor's Solicitors' legal fees for implementing any such changes to any of the interim closing and/or final closing documents so requested by the Purchaser and agreed to by the Vendor being \$350.00 plus H.S.T.), but without there being any obligation whatsoever on the part of the Vendor to approve of, or to implement, any of the foregoing changes so requested.
- (f) The Purchaser acknowledges that it may be required to enter into an agreement with the supplier of hydro services to the Condominium (the "Hydro Supplier") on or before the Occupancy Date. Furthermore, the Purchaser acknowledges that such agreement may require the Purchaser to deliver a security deposit to the Hydro Supplier prior to the Occupancy Date and the Purchaser agrees to deliver such security deposit to the Vendor on the Occupancy Date.
- (g) It is acknowledged and agreed by the parties hereto that the Purchase Price already includes a component equivalent to both the federal portion and, if applicable, the provincial portion of the harmonized goods and services tax or single sales tax exigible with respect to this purchase and sale transaction less the Rebate as defined below (hereinafter referred to as the "HST"), and that the Vendor shall remit the HST to CRA on behalf of the Purchaser forthwith following the completion of this transaction. The Purchaser hereby warrants and represents to the Vendor that with respect to this transaction, the Purchaser qualifies for the new housing rebate applicable pursuant to Section 254 of the *Excise Tax Act* (Canada), as may be amended, and the new housing rebate announced by the Ontario Ministry of Revenue (collectively, the "Rebate"), in its Information Notice dated June 2009 - No. 2 (the "Ontario Circular") and further warrants and represents that the Purchaser is a natural person who is acquiring the Property with the intention of being the sole beneficial owner thereof on the Title Transfer Date (and not as the agent or trustee for or on behalf of any other party or parties), and covenants that upon the Occupancy Date the Purchaser or one or more of the Purchaser's relations (as such term is defined in the *Excise Tax Act*) shall personally occupy the Unit as his primary place of residence, for such period of time as shall be required by the *Excise Tax Act*, and any other applicable legislation, in order to entitle the Purchaser to the Rebate (and the ultimate assignment thereof to and in favour of the Vendor) in respect of the Purchaser's acquisition of the Unit. The Purchaser further warrants and represents that he has not claimed (and hereby covenants that the Purchaser shall not hereafter claim), for the Purchaser's own account, any part of the Rebate or the RST transitional housing rebate referred to in the Ontario Circular (the "Transitional Rebate") in connection with the Purchaser's acquisition of the Unit, save as may be otherwise hereinafter expressly provided or contemplated. The Purchaser hereby irrevocably assigns to

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the Vendor all of the Purchaser's rights, interests and entitlements to the Rebate and the Transitional Rebate (and concomitantly releases all of the Purchaser's claims or interests in and to the Rebate and the Transitional Rebate, to and in favour of the Vendor), and hereby irrevocably authorizes and directs CRA to pay or credit the Rebate and the Transitional Rebate directly to the Vendor. In addition, the Purchaser shall execute and deliver to the Vendor, forthwith upon the Vendor's or Vendor's solicitors request for same (and in any event on or before the Title Transfer Date), all requisite documents and assurances that the Vendor or the Vendor's solicitors may reasonably require in order to confirm the Purchaser's entitlement to the Rebate and/or to enable the Vendor to obtain the benefit of the Rebate and the Transitional Rebate (by way of assignment or otherwise), including without limitation, the New Housing Application for Rebate of Goods and Services Tax Form as prescribed from time to time (collectively, the "Rebate Forms"). The Purchaser covenants and agrees to indemnify and save the Vendor harmless from and against any loss, cost, damage and/or liability (including an amount equivalent to the Rebate and the Transitional Rebate, plus penalties and interest thereon) which the Vendor may suffer, incur or be charged with, as a result of the Purchaser's failure to qualify for the Rebate, or as a result of the Purchaser having qualified initially but being subsequently disentitled to the Rebate, or as a result of the inability to assign the benefit of the Rebate or the Transitional Rebate to the Vendor (or the ineffectiveness of the documents purporting to assign the benefit of the Rebate or the Transitional Rebate to the Vendor). As security for the payment of such amount, the Purchaser does hereby charge and pledge his interest in the Unit with the intention of creating a lien or charge against same. It is further understood and agreed by the parties hereto that:

- (i) If the Purchaser does not qualify for the Rebate, or fails to deliver to the Vendor or the Vendor's solicitors forthwith upon the Vendor's or the Vendor's solicitors request for same (and in any event on or before the Title Transfer Date) the Rebate Forms duly executed by the Purchaser, together with all other requisite documents and assurances that the Vendor or the Vendor's solicitors may reasonably require from the Purchaser or the Purchaser's solicitor in order to confirm the Purchaser's eligibility for the Rebate and/or to ensure that the Vendor ultimately acquires (or is otherwise assigned) the benefit of the Rebate and the Transitional Rebate; or
- (ii) if the Vendor believes, for whatever reason, that the Purchaser does not qualify for the Rebate, regardless of any documentation provided by or on behalf of the Purchaser (including any statutory declaration sworn by the Purchaser) to the contrary, and the Vendor's belief or position on this matter is communicated to the Purchaser or the Purchaser's solicitor on or before the Title Transfer Date;

then notwithstanding anything hereinbefore or hereinafter provided to the contrary, the Purchaser shall be obliged to pay to the Vendor (or to whomsoever the Vendor may in writing direct), by certified cheque delivered on the Title Transfer Date, an amount equivalent to the Rebate and/or the Transitional Rebate, in addition to the Purchase Price and in those circumstances where the Purchaser maintains that he is eligible for the Rebate despite the Vendor's belief to the contrary, the Purchaser shall (after payment of the amount equivalent to the Rebate as aforesaid) be fully entitled to pursue the procurement of the Rebate directly from CRA. It is further understood and agreed that in the event that the Purchaser intends to rent out the Unit before or after the Title Transfer Date, the Purchaser shall not be entitled to the Rebate, but may nevertheless be entitled to pursue, on his own after the Title Transfer Date, the federal and provincial new rental housing rebates directly with CRA, pursuant to Section 256.2 of the *Excise Tax Act*, as may be amended, and other applicable legislation to be enacted relating to the provincial new rental housing rebate.

- (h) Notwithstanding any other provision herein contained in this Agreement, the Purchaser acknowledges and agrees that the Purchase Price does not include any HST exigible with respect to any of the adjustments payable by the Purchaser pursuant to this Agreement, or any extras or upgrades or changes 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 HST to the Vendor in accordance with the *Excise Tax Act*. In addition, and without limiting the generality of the foregoing, in the event that the Purchase Price is increased by the addition of extras, changes, upgrades or adjustments and as a result of such increase, the quantum of the Rebate that would otherwise be available is reduced or extinguished (the quantum of such reduction being hereinafter referred to as the "Reduction"), then the Purchaser shall pay to the Vendor on the Title Transfer Date the amount of (as determined by the Vendor in its sole and absolute discretion) the Reduction.
- (i) An administration fee of TWO HUNDRED AND FIFTY (\$250.00) DOLLARS shall be charged to the Purchaser for any cheque payable hereunder delivered to the Vendor or to the Vendor's Solicitors and not accepted by the Vendor's or the Vendor's Solicitor's bank for any reason. At the Vendor's option, this administration fee can be collected as an adjustment on the Title Transfer Date or together with the replacement cheque delivered by the Purchaser.

Title

- 7. The Vendor or its Solicitor shall notify the Purchaser or his/her Solicitor following registration of the Creating Documents so as to permit the Purchaser or his/her Solicitor to examine title to the Unit (the "Notification Date"). The Purchaser shall be allowed twenty (20) days from the Notification Date (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 occupiability 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 together with the interest required by the Act to be paid 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.

Direction Re: Title

- 8. The Purchaser hereby agrees to submit to the Vendor or the Vendor's Solicitors on the earlier of the Occupancy Date and twenty (20) days prior to the Title Transfer Date, a written direction as to how the Purchaser intends to take title to the Unit, including, 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 Title Transfer Date engrossed in the name of the Purchaser as shown on the face of this Agreement.

Permitted Encumbrances

- 9. (a) The Purchaser agrees to accept title subject to the following:

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- (i) the Condominium Documents, notwithstanding that they may be amended and varied from the proposed Condominium Documents in the general form attached to the Disclosure Statement delivered to the Purchaser as set out in Schedule "B";
 - (ii) registered restrictions or covenants that run with the Property, including any encroachment agreement(s) with any governmental authorities or adjacent land owner(s), provided that same are complied with as at the Title Transfer Date;
 - (iii) easements, rights of way and/or licences now registered (or to be registered hereafter) for the purposes of discharging, emitting, releasing or venting thereon or otherwise affecting the Property at any time during the day or night with noise, vibration and other sounds, excluding spills, and other emissions of every nature and kind whatsoever arising from, out of or in connection with any and all present and future railway facilities and operations upon the railway lands located in proximity to the Property;
 - (iv) Notices of security interest in respect of any equipment owned by an equipment lessor or supplier of heating and cooling as more particularly described in the Condominium Documents;
 - (v) easements, rights-of-way and/or licences now registered (or 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/internet, recreational and shared facilities, and/or any other service(s) 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 from) 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, egress, support and/or servicing purposes, and/or pertaining to the sharing of any services, facilities and/or amenities with adjacent or neighbouring property owners (including without limitation the Commercial Development, as such term is defined in the Condominium Documents), provided that any such easement and cost-sharing agreements or reciprocal agreements are (insofar as the obligations thereunder pertaining to the Property, or any portion thereof, are concerned) complied with as at the Title Transfer Date;
 - (vi) registered municipal agreements and registered agreements with publicly regulated utilities and/or with local ratepayer associations, including without limitation, any development, site plan, condominium, subdivision, Section 37, collateral, limiting distance, engineering and/or other municipal agreement (or similar agreements entered into with any governmental authorities including any amendments or addenda related thereto), (with all of such agreements being hereinafter collectively referred to as the "Development Agreements"), provided that same are complied with as at the Title 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
 - (vii) unregistered or inchoate 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 holdback(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 reading(s) taken on or immediately prior to the Title Transfer Date, if applicable), as soon as reasonably possible after the completion of this transaction.
- (b) It is acknowledged 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 or any of the other aforementioned agreements or notices, 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 situate (the "Municipality"), or by any of the other governmental authorities, of security (e.g. in the form of cash, letters of credit, a performance bond, etc., satisfactory to the Municipality and/or any of the other governmental authorities) intended to guarantee the fulfilment 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.
 - (c) The Purchaser covenants and agrees to consent to the matters referred to in subparagraph 9(a) hereof and to execute all documents and do all things requisite for this purpose, either before or after the Title Transfer Date.
 - (d) In the event that the Vendor is not the registered owner of the Property, the Purchaser agrees to accept a conveyance of title from the registered owner together with the owner's title covenants in lieu of the Vendor's.
 - (e) The Vendor shall be entitled to insert in the Transfer/Deed of Land, 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 therewith. 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.

Vendor's Lien

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

Partial Discharges

- 11. The Purchaser acknowledges that the Unit may be encumbered by mortgages (and collateral security thereto) 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 Title 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 Title Transfer Date subject to the Vendor or its solicitors providing to the Purchaser or the Purchaser's Solicitor the following:

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- (a) a mortgage statement or letter from the mortgagee(s) (or from their respective solicitors) 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;
- (b) 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 Title Transfer Date to obtain a (partial) discharge of the mortgage(s) with respect to the Unit; and
- (c) an undertaking from the Vendor's Solicitors to deliver such amounts to the mortgagees and to obtain and register the (partial) discharge of the mortgages with respect to the Unit upon receipt thereof and within a reasonable time following the Title Transfer Date and to advise the Purchaser or the Purchaser's Solicitor concerning registration particulars by posting same on the internet.

Construction Lien Act

- 12. The Purchaser covenants and agrees that he/she is a "home buyer" within the meaning of the *Construction Lien Act*, R.S.O. 1990, c.C.30 and will not claim any lien holdback on the Occupancy Date or Title Transfer Date. The Vendor shall complete the remainder of the Condominium according to its schedule of completion and neither the Occupancy Date nor the Title Transfer Date shall be delayed on that account.

The Planning Act

- 13. 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 Title Transfer Date.

Title Transfer Date

- 14. (a) The provisions of the Taron Addendum reflect the TWC's policies, regulations and/or guidelines on extensions of the First Tentative Occupancy Date, but it is expressly understood and agreed by the parties hereto that any failure to provide notice(s) of the extension(s) of the First Tentative Occupancy Date, Subsequent Tentative Occupancy Dates or Firm Occupancy Date, in accordance with the provisions of the Taron Addendum shall only give rise to a damage claim by the Purchaser against the Vendor up to a maximum of \$7,500.00, as more particularly set forth in the Regulations to the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, as amended (the "ONHWPA"), and under no circumstances shall the Purchaser be entitled to terminate this transaction or otherwise rescind this Agreement as a result thereof, other than in accordance with the Taron Addendum.
- (b) The Vendor's Solicitors shall designate a date not less than twenty (20) days after written notice is given to the Purchaser or his or her solicitor of the registration of the Creating Documents as the Title Transfer Date. The Title Transfer Date once designated may be extended from time to time by the Vendor's Solicitors provided that it shall not be more than twenty-four (24) months following the Occupancy Date.

Purchaser's Covenants, Representations and Warranties

- 15. 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 easement, 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, from time to time, 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 Title 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. Without limiting the generality of the foregoing and notwithstanding any other provision in this Agreement to the contrary, within ten (10) days of written demand from the Vendor, the Purchaser agrees to produce evidence of a satisfactory mortgage approval signed by a lending institution or other mortgagee acceptable to the Vendor confirming that the said lending institution or acceptable mortgagee will be advancing funds to the Purchaser sufficient to pay the balance due on the Title Transfer Date. If the Purchaser fails to provide the mortgage approval as aforesaid, then the Purchaser shall be deemed to be in default under this Agreement. The Vendor may, in its sole discretion, elect to accept in the place of such mortgage commitment, other evidence satisfactory to the Vendor that the Purchaser will have sufficient funds to pay the balance due on the Title Transfer Date.
- 16. The Purchaser acknowledges that notwithstanding any rule of law to the contrary, that by executing this Agreement, it has not acquired any equitable or legal interest in the Unit or the Property. 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, Unit or the Condominium and further agrees not to give, register, or permit to be registered any encumbrance against the Property, Unit or the Condominium. Should the Purchaser be in default of his or 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, 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 25 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, 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).
- 17. The Purchaser covenants not to list for sale or lease, advertise for sale or lease, sell or lease, nor in any way assign his or 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 after the Title 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 and the Occupancy License, effective upon delivery of notice of termination to the Purchaser or the Purchaser's solicitor, 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 or her spouse, or a member of his or her immediate family only, and shall not be permitted to direct title to any other third parties.
- 18. The Purchaser acknowledges that the Vendor is (or may in the future be) processing and/or completing one or more rezoning or minor variance applications with respect to the Lands (and/or the lands adjacent thereto or in the neighbouring vicinity thereof), as well as a site plan approval/development application/draft plan of condominium approval with respect to the Lands, in order to permit the development and construction of the Condominium thereon. The Purchaser acknowledges that during the rezoning, minor variance, site plan and/or draft plan of condominium approval process, the footprint or siting of the condominium building may shift from that originally proposed or intended, the overall height of the condominium building (and the number of levels/floors, and/or the number of dwelling units comprising

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the Condominium) may vary, and the location of the Condominium's proposed amenities may likewise be altered, without adversely affecting the floor plan layout, design and size of the interior of the Unit, and the Purchaser hereby expressly agrees to complete this transaction notwithstanding the foregoing, without any statement in the Purchase Price, and without any entitlement to a claim for damages or other compensation whatsoever. The Purchaser further covenants and agrees that it shall not oppose the aforementioned zoning, minor variance and site plan/development applications, nor any other applications ancillary thereto, including without limitation, any application submitted or pursued by or on behalf of the Vendor to lawfully permit the development and registration of the Condominium, or to obtain an increase in the density coverage or the dwelling unit count (or yield) thereof, or for any other lawful purpose whatsoever, and the Purchaser expressly acknowledges and agrees that this covenant may be pleaded as an estoppel or bar to any opposition or objection raised by the Purchaser thereto.

19. 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 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/construction office(s) and model units, and the display of signs located on the Property.

Termination without Default

20. In the event this Agreement is terminated through no fault of the Purchaser, all deposit monies paid by the Purchaser towards the Purchase Price, together with any interest required by law to be paid, shall be returned to the Purchaser; provided however, that the Vendor shall not be obligated to return any monies paid by the Purchaser as an Occupancy Fee. The Vendor shall be entitled to require the Purchaser to execute a release of any surety, lender or any other third party requested by the Vendor in its discretion prior to the return of such monies. 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 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.

Tarion Warranty Corporation

21. The Vendor represents and warrants to the Purchaser that the Vendor is a registered vendor/builder with the TWC. 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 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. The Purchaser hereby irrevocably appoints the Vendor his/her agent to complete and execute the TWC Certificate of Deposit and any access condominium deposit insurance documentation in this regard, as required, both on its own behalf and on behalf of the Purchaser.

Right of Entry

22. Notwithstanding the Purchaser occupying the Unit on the Occupancy 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 Title Transfer Date and acknowledged by the Purchaser at the Vendor's sole discretion.

Occupancy

23. (a) 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 Occupancy 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 other than the documentation required by paragraph 8 of the Tarion Addendum. Provided that the Vendor complies with paragraph 8 of the Tarion Addendum, the Purchaser acknowledges that the failure to complete the common elements before the Occupancy 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 TWC 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.
- (b) If the Unit is substantially complete and fit for occupancy on the Occupancy Date, as provided for in subparagraph (a) above, but the Creating Documents have not been registered, (or in the event the Condominium is registered prior to the Occupancy Date and closing documentation has yet to be prepared), the Purchaser shall pay to the Vendor a further amount on account of the Purchase Price specified in paragraph 1(b) hereof without adjustment save for any pro-rated portion of the Occupancy Fee described and calculated in Schedule "C", and the Purchaser shall occupy the Unit on the Occupancy Date pursuant to the Occupancy Licence attached hereto as Schedule "C".

Inspection

24. (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, prior to the Occupancy 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 TWC 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 ONHWPA. The said 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 paragraph or otherwise enlarged its obligations hereunder.
- (b) The Purchaser acknowledges that the Homeowner Information Package as defined in TWC Bulletin 42 (the "HIP") is available from TWC 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.

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- (c) The Purchaser shall be entitled to send a designate to conduct the PDI in the Purchaser's place or attend with their 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 of Purchase and Sale 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 HIF 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 of Purchase and Sale and/or at law.

Purchaser's Default

25. (a) In the event that the Purchaser is in default with respect to any of his or her obligations contained in this Agreement (other than paragraph 2(d) hereof) or in the Occupancy License on or before the Title 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 Occupancy Date or the Title 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 hereinbefore provided or contemplated), and/or unilaterally declare this Agreement and the Occupancy License to be terminated and of no further force or effect. All monies paid hereunder (including the deposit monies paid or agreed to be paid by the Purchaser pursuant to this Agreement which sums shall be accelerated on demand of the Vendor), together with any interest earned thereon and monies paid or payable for extras or upgrades or changes ordered by the Purchaser, whether or not installed in the Dwelling, shall be forfeited to the Vendor. The Purchaser agrees that the forfeiture of the aforesaid monies shall not be a penalty and it shall not be necessary for the Vendor to prove it suffered any damages in order for the Vendor to be able to retain the aforesaid monies. The Vendor shall in such event still be entitled to claim damages from the Purchaser in addition to any monies forfeited to the Vendor. The aforesaid retention of monies is 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 and/or the Occupancy License by reason of the Purchaser's default as aforesaid, then the Purchaser shall be obliged to forthwith vacate the Unit (or cause 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 hereinbefore provided, and in the event the Purchaser fails or refuses to execute same, the Purchaser hereby appoints the Vendor to be his or 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, 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 or an Escrow Agent is/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 or Escrow Agent from any obligation to hold the deposit monies, in trust, and shall not make any claim whatsoever against the said solicitors or Escrow Agent and the Purchaser hereby irrevocably directs and authorizes the said solicitors or Escrow Agent to deliver the said deposit monies and accrued 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, but are subsequently accepted by the Vendor, notwithstanding the Purchaser's default, then such amount, payment and/or adjustment shall, until paid, bear interest at the rate equal to eight (8%) percent per annum above the bank rate as defined in subsection 19(2) of O. Reg. 48/01 to the Act at the date of default.

Common Elements

26. The Purchaser acknowledges that the Condominium will be constructed to Ontario Building Code requirements at the time of issuance of the building permit. The Purchaser covenants and agrees 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 in title 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

27. The Purchaser agrees to provide to the Vendor's Solicitors on the Occupancy 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.

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Risk

28. The Unit shall be and remain at the risk of the Vendor until the Title Transfer Date, subject to the terms of the Occupancy Licence attached hereto as Schedule "C". If any part of the Condominium is damaged before the Creating Documents are registered, the Vendor may in its sole discretion either:
- (a) make such repairs as are necessary to complete this transaction and, if necessary, delay the Occupancy Date in the manner permitted in paragraph 7 of the Taron Addendum;
 - (b) terminate this Agreement and return to the Purchaser all deposit monies paid by the Purchaser to the Vendor, with interest payable under law if the damage to the Condominium has frustrated this Agreement at law; or
 - (c) apply to a court of competent jurisdiction for an order terminating the Agreement in accordance with the provisions of subsection 79(3) of the Act,

It being understood and agreed that all insurance policies and the proceeds thereof are to be for the benefit of the Vendor alone.

Tender/Termet

29. (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 30 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, Sheaffer, LLP at 12:00 noon on the Title Transfer Date or the Occupancy Date as the case may be and remaining there until 5:00 p.m. and is ready, willing and able to complete the transaction. The Purchaser agrees that keys may be released to the Purchaser as the construction site or sales office on the Occupancy Date or the Title Transfer Date, as applicable. The Vendor's advice that the keys are available shall be valid tender of possession of the Property to the Purchaser. In the event the Purchaser or his or her solicitor fails to appear or appears and fails to close, such attendance by the Vendor's representative (which includes the Vendor's Solicitors) 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 subparagraph 29 (a) hereof, in the event the Purchaser or his or her solicitor advise the Vendor or its Solicitors, on or before the Occupancy Date or Title Transfer Date, as applicable, that the Purchaser is unable or unwilling to complete the purchase or take occupancy, the Vendor is relieved of any obligation to make any formal tender upon the Purchaser or his or her solicitor and may exercise forthwith any and all of its right and remedies provided for in this Agreement and at law.
30. As the electronic registration system (hereinafter referred to as the "Teraview Electronic Registration System" or "TERS") is operative in the applicable Land Titles Office in which the Property is registered, then at the option of the Vendor's solicitor, the following provisions shall prevail:
- (a) The Purchaser shall be obliged to retain a lawyer, who is both an authorized TERS 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 solicitor on the latter's standard form (hereinafter referred to as the "Escrow Document Registration Agreement"), establishing the procedures and timing for completing this transaction and to be executed by the Purchaser's solicitor and returned to the Vendor's solicitors at least ten (10) days prior to the Title Transfer Date. If the Vendor's solicitor provides written notice to the Purchaser's solicitor that it accepts and agrees to be bound by the terms of the form of Document Registration Agreement prepared by the Law Society of Upper Canada and adopted by the Joint LSUC - CBAO Committee on Electronic Registration of Title Documents, as may be amended from time to time, the Vendor's solicitor and the Purchaser's solicitor shall be deemed to have executed such form which shall be the Escrow Document Registration Agreement defined in this paragraph and referred to in this Agreement.
 - (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 solicitor receiving the documents, keys and/or certified 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.
 - (c) If the Purchaser's lawyer is unwilling or unable to complete this transaction via TERS, 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 solicitor, at such time on the scheduled Occupancy Date as may be directed by the Vendor's solicitor or as mutually agreed upon, in order to complete this transaction via TERS utilizing the computer facilities in the Vendor's solicitor's office, and shall pay a fee as determined by the Vendor's solicitor, acting reasonably for the use of the Vendor's 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 solicitor (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.
 - (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 solicitor has:

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- (i) delivered all closing documents, keys and/or funds to the Purchaser's solicitor in accordance with the provisions of the Escrow Document Registration Agreement or the provisions of this Agreement;
- (ii) advised the Purchaser's solicitor, 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 TERS in order to complete this transaction that can be performed or undertaken by the Vendor's solicitor without the cooperation or participation of the Purchaser's solicitor and specifically, when the Transfer of the Unit is created on the TERS system and messaged to the Purchaser's solicitor under the TERS system;

without the necessity of personally attending upon the Purchaser or the Purchaser's solicitor with the aforementioned documents, keys and/or funds, and without any requirement to have an independent witness evidencing the foregoing.

General

- 31. The Vendor shall provide a statutory declaration on the Title Transfer Date that it is not a non-resident of Canada within the meaning of the ITA.
- 32. The Vendor and Purchaser agree to pay the costs of registration of their own documents and any tax in connection therewith.
- 33. 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.
- 34. 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.
- 35. The Purchaser acknowledges that the 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, corridor and stairwell walls, and to the centre line of all party walls separating one 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 TWC. Actual useable floor space may (therefore) vary from any stated or represented floor area or gross floor area, and the extent of the actual or useable living space 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 otherwise. 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.
- 36. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 37. The headings of this Agreement form no part hereof and are inserted for convenience of reference only.
- 38. 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 herein. The Purchaser and the Vendor acknowledge and agree that this Agreement and all amendments and addenda thereto shall constitute an agreement made under seal.
- 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 a duplicate registered copy thereof (together with a statutory declaration sworn by the Purchaser's solicitor 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 another person or corporation for a disclosed or undisclosed beneficiary or principal (including, without limitation, 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 as the case may be, shall be deemed and construed to constitute the personal indemnity of such person or persons so signing with respect to the obligations of the Purchaser herein and shall be fully liable to the Vendor for the Purchaser's obligations under this Agreement and may not plead such agency, trust relationship or any other relationships as a defence to such liability.

Notice

- 40. (a) Any notice required to be delivered under the provisions of the Taron Addendum shall be delivered in the manner required by paragraph 14 of the Taron Addendum.
- (b) Any other 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, facsimile transmission or electronic mail to the attention of the Purchaser or to the Purchaser's solicitor to their respective addresses indicated herein or to the address of the Unit after the Occupancy Date and to the Vendor at 1100 King Street West, Toronto, Ontario, M5K 1E6 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, by electronic mail or by facsimile transmission and upon the third day following posting, excluding Saturdays, Sundays and statutory holidays. This agreement or any amendment or addendum thereto may, at the Vendor's option, be properly delivered if it delivered by facsimile transmission or if a copy of same is computer scanned and forwarded by electronic mail to the other party.

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:

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- (a) 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);
- (b) 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, site servicing 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 intended to be created 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;
- (c) change, vary, or modify the number, size and location of any windows, column(s) and/or bulkhead(s) 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 window(s), column(s) and/or bulkhead(s) in one or more locations within the Unit which have not been shown or illustrated in any sales brochure(s), model(s) or floor plan(s) 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
- (d) 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 material(s) 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 Title Transfer Date (and specifically within 10 days after the Purchaser is notified or otherwise becomes aware of such material change), and the return of the Purchaser's deposit monies, together with interest accrued thereon at the rate prescribed by the Act.

Cause of Action/Assignment

- 42. (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 acknowledgment 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. Furthermore, the Purchaser and the Vendor acknowledge that this Agreement shall be deemed to be a contract under seal.
- (b) At any time prior to the Title 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 ONHPWA and upon any such assignee assuming all obligations under this Agreement and notifying the Purchaser or the Purchaser's solicitor 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 stead of the Vendor.

Non-Merger

- 43. The covenants and agreements of each of the parties hereto shall not merge on the Title 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 Provisions

- 44. The Purchaser acknowledges that it is anticipated by the Vendor that in connection with the Vendor's application to the appropriate governmental authorities for draft plan of condominium approval certain requirements may be imposed upon the Vendor by various governmental authorities. These requirements (the "Requirements") usually relate to warning provisions to be given to Purchasers in connection with environmental or other concerns (such as warnings relating to noise levels, the proximity of the Condominium to major street, garbage storage and pickup, school transportation, and similar matters). Accordingly, the Purchaser covenants and agrees that (1) on either the Occupancy Date or Title Transfer Date, as determined by the Vendor, the Purchaser shall execute any and all documents required by the Vendor acknowledging, inter alia, that the Purchaser is aware of the Requirements, and (2) if the Vendor is required to incorporate the Requirements into the final Condominium Documents the Purchaser shall accept the same, without in any way affecting this transaction. Notwithstanding the generality of the foregoing, the Purchaser agrees to be bound by the warnings set forth in Schedule "D" hereto.

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

- 45. The Purchaser hereby consents to the Vendor's collection, use and disclosure of the Purchaser's personal information for the purpose of enabling the Vendor to proceed with the Purchaser's purchase of the Unit, completion of this transaction, and for post-closing and after-sales customer care purposes. Such personal information includes the Purchaser's name, home address, e-mail address, telefax/telephone number, age, date of birth, marital and residency status, social insurance number (only with respect to subparagraph (b) below), financial information, desired suite design(s), and colour/finish selections. In particular, but without limiting the foregoing, the Vendor may disclose such personal information to:

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- (a) Any relevant governmental authorities or agencies, including without limitation, the Land Titles Office (in which the Condominium is registered), the Ministry of Finance for the Province of Ontario (i.e. with respect to Land Transfer Tax), and the Canada Revenue Agency (i.e. with respect to HST);
- (b) Canada Revenue Agency, to whose attention the T-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 ITA, as amended;
- (c) The Condominium for the purposes of facilitating the completion of the Condominium'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/or implementing other condominium management/administration functions;
- (d) any companies or legal entities that are associated with, related to or affiliated with the Vendor, other future condominium declarants 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 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;
- (e) any financial institution(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, with respect to the Unit, including without limitation, the Vendor's construction lender(s), the quantity surveyor monitoring the Project and its costs, the Vendor's designated construction lender(s), the Tarrion Warranty Corporation 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;
- (f) any insurance companies of the Vendor providing (or wishing to provide) insurance coverage with respect to the Property (or any portion thereof) and/or the common elements of the Condominium, and 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;
- (g) 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;
- (h) 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 (collectively, the "Utilities"), unless the Purchaser gives the Vendor prior notice in writing not to disclose the Purchaser's personal information to one or more of the Utilities;
- (i) 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, unless the Purchaser gives the Vendor prior notice in writing not to disclose the Purchaser's personal information to said third party data processing companies;
- (j) the Vendor's solicitors, to facilitate the interim occupancy and/or final closing of this transaction, including the closing by electronic means via the Teraview Electronic Registration System, and which may (in turn) involve the disclosure of such personal information to an internet application service provider for distribution of documentation;
- (k) any person, where the Purchaser further consents to such disclosure or disclosures required by law.

Any questions or concerns of the Purchaser with respect to the collection, use or disclosure of his or her personal information may be delivered to the Vendor at the address set out in the Tarrion Addendum, Attention: Privacy Officer.

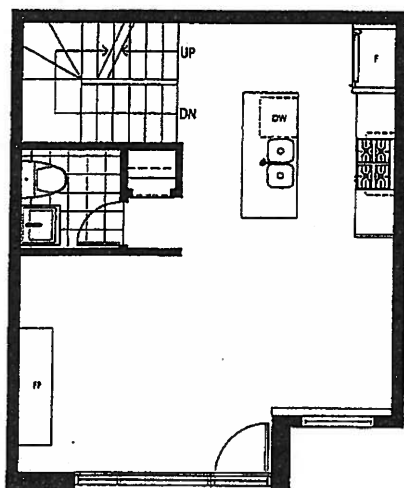
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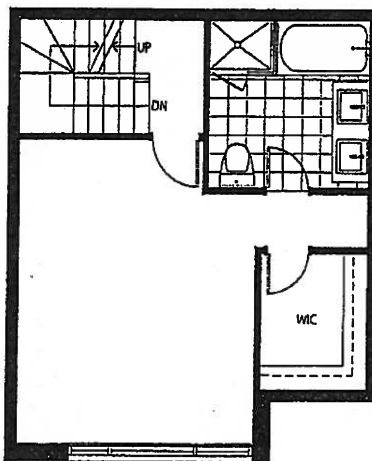
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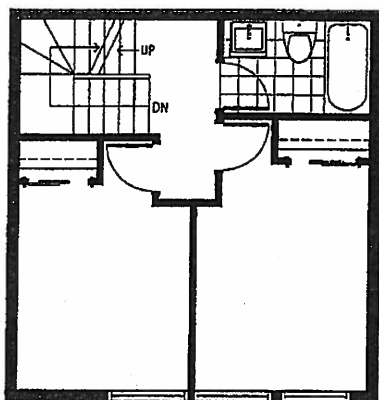
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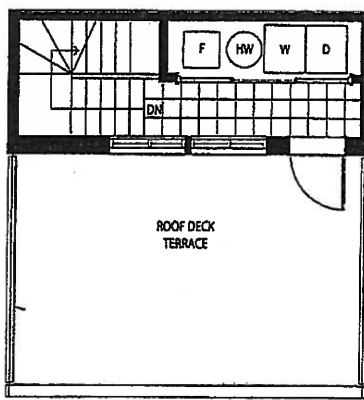
GROUND FLOOR



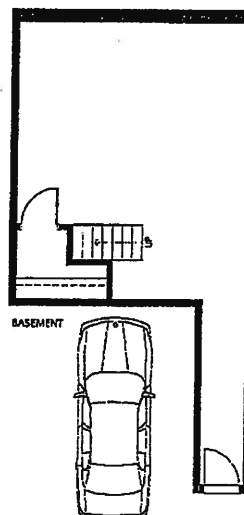
SECOND FLOOR



THIRD FLOOR



ROOF DECK



BASEMENT

Residential Unit No: 62 Level No: 1 Suite No: 108

PURCHASER NAME(S) Elaine Wan-Ming Shin And Howard Quinn

Date: June 22, 2011

Initial:

ES

URBANCORR.COM

URBANCORE

Floor plans may be reversed. E.I. O.E.

SCHEDULE "B" TO THE AGREEMENT OF PURCHASE AND SALE

FEATURES AND FINISHESArchitectural Features

- Brick, stone and stucco facades as per plan and model elevations.
- Architecturally selected energy efficient windows complete with thermal glazing and removable screens.
- Architecturally selected exterior front entry door with high security locking mechanism.

Kitchen Features

- Contemporary European design cabinetry in selection of wood stained and coloured finishes from Vendor's samples.
- Stone countertops in a selection of marbles, granites and quartz from Vendor's samples.
- Island will feature a cantilevered top for bar seating as per plan.
- Undermount stainless steel sink with pull out faucet.
- Matching designer backsplash in selection of stones, marbles or glass tiles from Vendor's samples.
- Designer selected ceiling mount lighting.
- Brand name appliance package including:
 - Stainless steel finish gas range
 - Stainless steel finish dishwasher
 - Stainless steel finish refrigerator
 - Stainless steel finish over the range microwave

Bathroom Features

- Contemporary European design cabinetry in selection of wood stained and coloured finishes from Vendor's samples.
- Stone countertops in a selection of marbles, granites and quartz from Vendor's samples.
- Soaker tub in bedroom ensuite bathrooms, as per plan.
- Freestanding bathtub in Master ensuite, as per plan.
- Temperature controlled mixing valve to tub/shower.
- Vanity mirrors with polished edges above basin vanity.
- Ceramic tile tub/shower surround from Vendor's samples
- Ceramic tile flooring from Vendor's samples
- Pedestal sink in powder room.
- Privacy locks on all bathroom doors.
- Designer selected wall mounted lighting above vanity.

Laundry Area Features

- Ceramic tile flooring.
- Full size front load washer and dryer vented to exterior.

Roof Deck / Exterior Features

- Exterior duplex outlet.
- Exterior non-freeze hose bib connection.
- Exterior quick disconnecting gas barbecue connection.
- Steel insulated door leading to roof deck terrace.
- Exterior insulated garden door leading to rear yard as per plan.

General Features

- Approximately 9'-0" ceiling height on ground floor *
- Prefinished hardwood flooring on main floor and bedroom floors per plans from Vendor's samples
- Oak handrails and pickets with stain finish.
- Oak staircase with stain finish.
- Gas fireplace with selection of marble or stone surround from Vendor's samples, as per plan.
- White painted doors with contemporary style hardware of brushed chrome finish.
- Approximately 5" contemporary baseboards throughout with approximately 3" casings on all windows and doorways.
- Sliding panel doors to closets complete with shelving.
- Smooth paint finished ceilings.

Engineering Features

- iPad Home Control system for lighting, security, heating/cooling and sound, including iPad2 and docking station.
- Service panels with circuit breakers.
- Pre-wired television outlets in bedrooms and family room as per plans.
- 30 standard pot lights.
- Designer selected lighting fixtures in main entrance, kitchen and main bathroom.
- Pre-wired telephone outlets in kitchen, family room and bedrooms.
- Rough-in security system.
- Smoke and carbon monoxide detectors as per code.
- High velocity heating and air-conditioning system.
- Individually meter hydro, gas and water.

Basement Features

- Finished with drywall and painted white.
- Broadloom flooring with underpadding from Vendor's samples.
- Insulated metal entry door system.

N.B. Subject to paragraph 4 of the Agreement of Purchase and Sale of which this Schedule "B" forms part, 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.

* Ceiling Heights in some areas may be lower due to heating/ventilation supply ductwork.

46. Marble and wood are subject to natural variations in colour and grain. Ceramic tile and broadloom are subject to pattern, shade and colour variations. Floors and specific finishes will depend on Vendor's package as selected. All specifications, dimensions and materials are subject to change without notice.
47. If the Dwelling is at a stage of construction which will enable the Vendor to permit the Purchaser to make colour and material choices from the Vendor's standard selections, then the Purchaser shall have until the Vendor's date designated by the Vendor (of which the Purchaser shall be given at least seven (7) days prior to notice) to properly complete the Vendor's colour and material selection form. If the Purchaser fails to do so within such time period, the Vendor may irrevocably exercise all of the Purchaser's rights to colour and material selections hereunder and such selections shall be binding upon the Purchaser. No changes whatsoever shall be permitted in colours or materials so selected by the Vendor, except that the Vendor shall have the right to substitute other materials and items for those provided in this Schedule provided that such materials and items are of equal quality to or better than the materials and items set out herein. 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.
48. References to model types or model numbers refer to current manufacturer's models. If those types or models shall change, the Vendor shall provide an equivalent model.
49. All dimensions, if any, are approximate.
50. All specifications and materials are subject to change without notice.
51. 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 Dwelling which is in the nature of an optional extra (such as, by way of example only, a fireplace); if, as a result of building, construction or site conditions within the Dwelling 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.
52. Floor and specific features will depend on the Vendor's package as selected.

FINAL -- June 7, 2011

Actual usable floor space may vary from the stated floor area. E. & O.E.

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June 15, 2011

SCHEDULE "C" TO AGREEMENT OF PURCHASE AND SALE

TERMS OF OCCUPANCY LICENCE

- C.1 The transfer of title to the Unit shall take place on the Title Transfer Date upon which date, unless otherwise expressly provided for hereunder, the term of this Occupancy Licence shall be terminated.
- C.2 The Purchaser shall pay or have paid to the Vendor, on or before the Occupancy Date, by certified cheque drawn on a Canadian chartered bank the amount set forth in paragraph 1(b) of this Agreement without adjustment. Upon payment of such amount on the Occupancy Date, the Vendor grants to the Purchaser a licence to occupy the Unit from the Occupancy Date.
- C.3 The Purchaser shall pay to the Vendor the Occupancy Fee calculated as follows:
- (a) the amount of interest payable in respect of the unpaid balance of the Purchase Price at the prescribed rate;
 - (b) an amount reasonably estimated by the Vendor on a monthly basis for municipal realty taxes attributable by the Vendor to the Unit; and
 - (c) the projected monthly common expense contribution for the Unit;
- as an occupancy charge on the first day of each month in advance during Interim Occupancy, no part of which shall be credited as payments on account of the Purchase Price, but which payments shall be a charge for occupancy only. If the Occupancy Date is not the first day of the month, the Purchaser shall pay on the Occupancy Date a pro rata amount for the balance of the month by certified funds. The Purchaser shall deliver to the Vendor on or before the Occupancy Date a series of post-dated cheques as required by the Vendor for payment of the estimated monthly Occupancy Fee. The Occupancy Fee may be recalculated by the Vendor, from time to time based on revised estimates of the items which may be lawfully taken into account in the calculation thereof and the Purchaser shall pay to the Vendor such revised Occupancy Fee following notice from the Vendor. With respect to taxes, the Purchaser agrees that the amount estimated by the Vendor on account of municipal realty taxes attributed to the Unit shall be subject to recalculation based upon the real property tax assessment or reassessment of the Units and/or Condominium, issued by the municipality after the Title Transfer Date and the municipal tax mill rate in effect as at the date such assessment or reassessment is issued. The Occupancy Fee shall thereupon be recalculated by the Vendor and any amount owing by one party to the other shall be paid upon demand.
- C.3 The Purchaser shall be allowed to remain in occupancy of the Unit during Interim Occupancy provided the terms of this Occupancy Licence and the Agreement have been observed and performed by the Purchaser. In the event the Purchaser breaches the terms of occupancy 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 Occupancy Licence 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.
- C.4 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 pursuant to this Agreement, in the same manner as if the closing of the transaction was taking place at that time.
- C.5 The Purchaser shall pay the monthly Occupancy Fee during Interim Occupancy and the Vendor shall destroy all unused post-dated Occupancy Fee cheques on or shortly after the Title Transfer Date.
- C.6 The Purchaser agrees to maintain the Unit in a clean and sanitary condition and not to make any alterations, improvements or additions thereto without the prior written approval of the Vendor which may be unreasonably withheld. The Purchaser shall be responsible for all utility, telephone expenses, cable television service, or other charges and expenses billed directly to the occupant of the Unit by the supplier of such services and not the responsibility of the Corporation under the Condominium Documents.
- C.7 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.
- C.8 The Vendor covenants to proceed with all due diligence and dispatch to register the Creating Documents. If the Vendor for any reason whatsoever is unable to register the Creating Documents and therefore is unable to deliver a registrable Transfer/Deed to the Purchaser within twenty-four (24) months after the Occupancy Date, the Purchaser or Vendor shall have the right after such twenty-four (24) month period to give sixty (60) days written notice to the other, of an intention to terminate the Occupancy Licence and this Agreement. If the Vendor and Purchaser consent to termination, the Purchaser shall give up vacant possession and pay the Occupancy Fee to such date, after which this Agreement and Occupancy Licence shall be terminated and all moneys paid to the Vendor on account of the Purchase Price shall be returned to the Purchaser together with interest required by the Act, subject however, to any repair and redecorating expenses of the Vendor necessary to restore the Unit to its original state of occupancy, reasonable wear and tear excepted. The Purchaser and Vendor each agree to provide a release of this Agreement in the Vendor's standard form. If the Vendor and Purchaser do not consent to termination, the provisions of subsection 79(3) of the Act may be invoked by the Vendor.
- C.9 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 the Occupancy Licence separate and apart from the purchase and sale provisions of this Agreement.
- C.10 The Purchaser acknowledges that the Vendor 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, after the Occupancy Date to insure the improvements or betterments to the Unit and to

Lesterville
June 15, 2011

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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.

- C.11 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 discretion of the Vendor, and such costs may be added to the Purchase Price.
- C.12 In accordance with subsections 80(5)(d) and (e) of the Act, subject to strict compliance by the Purchaser with the requirements of occupancy set forth in this Agreement, the Purchaser shall not have the right to assign, sublet or in any other manner dispose of the Occupancy Licence during Interim Occupancy without the prior written consent of the Vendor which consent may be arbitrarily withheld. The Purchaser acknowledges that an administrative fee will be payable to the Vendor each time the Purchaser wishes to assign, sublet or dispose of the Occupancy Licence during Interim Occupancy.
- C.13 The provisions set forth in this Agreement, unless otherwise expressly modified by the terms of the Occupancy Licence, shall be deemed to form an integral part of the Occupancy Licence. In the event the Vendor elects to terminate the Occupancy Licence pursuant to this Agreement following substantial damage to the Unit and/or the Condominium, the Occupancy Licence shall terminate forthwith upon notice from the Vendor to the Purchaser. If the Unit and/or the Condominium can be repaired within a reasonable time following damages as determined by the Vendor (but not, in any event, to exceed one hundred and eighty (180) days) and the Unit is, during such period of repairs uninhabitable, the Vendor shall proceed to carry out the necessary repairs to the Unit and/or the Condominium with all due dispatch and the Occupancy Fee shall abate during the period when the Unit remains uninhabitable; otherwise, the Purchaser shall vacate the Unit and deliver up vacant possession to the Vendor and all moneys, to the extent provided for in paragraph 20 hereof (excluding the Occupancy Fee paid to the Vendor) shall be returned to the Purchaser. It is understood and agreed that the proceeds of all insurance policies held by the Vendor are for the benefit of the Vendor alone.

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SCHEDULE "D" TO AGREEMENT OF PURCHASE AND SALE

WARNING CLAUSES

- D.1 The Purchaser acknowledges that it is anticipated by the Vendor that in connection with the Vendor's application to the appropriate governmental authorities for draft plan of condominium approval certain requirements may be imposed upon the Vendor by various governmental authorities. These requirements (the "Requirements") usually relate to warning provisions to be given to Purchasers in connection with environmental or other concerns (such as warnings relating to noise levels, the proximity of the Condominium to major street, garbage storage and pickup, school transportation, and similar matters). Accordingly, the Purchaser covenants and agrees that (1) on either the Occupancy date or Title Transfer Date, as determined by the Vendor, the Purchaser shall execute any and all documents required by the Vendor acknowledging, *inter alia*, that the Purchaser is aware of the Requirements, and (2) if the Vendor is required to incorporate the Requirements into the final Condominium Documents the Purchaser shall accept the same, without in any way affecting this transaction.
- D.2 The Purchaser specifically acknowledges and agrees that the Condominium will be developed in accordance with any requirements that may be imposed from time to time by any Governmental Authorities, and that the proximity of the Property to major arterial roadways, (including Queen Street West and Dundas Street West), CN railway lands, and TTC transit operations may result in noise, vibration, electromagnetic interference, and stray current transmissions ("Interferences") to the Property and despite the inclusion of control features within the Condominium. These Interferences may continue to be of concern, occasionally interfering with some activities of the dwelling 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 Title 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. Glazing 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 and rail operations are within the Ministry of the Environment's noise criteria."
- D.3 Without limiting the generality of the preceding subparagraph, the Purchaser acknowledges and agrees that:
- (a) The Residential Units have been supplied with a central air conditioning system which will allow windows and exterior doors to remain closed, thereby ensuring that the indoor sound levels are within the Municipality's and the Ministry of the Environment's noise criteria.
 - (b) 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.
- D.4 The Purchaser acknowledges 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 to 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 or her own insurance coverage with respect to same, effective from and after the Occupancy date, all at the Purchaser's sole cost and expense.
- D.5 It is further acknowledged that one or more of the Development Agreements may require the Vendor to provide the Purchaser with certain notices, including without limitation, notices regarding such matters as land use, the maintenance of retaining walls, landscaping features and/or fencing, noise abatement features, garbage storage and pick-up, school transportation, and noise/vibration levels from adjacent roadways and/or nearby railway lines or airports. The Purchaser agrees to be bound by the contents of any such notice(s), whether given to the Purchaser at the time that this Agreement has been entered into, or at any time thereafter up to the Title Transfer Date, and the Purchaser further covenants and agrees to execute, forthwith upon the Vendor's request, an express acknowledgment confirming the Purchaser's receipt of such notice(s) in accordance with (and in full compliance of) such provisions of the Development Agreement(s), if and when required to do so by the Vendor.
- D.6 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 Occupancy 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.
- D.7 The Vendor hereby reserves the right to increase or decrease the final number of residential, parking and/or other ancillary units intended to be created within the Condominium, as well as 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, provided that the final budget for the first year following registration of the Condominium is prepared in such a manner so that any such variance in the residential/parking and/or other ancillary Unit count will not affect, in any material or substantial way, the percentages of common expenses and common interests allocated and attributable to the residential and/or parking units sold by the Vendor to the Purchaser. Without limiting the generality of the foregoing, the Purchaser further acknowledges and agrees that one or more units situate adjacent to one another may be combined or amalgamated prior to the registration of the Condominium, in which case the common expenses and common interests attributable to such proposed former units will be incorporated into one figure or percentage in respect of the final combined unit, and the overall Residential Unit count of the Condominium will be varied and adjusted accordingly. None of the foregoing changes or revisions (if implemented) shall in any way be considered or construed as a material change to the Disclosure Statement prepared and delivered by the Vendor to the Purchaser in connection with this transaction.

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June 15, 2011

- D.8 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 Occupancy Date, (or any acceleration or extension thereof as hereinbefore 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 allotted 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 (nor with respect to any portion of the monthly occupancy fees so paid or payable, if applicable) 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 Occupancy Date, (or any acceleration or extension thereof, as aforesaid).
- D.9 Despite the best efforts of the Toronto District School Board, sufficient accommodation might 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, that students may later be transferred.
- D.10 The Purchaser hereby agrees 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 of the area.
- D.11 The owner, as vendor/builder of this project, warrants that it is enrolled as a registered builder with the New Home Warranty Program under the *Ontario New Home Warranty Plan Act* which is administered by Taron Warranty Corporation. The purchaser is advised to become familiar with his/her rights under the warranty program, as set out in the Taron Homeowner Information Package, and with the requirements to provide notices to Taron with respect to any building deficiencies or the quality of workmanship items in order to make claims under the warranty program, including the following:
- (i) As part of the administration of the New Home Warranty Program a vendor/builder is required to conduct a Pre-Delivery Inspection (PDI) of all freehold homes and condominium units which is a formal record of the home's condition before the purchaser takes possession and which will be used as a reference for future warranty service requests.
 - (ii) The purchaser is also advised that Taron requires that the purchaser must notify Taron of outstanding warranty items by submitting a "30-day Form" to Taron at Taron Customer Centre, 5150 Yonge Street, Concourse Level, Toronto Ontario, M2N 6L8 or by mail, courier or fax to 1-877-664-9710 before the end of the first (30) days of possession of a home by the purchaser.
 - (iii) The purchaser is advised that he/she must complete and submit a Year End Form to notify Taron of outstanding warranty items in the final thirty (30) days of the first year of possession of a home by the purchaser.
 - (iv) The purchaser is advised that he/she must complete and submit a Second-Year Form to notify Taron of outstanding warranty items in the final thirty (30) days of the second year of possession of a home by the purchaser.
- Purchasers are advised that failure by them to submit the required notices to Taron on a timely basis may affect their ability to make claims under the New Home Warranty Program.
- D.12 Purchasers acknowledge and agree that they are absolutely prohibited from altering the grading and/or drainage patterns established by the Vendor in respect of the Condominium, and subject to the provisions of the declaration, by-laws and rules of the Condominium in force from time to time, residents shall not place any fence, shrub, bush, hedge or other landscaping treatment on any portion of the common elements of the Condominium save in accordance with the Creating Documents.
- D.13 The Purchaser acknowledges and agrees that the primary HVAC equipment servicing the building (the "Condominium Equipment") may be furnished by an equipment lessor or owned by a supplier of geothermal heating and cooling. In such event, the Condominium Equipment shall not be considered fixtures appurtenant to the Common Elements and shall constitute chattel property owned and retained by the lessor of the Condominium Equipment or geothermal supplier, as the case maybe. Accordingly, ownership of the Condominium Equipment is not included in the common interest attaching to the Unit purchased herein. Please consult the Condominium Documents for further information.
- D.14 The Purchaser acknowledges and agrees that the Vendor reserves the right to add or relocate certain mechanical equipment within the Unit, including but not limited to, HVAC equipment and ancillary equipment, to be located and placed along either the interior of an outside wall or an interior demising wall, in accordance with engineering and/or architectural requirements.
- D.15 The Purchaser of Units 25, 27, 38 and 40 are advised that the ramp to the Condominium's underground garage and Type G loading facility is located in proximity to their Units.
- D.16 All Purchasers are advised that residents of the Condominium may not be permitted to purchasing City of Toronto parking permits for street parking on Curzon Street or Jones Avenue.
- D.17 Purchasers are advised that the Declarant's marketing material and site drawings and renderings ("Marketing Material") which they may have reviewed prior to the execution of this Agreement remains conceptual and that final building plans are subject to the final review and approval of any applicable governmental authority and the Declarant's design consultants and engineers, and accordingly such Marketing Material does not form part of this Agreement or the Vendor's obligations hereunder.

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June 15, 2011

SCHEDULE "E" TO 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 June 15, 2011, and accompanying documents in accordance with Section 72 of the Act; and
2. A copy of the Agreement of Purchase and Sale (to which this acknowledgment is attached as a Schedule) executed by the Vendor and the Purchaser.

The Purchaser hereby acknowledges that receipt of the Disclosure Statement and accompanying documents referred to in paragraph 1 above may have been in an electronic format and that such delivery satisfies the Vendor's obligation to deliver a Disclosure Statement under the Act.

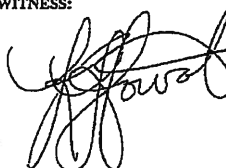
The Purchaser hereby acknowledges that the Condominium Documents required by the Act have not been registered by the Vendor, and agrees that the Vendor may, from time to time, make any modification to the Condominium Documents in accordance with its own requirements and the requirements of any mortgagee, governmental authority, examiner of Legal Surveys, the Land Registry Office or any other competent authority having jurisdiction to permit registration thereof.

The Purchaser further 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(5) of the Act, notwithstanding any rule of law or equity to the contrary.

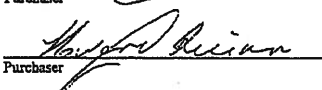
The Purchaser further acknowledges having been advised that the Purchaser shall be entitled to rescind or terminate the Agreement to which this Schedule is attached and obtain a refund of all deposit monies paid thereunder (together with all interest accrued thereon at the rate prescribed by the Act, if applicable), provided written notice of the Purchaser's desire to so rescind or terminate the Agreement is delivered to the Vendor or the Vendor's Solicitors within 10 days after the date set out below.

DATED at Toronto, this 22 day of June, 2011.

WITNESS:




Purchaser



Purchaser

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June 15, 2011

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

AMENDMENT TO THE AGREEMENT OF PURCHASE AND SALE
VIP Promotion Amendment

PROJECT: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. SUITE: 108
 BETWEEN UNIT: 62
 PURCHASER: Elaine Wan-Ming Shin And Howard Quinnand LEVEL: 1
 AND
 VENDOR: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

WHEREAS the Vendor and Purchaser have entered into an Agreement of Purchase and Sale dated 22 day of June, 2011 (the "Purchase Agreement") for the purchase and sale of the above referenced Unit; and whereas it is hereby understood and agreed between the Vendor and the Purchaser that the following change(s) shall be made to the Purchase Agreement, and except for such change(s) noted below, all other terms and conditions of the Purchase Agreement shall remain as stated therein, and time shall continue to be of the essence.

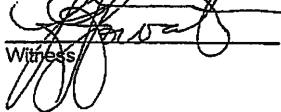
INSERT:

1. Vendor shall pay for the purchaser, the monthly condominium fee for 12 months following final closing of the property.
2. The Purchaser shall be permitted one (1) option to assign the Purchase Agreement to a third party with the Vendor's consent subject to ten percent (10%) of deposit has been paid and mortgage pre-approval is in place (which such consent shall not be unreasonably withheld), with the following applications:
 - a. Free Assignment cost if the assignment to a third party is completed 30 days prior to occupancy.
 - b. Three Thousand (\$3,000.00) Dollars plus H.S.T. if the assignment to a third party is completed less than 30 days prior to occupancy and/or during occupancy but no later than 30 days to final closing.
 - c. The Purchaser acknowledges that the Purchaser shall not be released from this Agreement of Purchase and Sales irrespective of any assignment thereof and shall complete the transaction in accordance with the consent documentation provided by the Vendor.
3. The amounts to be paid by the Purchaser to the Vendor as adjustments on the Title Transfer Date and set out in subsections 6(d) (ii), (iii), (v), and (ix) of the Purchase Agreement shall not exceed the aggregate amount of Five Thousand (\$5,000.00) Dollars.
4. Purchaser will be credited a total of Two Thousand (\$2,000.00) Dollars by the Vendor on the unit transfer date.

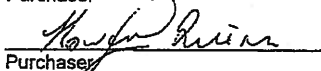
A fax or a photocopy of this agreement shall be deemed to be an original hereof.

DATED this 22 day of June, 2011;

IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.



 Witness


 Purchaser


 Purchaser

ACCEPTED AT Toronto this 22 day of June, 2011;

URBANCORP (LESLIEVILLE)
 DEVELOPMENTS INC.

Per: 
 Authorized Signing Officer
 I have authority to bind the Corporation

June 15, 2011



Condominium Form (Tentative Occupancy Date)

Property Suite: 108 Unit: 62 Level: 1

50 Curzon Street, Toronto, Ontario

Statement Of Critical Dates Delayed Occupancy Warranty

This Statement of Critical Dates forms part of the Addendum to which it is attached, which in turn forms part of the agreement of purchase and sale between the Vendor and the Purchaser relating to the Property. The Vendor must complete all blanks set out below.

NOTE TO HOME BUYERS: Please visit Tarion's website: www.tarion.com for important information about all Tarion's warranties including the Delayed Occupancy Warranty, the Pre-Delivery Inspection and other matters of interest to new home buyers. You can also obtain a copy of the Homeowner Information Package which is strongly recommended as essential reading for all home buyers. The website features a calculator which will assist you in confirming the various Critical Dates related to the occupancy of your condominium unit.

VENDOR Urbancorp (Leslieville) Development Inc.

Full Name(s)

PURCHASER Elaine Wan-Ming Shln And Howard Quinn

Full Name(s)

1. Critical Dates

The First Tentative Occupancy Date, which is the date that the Vendor anticipates the condominium home will be completed and ready to move in, is:

the 28th day of February, 2013.

The Vendor can delay Occupancy on one or more occasions by setting a subsequent Tentative Occupancy Date, in accordance with section 3 of the Addendum by giving proper written notice as set out in section 3.

By no later than 30 days after completion of the roof slab or of the roof trusses and sheathing, as the case may be, with 90 days prior written notice, the Vendor shall set either (i) a Final Tentative Occupancy Date; or (ii) a Firm Occupancy Date.

If the Vendor sets a Final Tentative Occupancy Date but cannot provide Occupancy by the Final Tentative Occupancy Date, then the Vendor shall set a Firm Occupancy Date that is no later than 120 days after the Final Tentative Occupancy Date, with proper written notice as set out in section 3 below.

If the Vendor cannot provide Occupancy by the Firm Occupancy Date, then the Purchaser is entitled to delayed occupancy compensation (see section 9 of the Addendum) and the Vendor must set a Delayed Occupancy Date which cannot be later than the Outside Occupancy Date.

The Outside Occupancy Date, which is the latest date by which the Vendor agrees to provide Occupancy, is:

the 28th day of February, 2015.

2. Notice Period for an Occupancy Delay

Changing an Occupancy date requires proper written notice. The Vendor, without the Purchaser's consent, may delay occupancy one or more times in accordance with section 3 of the Addendum and no later than the Outside Occupancy Date.

Notice of a delay beyond the First Tentative Occupancy Date must be given no later than:

the 30th day of November, 2012.

(i.e., 90 days before the First Tentative Occupancy Date), or else the First Tentative Occupancy Date automatically becomes the Firm Occupancy Date.

3. Purchaser's Termination Period

If the condominium home is not complete by the Outside Occupancy Date, and the Vendor and the Purchaser have not otherwise agreed, then the Purchaser can terminate the transaction during a period of 30 days thereafter (the "Purchaser's Termination Period"), which period could end as late as:

the 30th day of March, 2015.

If the Purchaser terminates the transaction during the Purchaser's Termination Period, then the Purchaser is entitled to delayed occupancy compensation and to a full refund of all monies paid plus interest (see sections 9, 11 and 12 of the Addendum).

Note: Anytime a Critical Date is set or changed as permitted in the Addendum, other Critical Dates may change as well. At any given time the parties must refer to the most recent agreement or written notice that sets a Critical Date, and calculate revised Critical Dates using the formulas contained in the Addendum. Critical Dates can also change if there are uncollectible delays (see section 7 of the Addendum).

Acknowledged this 22 day of June, 2011.

VENDOR:

PURCHASER:



Condominium Form (Tentative Occupancy Date)

Addendum to Agreement of Purchase and Sale Delayed Occupancy Warranty

This addendum, including the accompanying Statement of Critical Dates (the "Addendum"), forms part of the agreement of purchase and sale (the "Purchase Agreement") between the Vendor and the Purchaser relating to the Property. It contains important provisions that are part of the delayed occupancy warranty provided by the Vendor in accordance with the *Ontario New Home Warranties Plan Act* (the "Act"). If there are any differences between the provisions in the Addendum and the Purchase Agreement, then the Addendum provisions shall prevail. **PRIOR TO SIGNING THE PURCHASE AGREEMENT OR ANY AMENDMENT TO IT, THE PURCHASER SHOULD SEEK ADVICE FROM A LAWYER WITH RESPECT TO THE PURCHASE AGREEMENT OR AMENDING AGREEMENT, THE ADDENDUM AND THE DELAYED OCCUPANCY WARRANTY.**

The Vendor shall complete all blanks set out below.

| | | | |
|--|----------------------|--|-------------|
| VENDOR | | Urbancorp (Leslieville) Developments Inc. | |
| Full Name(s) | 41277 | 1100 King Street West | |
| Tarion Registration Number | 416-928-5001 | Address | |
| Phone | 416-928-9501 | Toronto | Ontario |
| Fax | | City | Province |
| | | | Postal Code |
| | | | M6K 1E6 |
| | | | |
| | | | |
| PURCHASER | | Elaine Wan-Ming Shin And Howard Quinn | |
| Full Name(s) | 89 Brooklyn Ave | | |
| Address | 416-325-1575 | | |
| Phone | Toronto | Ontario | M4M 2X4 |
| Fax | City | Province | Postal Code |
| | elain.shin@gmail.com | | |
| | | | |
| | | | |
| PROPERTY DESCRIPTION | | | |
| 50 Curzon Street | | | |
| Municipal Address | | | |
| Toronto | | Ontario | |
| City | | Province | |
| | | Postal Code | |
| Part of Lot 11, In Concession 1, From the Bay, In the Geographic Township of York, being part of PINs | | | |
| Short Legal Description | | | |
| 21051-0343 (LT), 21051-0387 (LT), and 21051-0388 (LT) | | | |
| INFORMATION REGARDING THE PROPERTY | | | |
| The Vendor confirms that: | | | |
| (a) The Vendor has obtained Formal Zoning Approval for the Building. | | <input type="radio"/> Yes <input type="radio"/> No | |
| If no, the Vendor shall give written notice to the Purchaser within 10 days after the date that Formal Zoning Approval for the Building is obtained. | | | |
| (b) Commencement of Construction: <input type="radio"/> has occurred; or <input type="radio"/> is expected to occur by the 5 day of January, 2012. | | | |
| The Vendor shall give written notice to the Purchaser within 10 days after the actual date of Commencement of Construction. | | | |

1. Definitions

- "Building" means the condominium building or buildings contemplated by the Purchase Agreement, in which the Property is located or is proposed to be located.
- "Business Day" means any day other than: Saturday; Sunday; New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day; and any special holiday proclaimed by the Governor General or the Lieutenant Governor; and where New Year's Day, Canada Day or Remembrance Day falls on a Saturday or Sunday, the following Monday is not a Business Day, and where Christmas Day falls on a Saturday or Sunday, the following Monday and Tuesday are not Business Days; and where Christmas Day falls on a Friday, the following Monday is not a Business Day.
- "Commencement of Construction" means the commencement of construction of foundation components or elements (such as footings, rafts or piles) for the Building.
- "Critical Dates" means the First Tentative Occupancy Date, any subsequent Tentative Occupancy Date, the Final Tentative Occupancy Date, the Firm Occupancy Date, the Delayed Occupancy Date, the Outside Occupancy Date and the last day of the Purchaser's Termination Period.
- "Delayed Occupancy Date" means the date, set in accordance with section 6, on which the Vendor agrees to provide Occupancy, in the event the Vendor cannot provide Occupancy on the Firm Occupancy Date.
- "Early Termination Conditions" means the types of conditions listed in Schedule A.
- "Firm Occupancy Date" means the firm date on which the Vendor agrees to provide Occupancy as set in accordance with this Addendum.
- "First Tentative Occupancy Date" means the date on which the Vendor, at the time of signing the Purchase Agreement, anticipates that the condominium home will be complete and ready for Occupancy, as set out in the Statement of Critical Dates.
- "Final Tentative Occupancy Date" means the last Tentative Occupancy Date that may be set, in accordance with paragraph 3(d).
- "Formal Zoning Approval" occurs when the zoning by-law required in order to construct the Building has been approved by all relevant governmental authorities having jurisdiction, and the period for appealing the approvals has elapsed and/or any appeals have been dismissed or the approval affirmed.
- "Occupancy" means the right to use or occupy a proposed or registered condominium home in accordance with the Purchase Agreement.
- "Outside Occupancy Date" means the latest date that the Vendor agrees, at the time of signing the Purchase Agreement, to provide Occupancy to the Purchaser, as set out in the Statement of Critical Dates.
- "Property" or "condominium home" means the condominium dwelling unit being acquired by the Purchaser from the Vendor, and its appurtenant interest in the common elements.
- "Purchaser's Termination Period" means the 30-day period during which the Purchaser may terminate the Purchase Agreement for delay, in accordance with paragraph 11(b).
- "Statement of Critical Dates" means the Statement of Critical Dates attached to or accompanying this Addendum (in form to be determined by the Tarion Registrar from time to time). The Statement of Critical Dates must be signed by both the Vendor and Purchaser.
- "Tentative Occupancy Date" has the meaning given to it in paragraph 3(c).
- "The Act" means the *Ontario New Home Warranties Plan Act* including regulations, as amended from time to time.
- "Unavoidable Delay" means an event which delays Occupancy which is a strike, fire, explosion, flood, act of God, civil insurrection, act of war, act of terrorism or pandemic, plus any period of delay directly caused by the event, which are beyond the reasonable control of the Vendor and are not caused or contributed to by the fault of the Vendor.
- "Unavoidable Delay Period" means the number of days between the Purchaser's receipt of written notice of the commencement of the Unavoidable Delay, as required by paragraph 7(b), and the date on which the Unavoidable Delay concludes.

2. Early Termination Conditions

- (a) The Vendor and Purchaser may include conditions in the Purchase Agreement that, if not satisfied, give rise to early termination of the Purchase Agreement, but only in the limited way described in this section.
- (b) The Vendor is not permitted to include any conditions in the Purchase Agreement other than: the types of Early Termination Conditions listed in Schedule A; and/or the conditions referred to in paragraphs 2(b), (i) and (j) below. Any other condition included in a Purchase Agreement for the benefit of the Vendor that is not expressly permitted under Schedule A or paragraphs 2(b) or (i) is deemed null and void and is not enforceable by the Vendor, but does not affect the validity of the balance of the Purchase Agreement.
- (c) The Vendor confirms that:
- This Purchase Agreement is subject to Early Termination Conditions that, if not satisfied (or waived, if applicable), will result in the automatic termination of the Purchase Agreement. ☒ Yes ☐ No
 - If yes, the Early Termination Conditions are as follows. The obligation of each of the Purchaser and Vendor to complete this purchase and sale transaction is subject to satisfaction (or waiver, if applicable) of the following conditions:
- Condition #1 (if applicable)
 Description of the Early Termination Condition: See Appendix
- The Approving Authority (as that term is defined in Schedule A) is: See Appendix
- The date by which Condition #1 is to be satisfied is the _____ day of _____, 20____.
- Condition #2 (if applicable)
 Description of the Early Termination Condition: See Appendix
- The Approving Authority (as that term is defined in Schedule A) is: See Appendix
- The date by which Condition #2 is to be satisfied is the _____ day of _____, 20____.
- The date for satisfaction of any Early Termination Condition cannot be later than 90 days before the Firm Occupancy Date, and will be deemed to be 90 days before the Firm Occupancy Date if no date is specified or if the date specified is later than 90 days before the Firm Occupancy Date. This time limitation does not apply to the condition in subparagraph 1(b)(iv) of Schedule A which must be satisfied or waived by the Vendor within 60 days following the later of: (A) the signing of the Purchase Agreement; and (B) the satisfaction or waiver by the Purchaser of a Purchaser financing condition permitted under paragraph 2(j).
- Note: The parties must add additional pages as an appendix to this Addendum if there are additional Early Termination Conditions.*
- (d) There are no Early Termination Conditions applicable to this Purchase Agreement other than those identified in subparagraph 2(c)(ii) and any appendix listing additional Early Termination Conditions.
- (e) The Vendor agrees to take all commercially reasonable steps within its power to satisfy the Early Termination Conditions listed in subparagraph 2(c)(ii).
- (f) For conditions under paragraph 1(a) of Schedule A the following applies:
- conditions in paragraph 1(a) of Schedule A may not be waived by either party;
 - the Vendor shall provide written notice not later than five (5) Business Days after the date specified for satisfaction of a condition that: (A) the condition has been satisfied; or (B) the condition has not been satisfied (together with reasonable details and backup materials) and that as a result the Purchase Agreement is terminated; and
 - if notice is not provided as required by subparagraph (ii) above then the condition is deemed not satisfied and the Purchase Agreement is terminated.

2. Early Termination Conditions (continued)

- (a) For conditions under paragraph 1(b) of Schedule A the following applies:
- (i) conditions in paragraph 1(b) of Schedule A may be waived by the Vendor;
 - (ii) the Vendor shall provide written notice on or before the date specified for satisfaction of the condition that: (A) the condition has been satisfied or waived; or (B) the condition has not been satisfied or waived, and that as a result the Purchase Agreement is terminated; and
 - (iii) if notice is not provided as required by subparagraph (ii) above then the condition is deemed satisfied or waived and the Purchase Agreement will continue to be binding on both parties.
- (b) The Purchase Agreement may be conditional until closing (transfer to the Purchaser of title to the condominium home), upon compliance with the subdivision control provisions (section 50) of the *Planning Act* (Ontario) by virtue of registration of the Building under the *Condominium Act* (Ontario), which compliance shall be obtained by the Vendor at its sole expense, on or before closing.
- (i) The Purchaser is cautioned that there may be other conditions in the Purchase Agreement that allow the Vendor to terminate the Purchase Agreement due to the fault of the Purchaser.
- (i) The Purchase Agreement may include any condition that is for the sole benefit of the Purchaser and that is agreed to by the Vendor (i.e., the sale of an existing dwelling, Purchaser financing or a basement walkout). The Purchase Agreement may specify that the Purchaser has a right to terminate the Purchase Agreement if any such condition is not met, and may set out the terms on which termination by the Purchaser may be effected.

3. Setting Tentative Occupancy Dates and the Firm Occupancy Date

- (a) **Completing Construction Without Delay:** The Vendor shall take all reasonable steps to complete construction of the Building subject to all prescribed requirements, to provide Occupancy of the condominium home without delay, and to register without delay the declaration and description in respect of the Building.
- (b) **First Tentative Occupancy Date:** The Vendor shall identify the First Tentative Occupancy Date in the Statement of Critical Dates attached to this Addendum at the time the Purchase Agreement is signed.
- (c) **Subsequent Tentative Occupancy Dates:** The Vendor may, in accordance with this section, extend the First Tentative Occupancy Date on one or more occasions, by setting a subsequent Tentative Occupancy Date. The Vendor shall give written notice of any subsequent Tentative Occupancy Date to the Purchaser no later than 90 days before the existing Tentative Occupancy Date (which in this Addendum may include the First Tentative Occupancy Date), or else the existing Tentative Occupancy Date shall for all purposes be the Firm Occupancy Date. A subsequent Tentative Occupancy Date can be any Business Day on or before the Outside Occupancy Date.
- (d) **Final Tentative Occupancy Date:** By no later than 30 days after completion of the roof slab or of the roof trusses and sheathing of the Building, as the case may be, the Vendor shall by written notice to the Purchaser set either (i) a Final Tentative Occupancy Date; or (ii) a Firm Occupancy Date. If the Vendor does not do so, the existing Tentative Occupancy Date shall for all purposes be the Firm Occupancy Date. The Vendor shall give written notice of the Final Tentative Occupancy Date or Firm Occupancy Date, as the case may be, to the Purchaser no later than 90 days before the existing Tentative Occupancy Date, or else the existing Tentative Occupancy Date shall for all purposes be the Firm Occupancy Date. The Final Tentative Occupancy Date or Firm Occupancy Date, as the case may be, can be any Business Day on or before the Outside Occupancy Date.
- (e) **Firm Occupancy Date:** If the Vendor has set a Final Tentative Occupancy Date but cannot provide Occupancy by the Final Tentative Occupancy Date then the Vendor shall set a Firm Occupancy Date that is no later than 120 days after the Final Tentative Occupancy Date. The Vendor shall give written notice of the Firm Occupancy Date to the Purchaser no later than 90 days before the Final Tentative Occupancy Date, or else the Final Tentative Occupancy Date shall for all purposes be the Firm Occupancy Date. The Firm Occupancy Date can be any Business Day on or before the Outside Occupancy Date.
- (f) **Notice:** Any notice given by the Vendor under paragraph (c), (d) or (e) must set out the revised Critical Date, as applicable, and state that the setting of such date may change other future Critical Dates, as applicable, in accordance with the terms of the Addendum.

4. Changing the Firm Occupancy Date – Three Ways

- (a) The Firm Occupancy Date, once set or deemed to be set in accordance with section 3, can be changed only:
- (i) by the mutual written agreement of the Vendor and Purchaser in accordance with section 5;
 - (ii) by the Vendor setting a Delayed Occupancy Date in accordance with section 6; or
 - (iii) as the result of an Unavoidable Delay of which proper written notice is given in accordance with section 7.
- (b) If a new Firm Occupancy Date is set in accordance with section 5 or 7, then the new date is the "Firm Occupancy Date" for all purposes in this Addendum.

5. Changing Critical Dates – By Mutual Agreement

- (a) This Addendum sets out a structure for setting, extending and/or accelerating Occupancy dates, which cannot be altered contractually except as set out in this section 5 and in paragraph 7(c). For greater certainty, this Addendum does not restrict any extensions of the closing date (i.e., title transfer date) where Occupancy of the condominium home has already been given to the Purchaser.
- (b) The Vendor and Purchaser may at any time, after signing the Purchase Agreement, mutually agree in writing to accelerate or extend a Firm Occupancy Date or a Delayed Occupancy Date in each case to a new specified calendar date. The amendment must comply with the requirements of section 10.
- (c) The Vendor and Purchaser may at any time after signing the Purchase Agreement mutually agree in writing to accelerate the First Tentative Occupancy Date and correspondingly reset all the Critical Dates provided that:
- (i) the mutual amendment is signed at least 180 days prior to the First Tentative Occupancy Date;
 - (ii) all the Critical Dates including the Outside Occupancy Date are moved forward by the same number of days (subject to adjustment so that Critical Dates fall on Business Days);
 - (iii) a new Statement of Critical Dates is signed by both parties at the time the amendment is signed and a copy is provided to the Purchaser; and
 - (iv) the Purchaser is given a three (3) Business Day period in which to review the amendment after signing and if not satisfied with the amendment may terminate the amendment (but not the balance of the Purchase Agreement), upon written notice to the Vendor within such 3-day period.
- Any such amendment must be by mutual agreement and, for greater certainty, neither party has any obligation to enter into such an amendment.
- (d) A Vendor is permitted to include a provision in the Purchase Agreement allowing the Vendor a one-time unilateral right to extend a Firm Occupancy Date or Delayed Occupancy Date, as the case may be, for one (1) Business Day to avoid the necessity of tender where a Purchaser is not ready to complete the transaction on the Firm Occupancy Date or Delayed Occupancy Date, as the case may be. Delayed occupancy compensation will not be payable for such period and the Vendor may not impose any penalty or interest charge upon the Purchaser with respect to such extension.
- (e) The Vendor and Purchaser may agree in the Purchase Agreement to any unilateral extension or acceleration rights that are for the benefit of the Purchaser.

6. Changing the Firm Occupancy Date – By Setting a Delayed Occupancy Date

- (a) If the Vendor cannot provide Occupancy on the Firm Occupancy Date and sections 5 and 7 do not apply, the Vendor shall select and give written notice to the Purchaser of a Delayed Occupancy Date in accordance with this section, and delayed occupancy compensation is payable in accordance with section 9.
- (b) The Delayed Occupancy Date may be any Business Day after the date the Purchaser receives written notice of the Delayed Occupancy Date but not later than the Outside Occupancy Date.

6. Changing the Firm Occupancy Date – By Setting a Delayed Occupancy Date (continued)

- (c) The Vendor shall give written notice to the Purchaser of the Delayed Occupancy Date as soon as the Vendor knows that it will be unable to provide Occupancy on the Firm Occupancy Date, and in any event no later than 10 days before the Firm Occupancy Date, failing which delayed occupancy compensation is payable from the date that is 10 days before the Firm Occupancy Date, in accordance with paragraph 9(c).
- (d) If a Delayed Occupancy Date is set and the Vendor cannot provide Occupancy on the Delayed Occupancy Date, the Vendor shall select and give written notice to the Purchaser of a new Delayed Occupancy Date, unless the delay arises due to Unavoidable Delay under section 7 or is mutually agreed upon under section 5, in which case the requirements of those sections must be met. Paragraphs 6(b) and 6(c) above apply with respect to the setting of the new Delayed Occupancy Date.
- (e) Nothing in this section affects the right of the Purchaser or Vendor to terminate the Purchase Agreement on the bases set out in section 11.

7. Extending Dates – Due to Unavoidable Delay

- (a) If Unavoidable Delay occurs, the Vendor may extend Critical Dates by no more than the length of the Unavoidable Delay Period, without the approval of the Purchaser and without the requirement to pay delayed occupancy compensation in connection with the Unavoidable Delay, provided the requirements of this section are met.
- (b) If the Vendor wishes to extend Critical Dates on account of Unavoidable Delay, the Vendor shall provide written notice to the Purchaser setting out a brief description of the Unavoidable Delay, and an estimate of the duration of the delay. Once the Vendor knows or ought reasonably to know that an Unavoidable Delay has commenced, the Vendor shall provide written notice to the Purchaser by the earlier of: 10 days thereafter; and the next Critical Date.
- (c) As soon as reasonably possible, and no later than 10 days after the Vendor knows or ought reasonably to know that an Unavoidable Delay has concluded, the Vendor shall provide written notice to the Purchaser setting out a brief description of the Unavoidable Delay, identifying the date of its conclusion, and setting new Critical Dates. The new Critical Dates are calculated by adding to the then next Critical Date the number of days of the Unavoidable Delay Period (the other Critical Dates changing accordingly), provided that the Firm Occupancy Date or Delayed Occupancy Date, as the case may be, must be at least 10 days after the day of giving notice unless the parties agree otherwise. Either the Vendor or the Purchaser may request in writing an earlier Firm Occupancy Date or Delayed Occupancy Date, and the other party's consent to the earlier date shall not be unreasonably withheld.
- (d) If the Vendor fails to give written notice of the conclusion of the Unavoidable Delay in the manner required by paragraph 7(c), the notice is ineffective, the existing Critical Dates are unchanged, and any delayed occupancy compensation payable under section 9 is payable from the existing Firm Occupancy Date.
- (e) Any notice setting new Critical Dates given by the Vendor under this section must set out the revised next Critical Date and state that the setting of such date may change other future Critical Dates, as applicable, in accordance with the terms of the Addendum.

8. Building Code – Conditions of Occupancy

- (a) On or before the date of Occupancy, the Vendor shall deliver to the Purchaser:
- where a registered code agency has been appointed for the building or part of the building under the *Building Code Act* (Ontario), a final certificate with respect to the condominium home that contains the prescribed information as required by s. 11(3) of the *Building Code Act*; or
 - where a registered code agency has not been so appointed, either:
 - an Occupancy Permit (as defined in paragraph (d)) for the condominium home; or
 - a signed written confirmation by the Vendor that: (i) provisional or temporary occupancy of the condominium home has been authorized under Article 1.3.3.1 of Division C of the Building Code; or (ii) the conditions for residential occupancy of the condominium home as set out in s. 11 of the *Building Code Act* or Article 1.3.3.2 of Division C of the Building Code, as the case may be (the "Conditions of Occupancy") have been fulfilled.
- (b) Notwithstanding the requirements of paragraph (a), to the extent that the Purchaser and the Vendor agree that the Purchaser shall be responsible for certain Conditions of Occupancy (the "Purchaser Obligations"):
- the Purchaser may not refuse to take Occupancy on the basis that the Purchaser Obligations have not been completed;
 - the Vendor shall deliver to the Purchaser, upon fulfilling the Conditions of Occupancy (other than the Purchaser Obligations), a signed written confirmation that the Vendor has fulfilled such Conditions of Occupancy; and
 - if the Purchaser and Vendor have agreed that the Conditions of Occupancy (other than the Purchaser Obligations) are to be fulfilled prior to Occupancy, then the Vendor shall provide the signed written confirmation required by subparagraph (ii) on or before the date of Occupancy.
- (c) If the Vendor cannot satisfy the requirements of paragraph (a) or subparagraph (b)(iii), the Vendor shall set a Delayed Occupancy Date (or new Delayed Occupancy Date) on a date that the Vendor reasonably expects to have satisfied the requirements of paragraph (a) or subparagraph (b)(iii), as the case may be. In setting the Delayed Occupancy Date (or new Delayed Occupancy Date), the Vendor shall comply with the requirements of section 6, and delayed occupancy compensation shall be payable in accordance with section 9. Despite the foregoing, delayed occupancy compensation shall not be payable for a delay under this paragraph (c) if the inability to satisfy the requirements of subparagraph (b)(iii) is because the Purchaser has failed to satisfy the Purchaser Obligations.
- (d) For the purposes of this section, an "Occupancy Permit" means any written document, however styled, whether final, provisional or temporary, provided by the chief building official (as defined in the *Building Code Act*) or a person designated by the chief building official, that evidences the fact that authority to occupy the condominium home has been granted.

9. Delayed Occupancy Compensation

- (a) The Vendor warrants to the Purchaser that, if Occupancy is delayed beyond the Firm Occupancy Date (other than by mutual agreement or as a result of Unavoidable Delay as permitted under sections 5 or 7), then the Vendor shall compensate the Purchaser for all costs incurred by the Purchaser as a result of the delay up to a total amount of \$7,500, which amount includes payment to the Purchaser of \$150 a day for living expenses for each day of delay until the date of Occupancy or the date of termination of the Purchase Agreement, as applicable under paragraph (b).
- (b) Delayed occupancy compensation is payable only if: (i) Occupancy occurs; or (ii) the Purchase Agreement is terminated or deemed to have been terminated under paragraphs 11(b), (c) or (e) of this Addendum. Delayed occupancy compensation is payable only if the Purchaser's claim is made to Tarion in writing within one (1) year after Occupancy, or after termination of the Purchase Agreement, as the case may be, and otherwise in accordance with this Addendum. Compensation claims are subject to any further conditions set out in the Act.
- (c) If the Vendor gives written notice of a Delayed Occupancy Date to the Purchaser less than 10 days before the Firm Occupancy Date, contrary to the requirements of paragraph 6(c), then delayed occupancy compensation is payable from the date that is 10 days before the Firm Occupancy Date.
- (d) Living expenses are direct living costs such as for accommodation and meals. Receipts are not required in support of a claim for living expenses, as a set daily amount of \$150 per day is payable. The Purchaser must provide receipts in support of any claim for other delayed occupancy compensation, such as for moving and storage costs. Submission of false receipts disentitles the Purchaser to any delayed occupancy compensation in connection with a claim.
- (e) If delayed occupancy compensation is payable, the Purchaser may make a claim to the Vendor for that compensation within 180 days after Occupancy and shall include all receipts (apart from living expenses) which evidence any part of the Purchaser's claim. The Vendor shall assess the Purchaser's claim by determining the amount of delayed occupancy compensation payable based on the rules set out in section 9 and the receipts provided by the Purchaser, and the Vendor shall promptly provide that assessment information to the Purchaser. The Purchaser and the Vendor shall use reasonable efforts to settle the claim and when the claim is settled, the Vendor shall prepare an acknowledgement signed by both parties which:

9. Delayed Occupancy Compensation (continued)

- (i) includes the Vendor's assessment of the delayed occupancy compensation payable;
- (ii) describes in reasonable detail the cash amount, goods, services, or other consideration which the Purchaser accepts as compensation (the "Compensation"), if any; and
- (iii) contains a statement by the Purchaser that the Purchaser accepts the Compensation in full satisfaction of any delayed occupancy compensation payable by the Vendor.

A true copy of the acknowledgement (showing clearly the municipal address and enrolment number of the condominium home on the first page) shall be provided to Tarion by the Vendor within 30 days after execution of the acknowledgement by the parties.

- (f) If the Vendor and Purchaser cannot agree as contemplated in paragraph 9(e), then to make a claim to Tarion the Purchaser must file a claim with Tarion in writing within one (1) year after Occupancy. A claim may also be made and the same rules apply if the sales transaction is terminated under paragraphs 11(b), (c) or (e) in which case, the deadline is 180 days after termination for a claim to the Vendor and one (1) year after termination for a claim to Tarion.

10. Changes to Critical Dates

- (a) Whenever the parties by mutual agreement extend or accelerate either the Firm Occupancy Date or the Delayed Occupancy Date this section applies.
- (b) If the change involves acceleration of either the Firm Occupancy Date or the Delayed Occupancy Date, then the amending agreement must set out each of the Critical Dates (as changed or confirmed).
- (c) If the change involves extending either the Firm Occupancy Date or the Delayed Occupancy Date, then the amending agreement shall:
 - (i) disclose to the Purchaser that the signing of the amendment may result in the loss of delayed occupancy compensation as described in section 9 above;
 - (ii) unless there is an express waiver of compensation, describe in reasonable detail the cash amount, goods, services, or other consideration which the Purchaser accepts as compensation (the "Compensation"); and
 - (iii) contain a statement by the Purchaser that the Purchaser waives compensation or accepts the above noted Compensation, in either case, in full satisfaction of any delayed occupancy compensation payable by the Vendor for the period up to the new Firm Occupancy Date or Delayed Occupancy Date.
- (d) If the Purchaser for his or her own purposes requests a change of date or dates, then paragraph 10(c) shall not apply.

11. Termination of the Purchase Agreement

- (a) The Vendor and the Purchaser may terminate the Purchase Agreement by mutual written consent, such written consent to be given at the time of the termination.
- (b) If for any reason (other than breach of contract by the Purchaser) Occupancy has not been given to the Purchaser by the Outside Occupancy Date, then the Purchaser has 30 days to terminate the Purchase Agreement by written notice to the Vendor. If the Purchaser does not provide written notice of termination within such 30-day period, then the Purchase Agreement shall continue to be binding on both parties and the Delayed Occupancy Date shall be the date set by the Vendor under paragraph 6(b), regardless of whether such date is beyond the Outside Occupancy Date.
- (c) If calendar dates for the applicable Critical Dates are not inserted in the Statement of Critical Dates; or if any date for Occupancy is expressed in the Purchase Agreement or in any other document to be subject to change depending upon the happening of an event (other than as permitted in this Addendum), then the Purchaser may terminate the Purchase Agreement by written notice to the Vendor.
- (d) The Purchase Agreement may be terminated in accordance with the requirements of section 2.
- (e) Nothing in this Addendum derogates from any right of termination that either the Purchaser or the Vendor may have at law or in equity on the basis of, for example, frustration of contract or fundamental breach of contract.
- (f) Except as permitted in this section, the Purchase Agreement may not be terminated by reason of delay in Occupancy alone.

12. Return of Monies Paid on Termination

- (a) If the Purchase Agreement is terminated (other than as a result of breach of contract by the Purchaser), the Vendor shall return all monies paid by the Purchaser including deposit(s) and monies for upgrades and extras, within 10 days of such termination, with interest from the date each amount was paid to the Vendor to the date of return to the Purchaser. The Purchaser cannot be compelled by the Vendor to execute a release of the Vendor and/or a termination agreement as a prerequisite to obtaining the return of monies payable as a result of termination of the Purchase Agreement under this paragraph.
- (b) The rate of interest payable on the Purchaser's monies shall be calculated in accordance with the *Condominium Act*.
- (c) Notwithstanding paragraphs 12(a) and 12(b), if either party initiates legal proceedings to contest termination of the Purchase Agreement or the return of monies paid by the Purchaser, and obtains a legal determination, such amounts and interest shall be payable as determined in those proceedings.

13. Addendum Prevails

The Addendum forms part of the Purchase Agreement. The Vendor and Purchaser agree that they shall not include any provision in the Purchase Agreement or any amendment to the Purchase Agreement or any other document (or indirectly do so through replacement of the Purchase Agreement) that derogates from, conflicts with or is inconsistent with the provisions of this Addendum, except where this Addendum expressly permits the parties to agree or consent to an alternative arrangement. The provisions of this Addendum prevail over any such provision.

14. Time Periods, and How Notice Must Be Sent

- (a) Any written notice required under this Addendum may be given personally or sent by email, fax, courier or registered mail to the Purchaser or the Vendor at the address/contact numbers identified on page 2 or replacement address/contact numbers as provided in paragraph (c) below. Notices may also be sent to the solicitor for each party if necessary contact information is provided, but notices in all events must be sent to the Purchaser and Vendor, as applicable.
- (b) Written notice given by one of the means identified in paragraph (a) is deemed to be given and received: on the date of delivery or transmission, if given personally or sent by email or fax (or the next Business Day if the date of delivery or transmission is not a Business Day); on the second Business Day following the date of sending by courier; or on the fifth Business Day following the date of sending, if sent by registered mail. If a postal stoppage or interruption occurs, notices shall not be sent by registered mail, and any notice sent by registered mail within 5 Business Days prior to the commencement of the postal stoppage or interruption must be re-sent by another means in order to be effective. For purposes of this paragraph 14(b), Business Day includes Remembrance Day, if it falls on a day other than Saturday or Sunday, and Easter Monday.
- (c) If either party wishes to receive written notice under this Addendum at an address/contact number other than those identified on page 2, the party shall send written notice of the change of address/contact number to the other party.
- (d) Time periods within which or following which any act is to be done shall be calculated by excluding the day of delivery or transmission and including the day on which the period ends.
- (e) Time periods shall be calculated using calendar days including Business Days but subject to paragraphs (f), (g) and (h) below.
- (f) Where the time for making a claim under this Addendum expires on a day that is not a Business Day, the claim may be made on the next Business Day.
- (g) Prior notice periods that begin on a day that is not a Business Day shall begin on the next earlier Business Day, except that notices may be sent and/or received on Remembrance Day, if it falls on a day other than Saturday or Sunday, or Easter Monday.
- (h) Every Critical Date must occur on a Business Day. If the Vendor sets a Critical Date that occurs on a date other than a Business Day, the Critical Date is deemed to be the next Business Day.

For more information please visit www.tarion.com

SCHEDULE A

Types of Permitted Early Termination Conditions (Section 2)

1. The Vendor of a condominium home is permitted to make the Purchase Agreement conditional as follows:

(a) upon receipt of Approval from an Approving Authority for:

- (i) a change to the official plan, other governmental development plan or zoning by-law (including a minor variance);
- (ii) a consent to creation of a lot(s) or part-lot(s);
- (iii) a certificate of water potability or other measure relating to domestic water supply to the home;
- (iv) a certificate of approval of septic system or other measure relating to waste disposal from the home;
- (v) completion of hard services for the property or surrounding area (i.e., roads, rail crossings, water lines, sewage lines, other utilities);
- (vi) allocation of domestic water or storm or sanitary sewage capacity;
- (vii) easements or similar rights serving the property or surrounding area;
- (viii) site plan agreements, density agreements, shared facilities agreements or other development agreements with Approving Authorities or nearby landowners, and/or any development Approvals required from an Approving Authority; and/or
- (ix) site plans, plans, elevations and/or specifications under architectural controls imposed by an Approving Authority.

The above-noted conditions are for the benefit of both the Vendor and the Purchaser and cannot be waived by either party.

(b) upon:

- (i) receipt by the Vendor of confirmation that sales of condominium dwelling units have exceeded a specified threshold by a specified date;
- (ii) receipt by the Vendor of confirmation that financing for the project on terms satisfactory to the Vendor has been arranged by a specified date;
- (iii) receipt of Approval from an Approving Authority for a basement walkout; and/or
- (iv) confirmation by the Vendor that it is satisfied the Purchaser has the financial resources to complete the transaction.

The above-noted conditions are for the benefit of the Vendor and may be waived by the Vendor in its sole discretion.

2. The following definitions apply in this Schedule:

"Approval" means an approval, consent or permission (in final form not subject to appeal) from an Approving Authority and may include completion of necessary agreements (i.e., site plan agreement) to allow lawful access to and use and occupancy of the property for its intended residential purpose.

"Approving Authority" means a government (federal, provincial or municipal), governmental agency, Crown corporation, or quasi-governmental authority (a privately operated organization exercising authority delegated by legislation or a government).

3. Each condition must:

- (a) be set out separately;
- (b) be reasonably specific as to the type of Approval which is needed for the transaction; and
- (c) identify the Approving Authority by reference to the level of government and/or the identity of the governmental agency, Crown corporation or quasi-governmental authority.

4. For greater certainty, the Vendor is not permitted to make the Purchase Agreement conditional upon:

- (a) receipt of a building permit;
- (b) receipt of an occupancy permit; and/or
- (c) completion of the home.

**APPENDIX TO ADDENDUM
TO AGREEMENT OF PURCHASE AND SALE
EARLY TERMINATION CONDITIONS**

The Early Termination Conditions referred to in paragraph 2 (c) (ii) of the Taron Addendum are as follows:

**CONDITIONS PERMITTED IN PARAGRAPH 1 (b) OF SCHEDULE "A" TO
THE TARION ADDENDUM**

1. Description of Early Termination Condition:

This Agreement is conditional upon the Vendor entering into binding Agreements of Purchase and Sale for the sale of 75% of the dwelling units within the Condominium, and which such threshold shall include any increase in the total number of dwelling units disclosed to Purchasers from time to time, as more particularly described in the Disclosure Statement.

The date by which this Condition is to be satisfied is the 30th day of November, 2012.

2. Description of Early Termination Condition:

This Agreement is conditional upon the Vendor obtaining financing for the construction of the project on terms satisfactory to it in its discretion.

The date by which this Condition is to be satisfied is the 30th day of November, 2012.

3. Description of Early Termination Condition:

This Agreement is conditional upon the Vendor being satisfied, in its sole and absolute discretion, with the credit worthiness of the Purchaser. The Vendor shall have sixty (60) days from the date of acceptance of this Agreement by the Vendor to satisfy itself with respect to such credit worthiness. The Purchaser covenants and agrees to provide all requisite information and materials including proof respecting income and source of funds or evidence of a satisfactory mortgage approval signed by a lending institution or other mortgagee acceptable to the Vendor, confirming that the said lending institution or acceptable mortgagee will be advancing funds to the Purchaser sufficient to pay the balance due on the Title Transfer Date, as the Vendor may require to determine the Purchaser's credit worthiness.

The date by which this Condition is to be satisfied is the 60th day following acceptance of this Agreement.

MS ES -

A:\U1\10439\Masters\Appendix to Addendum to APS - Early Termination Conditions.doc

J

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

**AMENDMENT TO THE AGREEMENT OF PURCHASE AND SALE
Tarion Square Footage And Appliance Confirmation Amendment**

PROJECT: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. SUITE: 108
 BETWEEN UNIT: 62
 PURCHASER: Elaine Wan-Ming Shin And Howard Quinn LEVEL: 1
 AND
 VENDOR: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

WHEREAS the Vendor and Purchaser have entered into an Agreement of Purchase and Sale dated 22 day of June, 2011 (the "Purchase Agreement") for the purchase and sale of the above referenced Unit; and whereas it is hereby understood and agreed between the Vendor and the Purchaser that the following change(s) shall be made to the Purchase Agreement, and except for such change(s) noted below, all other terms and conditions of the Purchase Agreement shall remain as stated therein, and time shall continue to be of the essence.

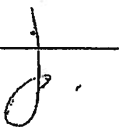
INSERT:

- (1.) The vendor and purchaser acknowledge that the marketing material indicating square footage is under the guidelines of TARION, as per Builder Bulletin 22
- (2.) The Vendor acknowledges this property will have BOSCH kitchen appliance package with the exception for the fridge to be Fisher & Paykel or package of equal quality

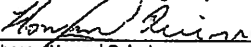
A fax or a photocopy of this agreement shall be deemed to be an original hereof.

DATED this 30 day of June, 2011
 IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.

Witness



 Purchaser (Elaine Wan-Ming Shin)


 Purchaser (Howard Quinn)

Accepted at Toronto this

13

day of

July

2011

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

Per: 

Authorized Signing Officer

I have authority to bind the Corporation

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

AMENDMENT TO THE AGREEMENT OF PURCHASE AND SALE
Upgrade Options

PROJECT: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC . SUITE: 108
 BETWEEN UNIT: 62
 PURCHASER: Elaine Wan-Ming Shin And Howard Quinn LEVEL: 1
 AND
 VENDOR: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

WHEREAS the Vendor and Purchaser have entered into an Agreement of Purchase and Sale dated 22 day of June, 2011 (the "Purchase Agreement") for the purchase and sale of the above referenced Unit; and whereas it is hereby understood and agreed between the Vendor and the Purchaser that the following change(s) shall be made to the Purchase Agreement, and except for such change(s) noted below, all other terms and conditions of the Purchase Agreement shall remain as stated therein, and time shall continue to be of the essence.

INSERT:

- (1.) Vendor to install wiring for a heated towel rod outlet in the master bedroom ensuite at purchaser's cost.
- (2.) Vendor to install wiring for heated flooring in master bedroom ensuite at purchaser's cost.

A fax or a photocopy of this agreement shall be deemed to be an original hereof.

DATED this 30 day of June, 2011
 IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.

Witness

Purchaser (Elaine Wan-Ming Shin)

Witness

Purchaser (Howard Quinn)

Accepted at Toronto this

13

day of

July

2011

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

Per: [Signature]
 Authorized Signing Officer
 I have authority to bind the Corporation

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

AMENDMENT TO THE AGREEMENT OF PURCHASE AND SALE
Cap Adjustment Amendment

PROJECT: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC . SUITE: 108
 BETWEEN UNIT: 62
 PURCHASER: Elaine Wan-Ming Shin And Howard Quinn LEVEL: 1
 AND
 VENDOR: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

WHEREAS the Vendor and Purchaser have entered into an Agreement of Purchase and Sale dated 22 day of June, 2011 (the "Purchase Agreement") for the purchase and sale of the above referenced Unit; and whereas it is hereby understood and agreed between the Vendor and the Purchaser that the following change(s) shall be made to the Purchase Agreement, and except for such change(s) noted below, all other terms and conditions of the Purchase Agreement shall remain as stated therein, and time shall continue to be of the essence.

DELETE:

- 6 (d) (vi)
The charge imposed upon the Vendor or its solicitors by the Law Society of Upper Canada upon registration of a Transfer/Deed of Land or Charge/Mortgage of Land or any other instrument;
- 6 (d) (vii)
A sum of Fifty (\$50.00) Dollars for each cheque tendered pursuant to paragraph 1(a) and 1(b) of this Agreement and for any cheque tendered for upgrades or any other monies paid on account of the Purchase Price up to, but not including the Title Transfer Date representing a reasonable reimbursement to the Vendor of the costs incurred or to be incurred by the Vendor in fulfillment of the requirements of subsection 81(6) of the Act;
- 6 (d) (ix)
The Sum of Three Hundred (\$300.00) Dollars towards the cost of obtaining (partial) discharges of mortgages not intended to be assumed by the Purchaser.

INSERT:

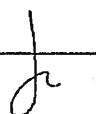
- 6 (d) (v) meter installation charge to be capped at \$1500
- Unless agreed upon in writing by both parties the interim occupancy closing date will not be advanced by Builder to an earlier date

A fax or a photocopy of this agreement shall be deemed to be an original hereof.


DATED this 30 day of June, 2011

IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.

Witness




Purchaser (Elaine Wan-Ming Shin)


Purchaser (Howard Quinn)

Accepted at Toronto this

13

day of

July

2011

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC

Per: 
Authorized Signatory
I have authority to bind the Corporation

**URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.
AMENDMENT TO THE AGREEMENT OF PURCHASE AND SALE
Interim Closing Payment Adjustment**

PROJECT: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. SUITE: 108
BETWEEN UNIT: 62
PURCHASER: Elaine Wan-Ming Shin And Howard Quinn LEVEL: 1
AND
VENDOR: URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.

Whereas the Vendor and Purchaser have entered into an Agreement of Purchase and Sale, dated 22nd day of June, 2011 (the "Purchase Agreement") for the purchase and sale of the above referenced Unit; and whereas it is hereby understood and agreed between the Vendor and the Purchaser that the following change(s) shall be made to the Purchase Agreement, and except for such change(s) noted below, all other terms and conditions of the Purchase Agreement shall remain as stated therein, and time shall continue to be of the essence.

DELETE:

1 (b) the sum of Nil (\$ 0.00) DOLLARS by certified cheque or bank draft to the Vendor's Solicitors on the Occupancy Date;

INSERT:

1(b) the sum of Sixty One thousand (\$61,000.00) DOLLARS by certified cheque or bank draft to the Vendor's Solicitors on the Occupancy Date;

A fax or a photocopy of this agreement shall be deemed to be an original hereof.

DATED this 20th day of August 2012

IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.

[Signature]
Witness

[Signature]
Purchaser

[Signature]
Purchaser

Accepted at Toronto this 31st day of August 2012

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.
Per: [Signature]
Authorized Signing Officer
I have authority to bind the Corporation

THE NEIGHBOURHOODS OF QUEEN ST. EAST - LESLIEVILLE
ADDENDUM TO THE AGREEMENT OF PURCHASE AND SALE

BETWEEN URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. (the "Vendor")

and

PURCHASER: Elaine Wan-Ming Shin And Howard Quinn

UNIT: 62, LEVEL: 1, SUITE: 108 (the "Unit")

WHEREAS the Vendor and Purchaser have entered into an Agreement of Purchase and Sale dated 22 day of June, 2011
(the "Purchase Agreement") for the purchase and sale of the above referenced Unit;

AND WHEREAS the Purchaser has requested and the Vendor has agreed to carry out the changes listed in paragraph 1 below;

NOW THEREFORE in consideration of the mutual covenants hereinafter set forth, the parties hereto agree with each other as follows:

1. The undersigned, the Purchaser of the above-noted Unit, requests that the Vendor carry out the following change to the Unit (the "Upgrade"):

Soundproofing upgrade comprising the installation two additional layers of 5/8 inch thick Type X gypsum board at one finished side of the demising party wall in the Unit.

2. The Purchaser agrees with the Vendor that the cost of the Upgrade shall be Eleven thousand and three hundred dollars
(\$ 11,300.00) Dollars, inclusive of HST.

3. The cost of the Upgrade shall be added to the Purchase Price of the Unit (the "Supplemental Purchase Price") as set forth in the Purchase Agreement.

4. The term "Unit" as used in the Purchase Agreement shall, as the context may require, be amended to include in its definition the Upgrade shown herein as being purchased by the Purchaser and the terms "Purchase Price" used in the Purchase Agreement shall be hereby amended to include in its definition, the Supplemental Purchase Price shown being paid herein for the soundproofing upgrade and all the terms and conditions of the Purchase Agreement shall be amended to give effect to the foregoing, mutatis mutandis.

In all other respects, the provisions of the Purchase Agreement shall apply to the purchase of the sound proofing upgrade and remain unamended by the execution of this Agreement.

A fax or a photocopy of this agreement shall be deemed to be an original hereof.

DATED this 10 day of July 2014

IN WITNESS WHEREOF the parties hereto have affixed their hands and seals.

Witness

Purchaser (ELAINE SHIN)

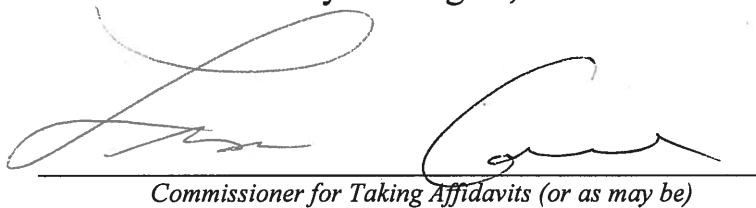
Purchaser (HOWARD QUINN)

Accepted at Toronto this 1 day of 201

URBANCORP (LESLIEVILLE)
DEVELOPMENTS INC.

Per: _____
Authorized Signing Officer
I have authority to bind the Corporation

This is Exhibit "D" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.



Commissioner for Taking Affidavits (or as may be)

HOWARD QUINN
ELAINE SHIN
89 BROOKLYN AVE
TORONTO, ON M4M 2X4

014

DATE 2014-08-25
Y Y Y M M D D

PAY TO THE ORDER OF UrbanCorp (Leslieville) Developments \$15,532.25

Fifteen thousand five hundred & thirty two and 25/100 DOLLARS

Manulife Bank

60 KING STREET NORTH
WATERLOO, ONTARIO N2L 4C9

MEMO Unit 108

Manulife

08/26/14

Leslieville (Curzon)

Purchase PAID W FULL
as per attached colour
Selection upgraded

Purchaser Name(s): Elaine Warrington & Howard Curzon

Property Number: 108

(Leslieville Colour Selection Upgrades)

Date Received: Aug 26 2014

Leslieville COLOUR CHART-ADDITIONAL UPGRADES

Project: Leslieville

Proposed Municipal Address: 108

| Item | Description | Selection | Price |
|--|-------------|-----------|-------|
| All Floors Standard - Neutral Oak with Urethane Finish | | | \$ |
| Handrail Oak Handrail | | | \$ |

| Item | Description | Selection | Price |
|----------------------------------|-------------|---|-------|
| Fireplace | | | \$ |
| Fireplace Surround Trim/Hardware | | Dimplex - Wilkison (BU34) Marble Bianco Carrera polished - Flush Standard | \$ |

| Item | Description | Selection | Price |
|---|-------------|-----------|-------|
| Two Windows (all except powder room) | | | \$ |
| Soft Close - CANNOT BE COMBINED WITH Push/Pull option | | Standard | \$ |

| Item | Description | Selection | Price |
|------------------------|-------------|---|--------------|
| Upgrade Sound Proofing | | Upgrade #2 - Two additional layers of 5/8 inch thick Type X gypsum board at one finished side of the standing party wall in the Unit. | \$ 11,300.00 |



| | |
|---------------------------------|--------------|
| Total from Colour Selection | \$ |
| Total from: Additional Upgrades | \$ |
| CREDIT | \$ |
| NET | \$ |
| Grand Total | \$ 13,825.00 |

Please make Cheque Payable to:
Urbancorp (Leslieville) Developments Inc.

Date: August 25, 2014

Client Names PRINT: ADYNE Vase-Ming Chin & Howard Quinn

Client's Signature: *[Signature]*

Client's Signature: *[Signature]*

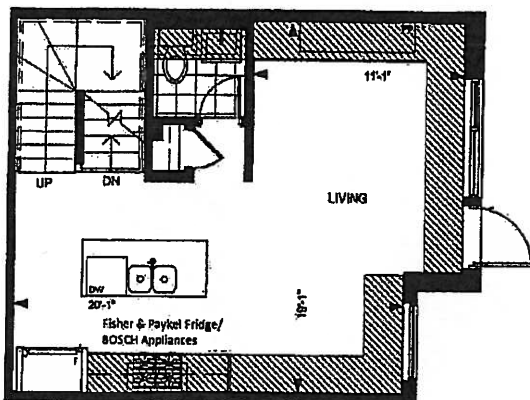
Decor Consultant: *[Signature]*

Head Office Approval: *[Signature]*

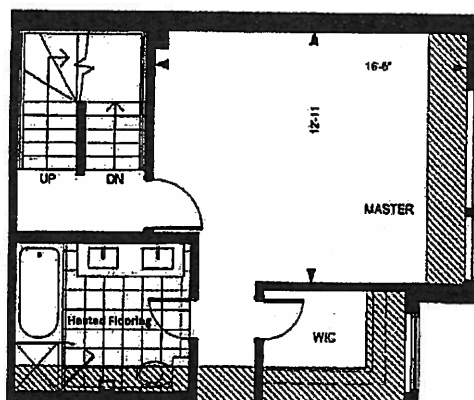
Bidder: The Purchaser acknowledges and accepts that all natural products vary in colour, pattern, texture and/or grain. Specifically, if the stain upgrade is selected for the site, there is no guarantee it will be an exact match to the hardwood. As well, if made it selected, the actual make provided may differ from the sample shown at the Decor Center.

The Vendor shall have the right to substitute other products and materials for those listed in this colour chart or provided for in the plan and specifications provided that the substituted materials are of quality/price equal to, or better than, the products and materials so listed or so provided. All specifications, dimensions and materials are subject to the condition and are subject to change without notice.

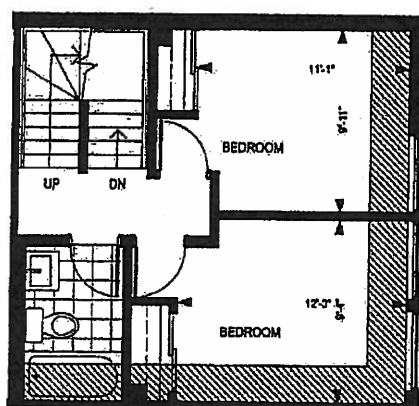
Colour Appointment Floor Plan



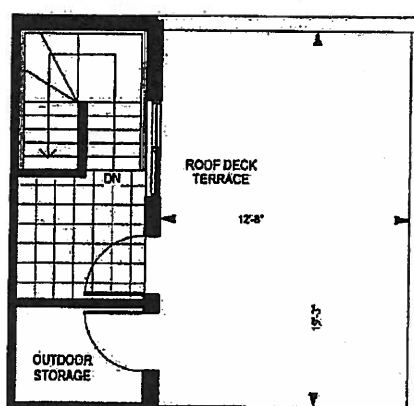
GROUND FLOOR



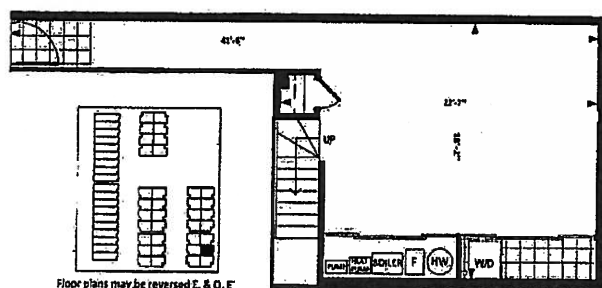
SECOND FLOOR



THIRD FLOOR



ROOF DECK



BASEMENT

□ = pre-wired outlet for heated towel rod

Purchaser Name(s):

Elaine Wan-Ming Shin

And Howard Quinn

Proposed Municipal Address: 108

Date: Aug 25, 2011

Purchaser(s) Signature:

Elaine Wan-Ming Shin
Howard Quinn

Decor Consultant Signature:

[Signature]
Urbancore (Leslieville) Developments Inc.

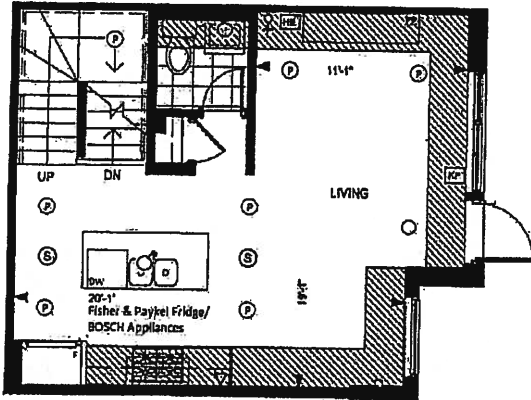
* All dimensions, window sizes and wall sizes shown on the floor plan are an approximation of actual size. This floor plan is contingent upon site condition and is subject to change without notice. Ceiling heights in some areas may be lower due to existing ventilation supply ductwork. The location and size of the ductwork is also contingent upon site condition.

"The purchaser(s) acknowledges and accepts all natural products may vary in colour, pattern, texture and/or grain. Specifically if the stain upgrade is selected for the stairs, there is no guarantee it will be an exact match to the hardwood. As well, if marble is selected, the actual marble provided may differ from the sample shown at the decor centre."

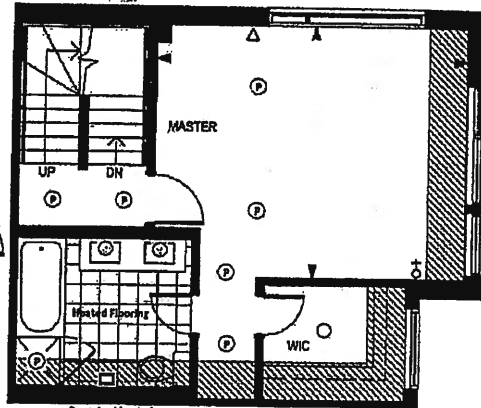
Initials:

[Initials] *[Initials]*

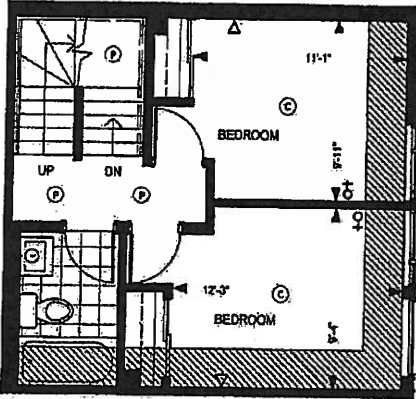
STANDARD ELECTRICAL PLAN



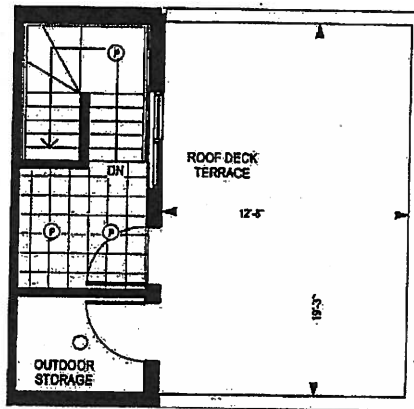
GROUND FLOOR



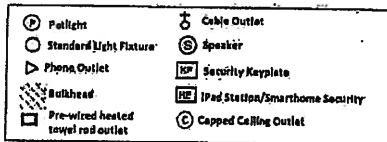
SECOND FLOOR



THIRD FLOOR



ROOF DECK



Purchaser Name(s):
 Elaine Wan-Ming Shin
 And Howard Quinn

Proposed Municipal Address: 108

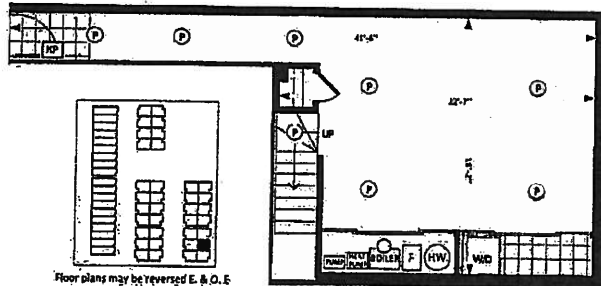
Date: Aug 25 2014

Purchaser(s) Signature:

Elaine Wan-Ming Shin
Howard Quinn

Decor Consultant Signature:

[Signature]
 Urbancorp (Lesterville) Developments Inc.
[Signature]



BASEMENT

*All dimensions, window sizes, wall sizes, lighting/electrical locations shown on the floor plan are an approximation of actual size/location. This floor plan is contingent upon site condition and is subject to change without notice. Ceiling heights in some areas may be lower due to heating ventilation supply ductwork. The location and size of the ductwork is also contingent upon site condition.

*The purchaser(s) acknowledges and accepts all natural products may vary in colour, pattern, texture and/or grain. Specifically if the stain upgrade is selected for the stairs, there is no guarantee it will be an exact match to the hardwood. As well, if marble is selected, the actual marble provided may differ from the sample shown at the décor centre.

Initials:

(ES) (HB)

HOWARD QUINN
ELAINE SHIN
89 BROOKLYN AVE
TORONTO, ON M4M 2X4

011

DATE 2014-05-28
Y Y Y Y M M D D

PAY TO THE ORDER OF: UrbanCorp (Leslieville) Co. Inc. \$ 3573.00

Three thousand five hundred & seventy

100 DOLLARS

 **Manulife Bank**

500 KING STREET NORTH
WATERLOO, ONTARIO N2L 2K1

MEMO

Unit #108

Three

Elaine Shin

 **Manulife**

Howard Quinn & Elaine Shin

* 108

structural upgrades

June 6 2014

06/06/14

Purchase PAID IN FULL
as per attached structural
documents

* Purchase overpaid by \$190.00

(credit of \$190.00 towards
colour selection)



Description of Purchaser and Sale Structural changes Amendment

Project: Urbancorp (LESLIEVILLE) Developments Inc
 Legal Unit Number: 108

Purchaser Names: Elaine Wan-Ming Shin & Howard Quinn
 Proposed Municipal Address: 108
 Date: Thursday, May 15, 2014

| ITEM # | SUMMARY OF AMENDMENT | COSTS | CONFIRMED | NO | TOTAL |
|--------|---|-------------|-----------|----|-------------|
| | BASEMENT | | | | |
| | MAIN FLOOR | | | | |
| | SECOND FLOOR | | | | |
| 1 | Vendor to install wiring for a heated towel rod outlet in the master bedroom ensuite at purchasers cost | \$ 500.00 | <i>ES</i> | | \$ 500.00 |
| 2 | Vendor to install wiring for heated flooring in master bedroom ensuite at purchasers cost. | \$ 2,600.00 | <i>ES</i> | | \$ 2,600.00 |
| | THIRD FLOOR | | | | |
| | ROOF/DECK | | | | |
| | GENERAL | | | | |
| | ADDITIONAL STRUCTURAL CHANGES MADE DURING APPOINTMENT | | | | |

Total: \$3,100.00

HST: \$403.00

Subtotal: \$3,503.00

Grand Total: \$3,503.00

*Please note, once you have signed off, your selections are final. If you require the file to be re-opened and we are able to accommodate your request, you will be charged a \$250 revision fee to re-open the file in addition to the costs related to any permitted revision(s).

Please make the cheque payable to "Urbancorp (LESLIEVILLE) Developments INC."

Date: Thursday, May 15, 2014
 Purchaser Signature: *Elaine Wan-Ming Shin*
 Décor Consultant Signature: *Howard Quinn*
 Head Office Approval: *[Signature]*

This is Exhibit "E" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.



Commissioner for Taking Affidavits (or as may be)

**SETTING NEW TENTATIVE OCCUPANCY DATE**

Elaine Wan-Ming Shin and Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin and Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite #108

Purchase Agreement dated the 22 day of June, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the First Tentative Occupancy Date, set out in the Purchase Agreement.
2. The Vendor hereby sets the following date as a new Tentative Occupancy Date: **October 31, 2013**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this new Tentative Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 12th day of November 2012.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000

**SETTING SECOND TENTATIVE OCCUPANCY DATE**

Elaine Wan-Ming Shin and Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin and Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: **Urbancorp (Leslieville) Developments Inc. Suite #108**

Purchase Agreement dated the 22 day of June, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the Tentative Occupancy Date, set out in the Purchase Agreement.
2. The Vendor hereby sets the following date as a Second Tentative Occupancy Date: **September 30, 2014**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Second Tentative Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Taron Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 2nd day of July, 2013

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: 

*Executed pursuant to the Electronic Commerce Act, 2000

**SETTING NEW TENTATIVE OCCUPANCY DATE**

Elaine Wan-Ming Shin and Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin and Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite # 108

Purchase Agreement dated the June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the Tentative Occupancy Date, set out in the Purchase Agreement.
2. The Vendor hereby sets the following date as a New Tentative Occupancy Date: February 20, 2015. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this New Tentative Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Taron Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 25th day of February, 2014

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: 

*Executed pursuant to the Electronic Commerce Act, 2000



SETTING FIRM OCCUPANCY DATE

Elaine Wan-Ming Shin and Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin and Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite # 108

Purchase Agreement dated June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the Tentative Occupancy Date, set out in the Purchase Agreement.
2. The Vendor hereby sets the following date as a Firm Occupancy Date: **February 20, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 20th day of October, 2014.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: 

*Executed pursuant to the Electronic Commerce Act, 2000



SETTING REVISED FIRM OCCUPANCY DATE

Elaine Wan-Ming Shin And Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite # 108

Purchase Agreement dated June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Firm Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **April 21, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Taron Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 12th day of December, 2014.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: 

*Executed pursuant to the Electronic Commerce Act, 2000



SETTING REVISED FIRM OCCUPANCY DATE

Elaine Wan-Ming Shin And Howard Quinn
89 Brooklyn Ave
Toronto, Ontario
M4M 2X4

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite #108

Purchase Agreement dated June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **July 17, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 18th day of February, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

At this time, we'd like to take this opportunity to update you on a few items relating to the Leslieville townhomes (50 Curzon.)

CONSTRUCTION UPDATE

We are pleased to advise that the exterior of the homes are almost complete, including completion of the underground parking garage. The brick and stucco work is done and the hard landscaping is scheduled to commence in the upcoming weeks. The interior of the homes are also progressing well. Drywall is complete and installation of the interior finishes is well underway, including tile, cabinetry and plumbing fixtures.

OCCUPANCY

A major milestone affecting timing for occupancy is uncertainty regarding the City's water service. At this time the City has yet to confirm a date for installation of the water service. It is for this reason that we are extending your occupancy date. We further confirm that subsequent extensions of your occupancy date be required as a result of water service installations. Please find your revised occupancy date attached.

We appreciate how this affects for your current living situation and preparation for your transition into your new home. We will keep you informed as soon as we have confirmation of the timeline for the water connection from the City of Toronto. At that time, we will confirm if another adjustment to the occupancy dates is required.

If you have any additional questions or concerns, please feel free to contact me.

Yours Truly,

Laurie Doucette
Customer Relations Manager
URBANCORP

(P) 416.583.0240

(E) lauried@urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
1121 Bay Street Suite 307
Toronto, Ontario
M5S 3L9

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: **Urbancorp (Leslieville) Developments Inc. Suite #108**

Purchase Agreement dated **June 22, 2011**, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **Friday, August 14, 2015** At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 14th day of May, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: 
*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

OCCUPANCY

As noted in the previous update with respect to occupancy, a major milestone affecting timing is the City's water service. We are working with the City of Toronto to finalize the groundwater discharge design as a condition for the connection to the municipal water services. Issues relating to this design were identified late in the development process. We hope to receive sign-off from the City in the upcoming weeks, followed by a release of services for the water connections from Technical Services and confirmation from the City when the connection work will be completed. We understand that this is a 10 – 12 week process.

Based on the information above and the timelines to complete this process, we are extending your current occupancy date. We further confirm that subsequent extensions of your occupancy date may be required as a result of water service installations. Please find your revised occupancy date attached.

We will continue to keep you informed as soon as we have confirmation of the timeline for the water connection from the City of Toronto. At that time, we will confirm if another adjustment to the occupancy dates is required.

If you have any additional questions or concerns, please feel free to contact me.

Yours Truly,

Laurie Doucette
Customer Relations Manager
URBANCORP

(P) 416.583.0240

(E) lauried@urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
307-1121 Bay Street
Toronto, Ontario
M5S 3L9

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: **Urbancorp (Leslieville) Developments Inc. Suite #108**

Purchase Agreement dated **June 22, 2011**, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Firm Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **October 09, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 25th of June, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

OCCUPANCY

Work continues to progress well onsite. The permanent power installation is complete and the interior finishes and landscaping are in various stages of completion.

As noted in the previous update with respect to occupancy, a major milestone affecting timing is the City's water service connections to the new development. We are happy to confirm that we have received the approval from the City with respect to the water and sewer connections which will proceed with an anticipated completion date of September 15th, 2015.

Based on the information above, it is necessary that we extend your current occupancy date. Please find your revised occupancy date attached.

The next step in your occupancy process will be to schedule your Pre Delivery Inspection with a Customer Service representative. This will provide you a first opportunity to view your home and complete a guided tour with a CS representative. We will contact you approximately 2 to 3 weeks in advance of your occupancy date to schedule your PDI.

If you have any additional questions or concerns, please feel free to contact me.

Yours Truly,

Laurie Doucette
Customer Relations Manager
URBANCORP

(P) 416.583.0240

(E) lauried@urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
307-1121 Bay Street
Toronto, Ontario
M5S 3L9

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: **Urbancorp (Leslieville) Developments Inc. Suite #108**

Purchase Agreement dated **June 22, 2011**, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **October 16, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 13th day of August, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

A handwritten signature in black ink, appearing to read "Howard Quinn", written over a horizontal line.

*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

OCCUPANCY

As noted in the previous update, we have received the approval from the City with respect to the water and sewer connections. However, as confirmed by the City contractor completing the connections, the anticipated completion date is the end of October, 2015 (not mid-September as previously expected.)

Based on the information above, it is necessary that we extend your current occupancy date. Please find your revised occupancy date attached.

This confirms that by the end of September you will be contacted by a Customer Service representative to schedule your Pre-Delivery Inspection. This will provide you a first opportunity to view your home and complete a guided tour with a CS representative.

If you have any additional questions or concerns, please feel free to contact me.

Yours Truly,

Laurie Doucette
Customer Relations Manager
URBANCORP

(P) 416.583.0240

(E) lauried@urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
603-101 Charles Street East
Toronto, Ontario
M4Y 0A9

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite #108

Purchase Agreement dated June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Firm Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **December 09, 2015**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Taron Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 9th of September, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

OCCUPANCY

As previously advised, the City contractor has commenced work onsite to complete the water and sewer connections (with the anticipated completion date of the end of October/early December, 2015.) The internal servicing is anticipated to commence shortly thereafter, followed by the completion of the exterior landscaping. Unfortunately, the internal servicing and landscaping have been delayed as a result of the water connection completion timelines and are anticipated for completion by February 2016.

Based on the information above, it is necessary that we extend your current occupancy date. Please find your revised occupancy date attached.

You will be contacted accordingly in early 2016 to schedule your Pre-Delivery Inspection with a Customer Service representative (approximately 3 to 4 weeks in advance of your Occupancy Date.)

If you have any additional questions or concerns, please feel free to contact me.

Yours Truly,

Laurie Doucette
Customer Relations Manager
URBANCORP

(P) 416.583.0240

(E) lauried@urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
603-101 Charles Street East
Toronto, Ontario
M4Y 0A9

Purchaser: Elaine Wan-Ming Shin And Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: **Urbancorp (Leslieville) Developments Inc. Suite #108**

Purchase Agreement dated **June 22, 2011**, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **April 13, 2016**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 30th day of September, 2015.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000



Dear Leslieville purchasers,

OCCUPANCY

As you are likely aware, construction at Leslieville has come to a halt. We are working with our lenders to make arrangements to proceed with construction. Based on this information, it is necessary that we extend your current occupancy date. Please find your revised occupancy date attached.

We will be in contact with all purchasers as soon as we have an update.

Yours Truly,

Urbancorp (Leslieville) Developments Inc.

(P) 416.928.5001

(F) 416.928.9501

(W) www.urbancorp.com

**SETTING REVISED FIRM OCCUPANCY DATE**

Elaine Wan-Ming Shin And Howard Quinn
603-101 Charles Street East
Toronto, Ontario
M4Y 0A9

Purchaser: Elaine Wan-Ming Shin and Howard Quinn

Vendor: Urbancorp (Leslieville) Developments Inc.

Property: Urbancorp (Leslieville) Developments Inc. Suite #108

Purchase Agreement dated June 22, 2011, including amendments, if any.

PLEASE NOTE THAT:

1. Your townhome unit unfortunately will not be ready for Occupancy by the previous Occupancy Date, set out in the last Notice sent to you.
2. The Vendor hereby sets the following date as a Revised Firm Occupancy Date: **September 14, 2016**. At present the Vendor expects your home to be ready for Occupancy on this new date.
3. The setting of this Revised Firm Occupancy Date may change other future Critical Dates, as set out in the Statement of Critical Dates (page 1 of the Addendum) provided by the Vendor at the time of the Purchase Agreement for the home was signed (in accordance with the terms of the Tarion Warranty Corporation Addendum that forms part of the Purchase Agreement).

DATED this 16th day of March, 2016.

Vendor: Urbancorp (Leslieville) Developments Inc.

Per: _____

*Executed pursuant to the Electronic Commerce Act, 2000

This is Exhibit "F" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.

A handwritten signature in blue ink, appearing to read "Lisa Chan", is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)



[HOME](#) [COMPANY PROFILE](#) ▾ [INVESTMENTS](#) ▾ [INVESTOR RELATIONS](#) ▾ [CONTACT US](#)

TSXV: TII

LENDING ACTIVITIES

Terra Firma Capital Corporation tailors each financing to suit the needs of the individual developer or property owner by offering the following services:

- > First and Second Mortgages and Mezzanine Financing*
- > Equity Investments*

*All of Terra Firma Capital Corporation's real estate lending activities are conducted through TFMA, a licensed mortgage broker.

Terra Firma MA Ltd. Brokerage Licence #12425

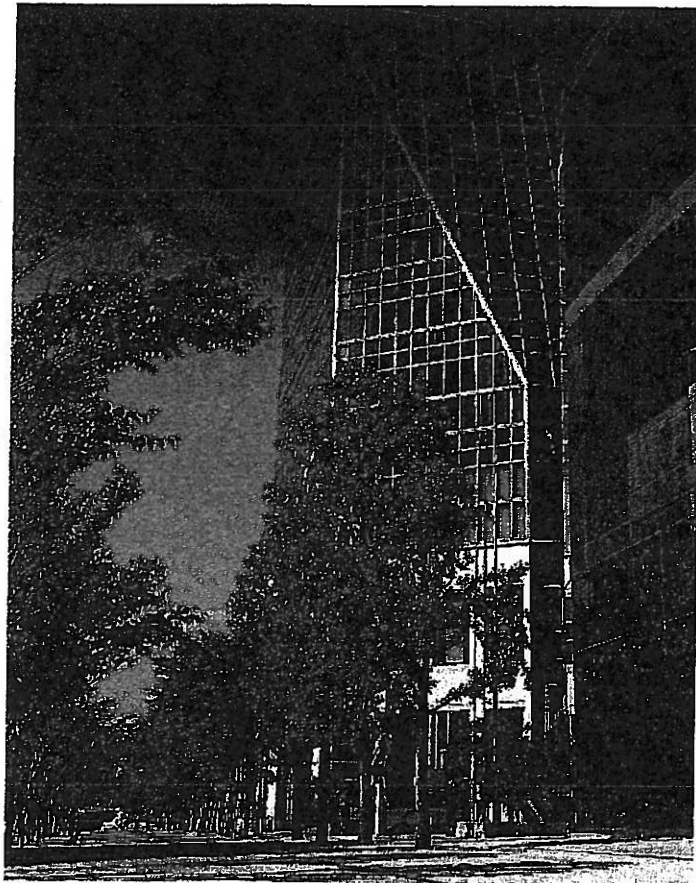
First and Second Mortgages and Mezzanine Financing

TFCC provides all types of debt including first and second mortgages and mezzanine loans.

We typically look to invest in the following opportunities:

- Land ready for development
- Loans for income producing properties
- Second mortgages for residential, commercial and retail properties
- Short term bridge lending and special situation facilities
- In Development of residential and commercial projects

Investment criteria are as follows:



- Income producing properties with stable cash flow
- Loan to value up to 85%
- Defined exit strategy
- Up to five year terms
- Loans from \$500,000 to \$15,000,000
- Properties located in Canada and the United States

Equity Investments

Terra Firma Capital Corporation provides equity financing to experienced residential and commercial developers. We typically provide 50% – 70% of the project's required equity while the development partner manages the

day to day operations. Terms of the joint venture will vary on a deal by deal basis and can be customized to suit the needs of the developer.

Investment criteria are as follows:

- Experienced development partner with knowledge of the local market
- Development partner must have substantial cash equity in the project
- Defined exit strategy
- Equity investments from \$500,000 to \$10,000,000
- Development timeline of less than three years preferably
- Properties located in Canada and the United States

This is Exhibit "G" referred to in the
Affidavit of **ELAINE WAN-MING SHIN**
sworn this 8th day of August, 2016.

A handwritten signature in blue ink, appearing to read "L. Cane", is written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)



Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

**TERRA FIRMA CAPITAL
CORPORATION**

Three months ended March 31, 2016 and 2015
(Unaudited)

TERRA FIRMA CAPITAL CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(In Canadian dollars)
(Unaudited)

| | March 31, 2016 | December 31, 2015 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 4,009,958 | \$ 11,723,550 |
| Funds held in trust | 896,434 | 2,061,207 |
| Deposits (note 4) | — | 11,747,370 |
| Amounts receivable and prepaid expenses (note 5) | 3,389,160 | 2,279,977 |
| Loan and mortgage investments (note 6) | 117,567,642 | 95,135,201 |
| Investment property held in joint operations (notes 7(b)) | 2,143,794 | 2,143,794 |
| Portfolio investments (note 8) | 2,339,555 | 2,339,555 |
| Investment in associates (note 9) | 2,315,414 | 2,315,414 |
| Income taxes recoverable (note 21) | 529,108 | — |
| Deferred income tax asset (note 21) | 330,023 | — |
| Total assets | \$ 133,521,088 | \$ 129,746,068 |

Liabilities and Equity

| | | |
|--|-----------------------|-----------------------|
| Liabilities: | | |
| Accounts payable and accrued liabilities (note 10) | \$ 4,553,389 | \$ 5,980,560 |
| Unearned income | 400,932 | 301,099 |
| Income taxes payable (note 21) | — | 322,046 |
| Deferred income tax liability (note 21) | — | 18,665 |
| Short-term unsecured notes payable (note 11) | 7,786,010 | 9,286,000 |
| Revolving operating facility (note 12) | 9,890,678 | 9,865,144 |
| Loan and mortgage syndications (note 6) | 52,037,018 | 45,691,948 |
| Mortgages payable (note 7(c)) | 1,112,392 | 1,120,314 |
| Convertible debentures (note 13) | 10,658,689 | 10,628,301 |
| Total liabilities | 86,439,108 | 83,214,077 |
| Equity: | | |
| Share capital (note 15 (a)) | \$ 31,778,294 | \$ 31,257,404 |
| Equity component of convertible debentures (note 13) | 284,490 | 284,490 |
| Contributed surplus (note 16) | 2,274,850 | 2,360,575 |
| Retained earnings | 12,489,705 | 12,374,881 |
| Shareholders' equity | 46,827,339 | 46,277,350 |
| Non-controlling interest | 254,641 | 254,641 |
| Total equity | 47,081,980 | 46,531,991 |
| Commitments and contingencies (note 14) | | |
| Subsequent events (note 6) | | |
| Total liabilities and equity | \$ 133,521,088 | \$ 129,746,068 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved by the Board:

"Seymour Temkin" _____ Director

"John Kaplan" _____ Director

TERRA FIRMA CAPITAL CORPORATION

Condensed Consolidated Interim Statements of Income and Comprehensive Income
(In Canadian dollars)
(Unaudited)

| | Three months ended | |
|--|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Revenue: | | |
| Interest and fees | \$ 4,221,156 | \$ 3,960,412 |
| Rental (note 7(a)) | 48,378 | 47,348 |
| | 4,269,534 | 4,007,760 |
| Expenses: | | |
| Property operating costs (note 7(a)) | 16,092 | 15,254 |
| General and administrative | 658,145 | 798,024 |
| Share-based compensation (note 15(b)) | 210,386 | 391,039 |
| Interest (note 19) | 1,827,241 | 1,503,032 |
| Provision for loan and mortgage investment loss (note 6) | 112,726 | — |
| Foreign exchange gain - realized | (41,634) | — |
| Foreign exchange loss - unrealized (note 20) | 1,271,596 | — |
| | 4,054,552 | 2,707,349 |
| Income from operations before income taxes | 214,982 | 1,300,411 |
| Income taxes (note 21) | 100,158 | 354,973 |
| Net income and comprehensive income | \$ 114,824 | \$ 945,438 |
| Earnings per share (note 17) | | |
| Basic | \$ 0.00 | \$ 0.02 |
| Diluted | \$ 0.00 | \$ 0.02 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRA FIRMA CAPITAL CORPORATION

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

| | Share capital | | Convertible debentures | Contributed surplus | Retained earnings | Total shareholders' equity | Non-controlling interest | Total equity |
|---|------------------|---------------|------------------------|---------------------|-------------------|----------------------------|--------------------------|---------------|
| | Number of shares | Amount | | | | | | |
| | (note 15 (a)) | (note 13) | (note 16) | (note 16) | (note 16) | (note 16) | (note 16) | (note 16) |
| Balance, December 31, 2014 | 41,582,300 | \$ 16,654,718 | \$ 284,490 | \$ 1,049,585 | \$ 6,352,957 | \$ 24,341,750 | \$ 210,655 | \$ 24,552,405 |
| Share-based compensation | - | - | - | 239,869 | - | 239,869 | - | 239,869 |
| Net income and comprehensive income | - | - | - | - | 945,438 | 945,438 | - | 945,438 |
| Balance, March 31, 2015 | 41,582,300 | \$ 16,654,718 | \$ 284,490 | \$ 1,289,454 | \$ 7,298,395 | \$ 25,527,057 | \$ 210,655 | \$ 25,737,712 |
| Changes during the period | | | | | | | | |
| Issuance of shares pursuant to the Offering, net of share issue costs | 18,117,783 | 14,143,652 | - | 347,824 | - | 14,491,476 | - | 14,491,476 |
| Issuance of shares pursuant to broker warrants | 560,000 | 459,034 | - | (106,235) | - | 352,799 | - | 352,799 |
| Share-based compensation | - | - | - | 829,532 | - | 829,532 | - | 829,532 |
| Net income and comprehensive income | - | - | - | - | 5,076,486 | 5,076,486 | 43,986 | 5,120,472 |
| Balance, December 31, 2015 | 60,260,083 | \$ 31,257,404 | \$ 284,490 | \$ 2,360,575 | \$ 12,374,881 | \$ 46,277,350 | \$ 254,641 | \$ 46,531,991 |
| Changes during the period | | | | | | | | |
| Issuance of shares pursuant to share option plan | 895,000 | 520,890 | - | (252,390) | - | 268,500 | - | 268,500 |
| Share-based compensation | - | - | - | 166,665 | - | 166,665 | - | 166,665 |
| Net income and comprehensive income | - | - | - | - | 114,824 | 114,824 | - | 114,824 |
| Balance, March 31, 2016 | 61,155,083 | \$ 31,778,294 | \$ 284,490 | \$ 2,274,850 | \$ 12,489,705 | \$ 46,827,339 | \$ 254,641 | \$ 47,081,980 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRA FIRMA CAPITAL CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(In Canadian dollars)

(Unaudited)

| | Three months ended | |
|---|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net income and comprehensive income | \$ 114,824 | \$ 945,438 |
| Interest and fees earned | (4,221,156) | (3,960,412) |
| Interest expense | 1,827,241 | 1,503,032 |
| Non-cash items: | | |
| Foreign exchange loss - unrealized | 1,271,596 | — |
| Share-based compensation (note 13(b)) | 210,386 | 391,039 |
| Provision for loan and mortgage investment loss | 112,726 | — |
| Income tax provision | 100,158 | 354,973 |
| Changes in working capital: | | |
| Decrease (increase) in other receivables | (288) | 141,051 |
| Decrease (increase) in prepaid expenses and deposits | 51,401 | (100,813) |
| Increase (decrease) in accounts payable and accrued liabilities | (1,540,589) | 2,570,284 |
| Interest and fees received | 2,443,494 | 3,183,863 |
| Interest paid | (1,621,792) | (2,120,152) |
| Income taxes paid | (1,300,000) | (623,144) |
| Cash provided by (used in) operating activities | (2,551,999) | 2,285,159 |
| Financing activities: | | |
| Proceeds from loan and mortgage syndications | 9,007,715 | 250,000 |
| Repayments of loan and mortgage syndications | (3,253,891) | (1,200,320) |
| Repayments of mortgages payable | (7,922) | (7,569) |
| Proceeds from short-term unsecured notes payable | 200,000 | 1,000,000 |
| Repayment of short-term unsecured notes payable | — | (4,100,000) |
| Proceeds from issuance of shares pursuant to share options plan | 268,500 | — |
| Cash provided by (used in) financing activities | 6,214,402 | (4,057,889) |
| Investing activities: | | |
| Funding of loan and mortgage investments | (26,831,029) | (1,918,124) |
| Repayments of loan and mortgage investments | 2,542,891 | 1,626,236 |
| Proceeds from sale of interest in investment in associates | — | 6,057,000 |
| Repayment of deposits | 11,747,370 | — |
| Decrease (increase) in funds held in trust | 1,164,773 | (1,615,270) |
| Funding of investment in associates | — | (60,000) |
| Funding of portfolio investment | — | (1,363,268) |
| Cash provided by (used in) investing activities | (11,375,995) | 2,726,574 |
| Increase (decrease) in cash and cash equivalents | (7,713,592) | 953,844 |
| Cash and cash equivalents, beginning of period | 11,723,550 | 1,083,745 |
| Cash and cash equivalents, end of period | \$ 4,009,958 | \$ 2,037,589 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

1. Reporting entity:

Terra Firma Capital Corporation (the "Company") was incorporated under the Business Corporations Act (Ontario) on July 26, 2007. The common shares of the Company ("Shares") trade on the TSX Venture Exchange (the "Exchange") under the symbol TII. The registered office of the Company is located at 22 St. Clair Avenue East, Suite 200, Toronto, Ontario M4T 2S5. The principal business of the Company is to provide real estate financings secured by investment properties and real estate developments throughout Canada and the United States. These financings are made to real estate developers and owners who require shorter-term loans to bridge a transitional period of one to five years where they require capital at various stages of development or redevelopment property, for such development or redevelopment, property repairs or the purchase of investment property.

2. Basis of presentation:

Statement of compliance:

These unaudited condensed consolidated interim financial statements of the Company have been prepared by management in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The preparation of these unaudited condensed consolidated interim financial statements is based on accounting policies and practices in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as well as Interpretation of International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements do not contain all disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the notes to the Company's audited consolidated financial statements as at and for the year ended December 31, 2015.

Certain comparative information has been reclassified to conform with current presentation.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

3. Significant accounting policies:

The unaudited condensed consolidated interim financial statements for the period ended March 31, 2016 follow the same accounting policies and methods of their application as those used in the Company's consolidated financial statements for the year ended December 31, 2015.

The Company implemented the amendments to IAS 1, Presentation of Financial Statements, ("IAS 1 Amendments") in the first quarter of 2016, with no significant impact on the Company's unaudited condensed consolidated interim financial statements.

4. Deposits:

On December 31, 2015, the Company deposited \$11,747,370 into an account established by a borrower, requiring joint signatures of the officers of the borrower and the Company, pending a release for mortgage investments purposes. In January 2016, the loan transaction was cancelled, as funding and investment conditions were not met, and the funds were returned to the Company.

5. Amounts receivable and prepaid expenses:

The following table presents details of the amounts receivable and prepaid expenses as at March 31, 2016 and December 31, 2015.

| | March 31, 2016 | December 31, 2015 |
|--|---------------------|----------------------|
| Interest receivable | \$ 3,268,185 | \$ 2,107,889 |
| Other receivables | 6,135 | 5,847 |
| Prepaid expenses and deposits | 114,840 | 166,241 |
| Amounts receivable and prepaid expenses | \$ 3,389,160 | \$ 2,279,977 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

5. Amounts receivable and prepaid expenses (continued):

Included in interest receivable are non-current balances of \$2,133,798 at March 31, 2016 (December 31, 2015 - \$1,358,935).

The remaining interest and other receivables are current and due in the next twelve months in accordance with contract terms.

6. Loan and mortgage investments and loan and mortgage syndications:

As at March 31, 2016 and December 31, 2015, the Company had principal balance of loan and mortgage investments of \$118,158,434 and \$95,613,267, respectively. The loan and mortgage investments carry a weighted average effective interest rate ("EIR") of 15.6% (December 31, 2015 - 15.8%) and a weighted average term to maturity of 1.47 years (December 31, 2015 - 1.43 years).

The Company syndicates certain of its loan and mortgage investments to investors, each participating in a prescribed manner and is governed by loan servicing agreements and administered by Terra Firma MA Ltd, the wholly owned subsidiary of the Company. The interest income earned and related interest expense on the syndicate investors are recognized in the statements of income and comprehensive income.

The principal balance of loan and mortgage syndications included in the loan and mortgage loan investments at March 31, 2016 and December 31, 2015 were \$52,037,018 and \$45,691,948, respectively. The loan and mortgage syndications carry a weighted average effective interest rate of 10.3% (December 31, 2015 - 10.5 %) and a weighted average term to maturity of 1.32 years (December 31, 2015 - 1.40 years).

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

6. Loan and mortgage investments and loan and mortgage syndications (continued):

The following table presents details of the loan and mortgage investments and loan and mortgage syndications as at March 31, 2016:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|--|-------------------------------------|--------------------------------------|--------------------|-------------------------|
| Residential housing developments | \$ 83,303,241 | \$ 37,380,760 | \$ 45,922,481 | 69.4 |
| Land and lot inventory | 28,913,034 | 13,856,258 | 15,056,776 | 22.8 |
| Commercial retail development | 1,270,000 | — | 1,270,000 | 1.9 |
| Residential income properties | 4,672,159 | 800,000 | 3,872,159 | 5.9 |
| | 118,158,434 | 52,037,018 | 66,121,416 | 100.0 |
| Allowance for loan and mortgage investments loss | (590,792) | — | (590,792) | |
| | \$ 117,567,642 | \$ 52,037,018 | \$ 65,530,624 | |

The following table presents details of the loan and mortgage investments and loan and mortgage syndications as at December 31, 2015:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|--|-------------------------------------|--------------------------------------|--------------------|-------------------------|
| Residential housing developments | \$ 65,417,141 | \$ 37,678,182 | \$ 27,738,959 | 55.6 |
| Land and lot inventory | 25,465,047 | 7,813,766 | 17,651,281 | 35.4 |
| Commercial retail development | 1,270,000 | — | 1,270,000 | 2.5 |
| Residential income properties | 3,461,079 | 200,000 | 3,261,079 | 6.5 |
| | 95,613,267 | 45,691,948 | 49,921,319 | 100.0 |
| Allowance for loan and mortgage investments loss | (478,066) | — | (478,066) | |
| | \$ 95,135,201 | \$ 45,691,948 | \$ 49,443,253 | |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

6. Loan and mortgage investments and loan and mortgage syndications (continued):

Certain of the loan and mortgage investments have early repayment rights and, if exercised, would result in repayments in advance of their contractual maturity dates.

During the three months ended March 31, 2016 and 2015, the Company capitalized interest income of \$633,331 and \$820,133, respectively, which is included in the loan and mortgage investments.

Pursuant to certain lending agreements, the Company is committed to fund additional loan advances. The unfunded loan commitments under the existing loan and mortgage investments at March 31, 2016 were \$17,206,274, including \$13,517,877 of capitalization of future interest relating to the existing loan and mortgage investments (December 31, 2015 - \$18,455,100, including \$11,733,451 of capitalization of future interest relating to the existing loan and mortgage investments).

In March 2015, a borrower of a residential income property renegotiated the exit fee on the loan and elected to repay ahead of its due date. As a result, the Company recognized a gain of \$544,212 and included it in interest income in the condensed consolidated interim statements of income and comprehensive income.

On February 20, 2015, the Company exercised its option to convert its loan and mortgage investment in a 668-unit high-rise condominium development project (the "Lan Project") located in Toronto, Ontario, through a partnership interest (the "Lan Partnership"). The carrying balance of the loan and mortgage investment at the time of conversion was \$14,821,313, of which \$11,675,000 was syndicated. Syndicate investors in the amount of \$5,125,000 elected to convert their share of interest in the loan investment into units of the Lan Partnership and syndicate investors in the amount of \$6,550,000 converted their share of interest in the loan investment in short-term unsecured notes payable. The Company received \$8,845,000 from new and existing syndicate investors to invest in the units of the Lan Partnership (note 9).

Mortgages are loans that are secured by real estate assets and may include other forms of securities. Unregistered loans are not secured by real estate assets, but are secured by other forms of securities, such as personal guarantees, or pledge of shares of the borrowing entity.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

6. Loan and mortgage investments and loan and mortgage syndications (continued):

The following table presents details of the Company's principal balances loan categories as at March 31, 2016:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|--------------------|-------------------------------------|--------------------------------------|----------------------|-------------------------|
| Mortgages | \$ 111,708,355 | \$ 50,537,018 | \$ 61,171,337 | 92.5 |
| Unregistered loans | 6,450,079 | 1,500,000 | 4,950,079 | 7.5 |
| | <u>\$ 118,158,434</u> | <u>\$ 52,037,018</u> | <u>\$ 66,121,416</u> | <u>100.0</u> |

The following table presents details of the Company's loan categories as at December 31, 2015:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|--------------------|-------------------------------------|--------------------------------------|----------------------|-------------------------|
| Mortgages | \$ 91,691,123 | \$ 44,191,948 | \$ 47,499,175 | 95.1 |
| Unregistered loans | 3,922,144 | 1,500,000 | 2,422,144 | 4.9 |
| | <u>\$ 95,613,267</u> | <u>\$ 45,691,948</u> | <u>\$ 49,921,319</u> | <u>100.0</u> |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

6. Loan and mortgage investments and loan and mortgage syndications (continued):

The following table presents details of the Company's principal balances of loan and mortgage investments segmented by geography as at March 31, 2016:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|---------------|-------------------------------------|--------------------------------------|----------------------|-------------------------|
| Canada | \$ 76,310,351 | \$ 31,310,639 | \$ 44,999,712 | 68.1 |
| United States | 41,848,083 | 20,726,379 | 21,121,704 | 31.9 |
| | \$ 118,158,434 | \$ 52,037,018 | \$ 66,121,416 | 100.0 |

The following table presents details of the Company's principal balances of loan and mortgage investments segmented by geography as at December 31, 2015:

| | Loan and mortgage investments | Loan and mortgage syndications | Net investments | % of net investments |
|---------------|-------------------------------------|--------------------------------------|----------------------|-------------------------|
| Canada | \$ 57,551,220 | \$ 31,488,302 | \$ 26,062,918 | 52.2 |
| United States | 38,062,047 | 14,203,646 | 23,858,401 | 47.8 |
| | \$ 95,613,267 | \$ 45,691,948 | \$ 49,921,319 | 100.0 |

On March 9, 2016, the Company advanced a loan of \$10,000,000 to a borrower (the "Borrower"), secured by two properties and a 50% interest in a development project owned by affiliates of the Borrower. The loan agreement provided the Company an option to purchase the 50% interest in the development project for a fair market value of \$7,000,000, which would reduce the loan by the same amount. On April 15, 2016, the Company exercised its option and acquired the 50% interest in the development project for \$7,000,000, reducing the loan investment amount to \$3,000,000.

At March 31, 2016, loans outstanding including interest receivable from the Borrower and its affiliates as referred to above totalled \$22,964,712, of which \$3,030,657 is syndicated to investors for a net loan amount of \$19,934,055. Subsequent to quarter end, the Company repaid \$1,000,000 to its syndicate investors and further reduced its loan exposure to the Borrower and its affiliates by \$7,000,000, through the Company exercising its option as noted above, for a net loan amount of \$13,934,055.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

6. Loan and mortgage investments and loan and mortgage syndications (continued):

At March 31, 2016, loan and mortgage investment totalling \$12,863,396 (including interest receivable on these loans totalling \$683,961) to the Borrower and its affiliates, are in arrears of which \$3,030,657 including interest payable have been syndicated. The foreclosure/power of sale process has commenced and is proceeding on these loans to enforce the security. Subsequent to March 31, 2016, certain affiliates of the Borrower announced restructuring proceedings under the Bankruptcy and Insolvency Act. Based on the most recent valuations of the underlying assets, the Company has not identified any loans in arrears for which a loss provision should be made.

Scheduled principal repayments and loan and mortgage investments maturing in the next five years are as follows:

| | Scheduled principal payments | Loan and mortgage investments maturing | Total loan and mortgage investments |
|-------------------|------------------------------------|---|--|
| Remainder of year | \$ — | \$ 38,287,499 | \$ 38,287,499 |
| 2017 | — | 35,896,394 | 35,896,394 |
| 2018 | — | 28,974,541 | 28,974,541 |
| 2019 | — | — | — |
| 2020 | — | 15,000,000 | 15,000,000 |
| | \$ — | \$ 118,158,434 | \$ 118,158,434 |

Scheduled principal repayments and loan and mortgage syndications maturing in the next five years are as follows:

| | Scheduled principal payments | Loan and mortgage syndications maturing | Total loan and mortgage syndications |
|-------------------|------------------------------------|--|---|
| Remainder of year | \$ — | \$ 22,173,301 | \$ 22,173,301 |
| 2017 | — | 11,181,405 | 11,181,405 |
| 2018 | — | 13,844,975 | 13,844,975 |
| 2019 | — | — | — |
| 2020 | — | 4,837,337 | 4,837,337 |
| | \$ — | \$ 52,037,018 | \$ 52,037,018 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

7. Joint arrangements:

(a) Interests in joint operation:

In July 2009, the Company entered into a co-tenancy agreement (the "Montreal Street JV") with a development partner to develop a store for a national pharmacy chain in Ottawa, Ontario. The land on which the store was developed is subject to a 20-year land lease, with five renewal options of five years each. The Montreal Street JV is subject to joint control, and the Company records its proportionate share of the related assets, liabilities, revenue and expenses of the properties following the proportionate consolidation method.

The Montreal Street JV carries a loan of \$2,022,530, bearing interest at 4.2% per annum, is amortized over 25 years and matures June 1, 2016. The Company's ownership interest in the Montreal Street JV is 52.5%.

The financial information in respect of the Company's proportionate share of investments in Montreal Street JV is as follows:

| | March 31, 2016 | December 31, 2015 |
|--|---------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,507 | \$ 4,028 |
| Amounts receivable and prepaid expenses | 11,315 | 11,644 |
| Investment properties | 2,143,794 | 2,143,794 |
| | 2,158,616 | 2,159,466 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 41,823 | 41,828 |
| Mortgages payable | 1,112,392 | 1,120,314 |
| | 1,154,215 | 1,162,142 |
| Net assets | \$ 1,004,401 | \$ 997,324 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

7. Joint arrangements (continued):

The table below details the results of operations for the three months ended March 31, 2016 and 2015, attributable to the Company from Montreal Street JV:

| | Three months ended | |
|-------------------------------------|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Revenue: | | |
| Rental revenue | \$ 48,378 | \$ 47,348 |
| Expenses | | |
| Property operating costs | 16,092 | 15,254 |
| General and administrative expenses | 923 | 47 |
| Interest expense | 11,338 | 11,694 |
| Net income | \$ 20,025 | \$ 20,353 |

(b) Investment property:

The Company has interests in investment property that are subject to joint control and accordingly, the Company has recorded its proportionate share of the related assets, liabilities, revenue and expenses of the properties.

The following table summarizes the changes in the Company's proportionate share of the investment property in the Montreal Street JV for the three months ended March 31, 2016 and 2015:

| | |
|--|--------------|
| Balance, December 31, 2014 | \$ 2,062,001 |
| Change in amount receivable from joint venture partner | (349) |
| Balance, March 31, 2015 | \$ 2,062,312 |
| Change in amount receivable from joint venture partner | (1,018) |
| Fair value adjustment | 82,500 |
| Balance, December 31, 2015 | \$ 2,143,794 |
| Balance, March 31, 2016 | \$ 2,143,794 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

7. Joint arrangements (continued):

The Company determined the fair value of investment property in the Montreal Street JV using the direct capitalization method. Under the direct capitalization method, fair values were determined by capitalizing the estimated future net operating income at the market capitalization rates. The carrying value of the Company's proportionate share of investment property in the Montreal Street JV is \$2,143,794. At March 31, 2016 and December 31, 2015, the fair value was determined by the Company's management. The capitalization rate used in the valuation property was 6.50%. The carrying value of investment property in the Montreal Street JV at March 31, 2016 approximates its fair value.

As at March 31, 2016 and December 31, 2015, a 25-basis-point decrease in the overall capitalization rate would increase the Company's proportionate share of value of investment property in the Montreal Street JV by \$89,600 and a 25-basis-point increase in the overall capitalization rate would decrease the Company's proportionate share of the value of investment property in the Montreal Street JV by \$82,500.

(c) Mortgages payable:

The details of the mortgages payable in respect of the Company's proportionate share of the joint operations at March 31, 2016 and December 31, 2015 is as follows:

| | March 31, 2016 | | December 31, 2015 | |
|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Amount | % of loans payable | Amount | % of loans payable |
| Montreal Street JV | \$ 1,112,392 | 100.0 | \$ 1,120,314 | 100.0 |
| | <u>\$ 1,112,392</u> | <u>100.0</u> | <u>\$ 1,120,314</u> | <u>100.0</u> |

The Company is in the process of refinancing the mortgages payable.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

7. Joint arrangements (continued):

Scheduled principal repayments and maturity amounts of mortgages payable at March 31, 2016 are as follows:

| | Scheduled principal payments | Maturing during the year | Total mortgages payable |
|-------------------|------------------------------------|--------------------------------|-------------------------------|
| Remainder of year | \$ 5,302 | \$ 1,107,090 | \$ 1,112,392 |

8. Portfolio investments:

The Company has invested through Terra Firma Capital Corporation (the "Hill"), in a partnership interest in a 94-unit mid-rise condominium development project located in Toronto, Ontario. The Company does not have significant influence in the partnership and is accounting for this investment as a financial asset at fair value through profit and loss. The carrying value of the investment at March 31, 2016 is \$1,174,212 (December 31, 2015 - \$1,174,212). At March 31, 2016 and December 31, 2015, the fair value was determined by the management, using the direct comparison method. The fair value of the investment at March 31, 2016 and December 31, 2015 was \$1,174,212.

The Company, through TFCC LanQueen Ltd. entered into a partnership agreement (the "Agreement"), whereby TFCC LanQueen Ltd. is committed to invest up to \$1,326,400 in a redevelopment project located in Toronto, Ontario. The Agreement allows TFCC LanQueen Ltd. to receive a 3% fee at the time of commitment and an amount by way of a preferred return equal to 10% per annum calculated and compounded monthly on the amount of its investment in the partnership. TFCC LanQueen Ltd. does not have significant influence in the partnership and is accounting for this investment as a financial asset at fair value through profit or loss. As at March 31, 2016, TFCC LanQueen Ltd. contributed \$924,000 (December 31, 2015 - \$924,000) in the partnership. At March 31, 2016 and December 31, 2015, the fair value was determined by the management, using the direct comparison method. The fair value of investment at March 31, 2016 and December 31, 2015 was \$1,165,343.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

8. Portfolio investments (continued):

The following table summarizes the changes in the portfolio investments for the three months ended March 31, 2016 and 2015:

| | Amount |
|----------------------------|--------------|
| Balance, December 31, 2014 | \$ 1,620,828 |
| Investment made | 60,000 |
| Balance, March 31, 2015 | 1,680,828 |
| Investment made | 264,557 |
| Fair value adjustment | 394,170 |
| Balance, December 31, 2015 | 2,339,555 |
| Balance, March 31, 2016 | \$ 2,339,555 |

9. Investment in associates:

On February 20, 2015, the Company, together with certain existing syndicate investors exercised their right to convert a loan and mortgage investment into equity investment in Lan Project through equity in the Lan Partnership. The Company acts as a general partner of the Lan Partnership and is entitled to receive a carried interest at 10% at the end of the Lan Partnership's life. The Company does not earn carried interest until the limited partners in the Lan Partnership have achieved cumulative investment returns on invested capital in excess of a 10% hurdle rate. The Company exerts influence in the Lan Partnership and accounts for this investment using the equity method of accounting.

At March 31, 2016 and December 31, 2015, the Lan Partnership has invested \$13,333,333 in the Lan Project. At March 31, 2016 and December 31, 2015, the Company's share of investment in the Lan Partnership was \$2,315,414. At March 31, 2016 and December 31, 2015, the fair value of the investment in the Lan Partnership was determined by the management, using the direct comparison method. The fair value of investment at March 31, 2016 and December 31, 2015 approximates the carrying value.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

9. Investment in associates (continued):

The following table summarizes the changes to the carrying value of investment in associates for the three months ended March 31, 2016 and 2015:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ — |
| Loan and mortgage investment converted into equity interest in Lan Partnership (note 6) | 14,821,313 |
| Loan syndications converted to equity interest in Lan Partnership (note 6) | (5,125,000) |
| Sale of interest in Lan Partnership to investors (note 6) | (6,057,000) |
| Contributions to Lan Partnership | 1,363,268 |
| Balance, March 31, 2015 | 5,002,581 |
| Sale of interest in Lan Partnership to investors | (2,788,500) |
| Contributions to Lan Partnership | 9,384 |
| Share of income from Lan Partnership | 91,949 |
| Balance, December 31, 2015 | 2,315,414 |
| Balance, March 31, 2016 | \$ 2,315,414 |

10. Accounts payable and accrued liabilities:

The following table presents details of the accounts payable and accrued liabilities as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | December 31, 2015 |
|--|-------------------|----------------------|
| Interest payable | \$ 1,542,363 | \$ 1,287,698 |
| Interest reserve | 531,317 | 456,985 |
| Accounts payable, accrued liabilities and provisions | 1,261,331 | 3,061,220 |
| Share-based compensation payable (note 15(b)(ii)) | 1,218,378 | 1,174,657 |
| Accounts payable and accrued liabilities | \$ 4,553,389 | \$ 5,980,560 |

Accounts payable and accrued liabilities are current and payable in the next twelve-month period.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

11. Short-term unsecured notes payable:

The following table summarizes the changes in the short-term unsecured notes payable for the three months ended March 31, 2016 and 2015:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ 1,500,000 |
| Proceeds from issuance of short-term unsecured notes payable | 1,000,000 |
| Transferred from loan and mortgage syndications | 6,550,000 |
| Transferred to loan and mortgage syndications | (1,500,000) |
| Repayments of short-term unsecured notes payable | (4,100,000) |
| Balance, March 31, 2015 | 3,450,000 |
| Proceeds from issuance of short-term unsecured notes payable | 8,755,497 |
| Transferred from loan and mortgage syndications | 6,094,753 |
| Transferred to loan and mortgage syndications | (5,320,000) |
| Repayments of short-term unsecured notes payable | (3,850,000) |
| Unrealized foreign exchange loss | 155,750 |
| Balance, December 31, 2015 | 9,286,000 |
| Proceeds from issuance of short-term unsecured notes payable | 200,000 |
| Transferred from loan and mortgage syndications | 50,000 |
| Transferred to loan and mortgage syndications | (1,574,990) |
| Unrealized foreign exchange gain | (175,000) |
| Balance, March 31, 2016 | \$ 7,786,010 |

For the three months ended March 31, 2016 and 2015, the Company recorded interest expense of \$154,396 and \$62,170, respectively.

Included in short-term unsecured notes payable are U.S. dollar-denominated balances of Canadian \$2,987,010 (U.S. - \$2,300,000) (December 31, 2015 - Canadian \$4,152,000, U.S. \$3,000,000).

These notes bear annual interest in the range of 7% - 9%, have a term of 6 months from issuance, closed for prepayment through the full term, and are convertible, in whole or in part, into loan and mortgage syndications on the terms and conditions to be agreed by the holders and the Company. At any time prior to the maturity date, the Company may elect to extend these notes by three months. Proceeds from issuance of those notes were used to fund certain loan and mortgage investments.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

12. Revolving operating facility:

On April 23, 2015, the Company entered into a Revolving Operating Facility Credit Agreement with a lending institution for a \$10 million secured revolving loan facility (the "Facility") with a 24-month term. Interest on advanced funds under the Facility will be 9.5% per annum for the first 23 months and 12.0% thereafter. The Facility is subject to a redetermination of a borrowing base, calculated as a percentage of eligible loan and mortgage investments and subject to certain adjustments. As security for its obligations under the Facility, the Company has entered into certain security documents, including a general security agreement, a specific assignment of the Company's current and future participating loan interests in certain real estate investments located throughout Canada and the United States. The Facility allows the Company to fund and warehouse new investments while raising syndicate on and/or co-investment capital.

In connection with the Facility, the Company incurred lender and other third-party costs of \$204,717. The costs associated with the Facility have been deferred and are being amortized over the term of the Facility as interest expense using the effective-interest amortization method.

For the three months ended March 31, 2016 and 2015, amortization of deferred financing costs reported as interest expense and financing costs totaled \$25,534 and nil, respectively.

The following table presents details of the revolving operating facility as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | December 31, 2015 |
|-------------------------------------|---------------------|----------------------|
| Face value | \$ 10,000,000 | \$ 10,000,000 |
| Unamortized financing costs | (109,322) | (134,856) |
| Revolving operating facility | \$ 9,890,678 | \$ 9,865,144 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

13. Convertible debentures:

On September 29, 2014, the Company issued by way of private placement, unsecured subordinated convertible debentures (the "Debentures") in the principal amount of \$10,850,000. The Debentures bear interest at an annual rate of 7%, payable quarterly on the last business day of each calendar quarter and mature on September 27, 2017. The Debentures are convertible into Shares of the Company in whole or in part, at the option of the holder at any time up to maturity at a conversion price of \$0.72 per Share. The Company may, at any time prior to the maturity date and upon giving notice, prepay the Debentures in full or in part, by paying the holders thereof the outstanding principal amount plus all accrued and unpaid interest, provided that the market price per Share on the date on which the redemption notice is provided is at least 125% of the conversion price.

The fair value of the liability component of the Debentures was calculated by discounting the stream of future principal and interest payments at the rate of 8.0% which represents the rate of interest prevailing at the date of issue for instruments of similar terms and risks. The debt component was assigned a value of \$10,486,460 (net of transaction costs of \$76,962) and the equity component was assigned a value of \$284,490 (net of transaction costs of \$2,088). The effective interest rate of the Debentures is 8.53%.

Certain directors and officers hold Debentures in an aggregate principal amount of \$1,330,000.

The following table summarizes the changes in the Debentures for the three months ended March 31, 2016 and 2015:

| | Total |
|---|---------------|
| Liability component of Debentures, December 31, 2014, | \$ 10,514,431 |
| Interest expensed at EIR of 8.53% | 214,483 |
| Interest paid | (187,274) |
| Liability component of Debentures, March 31, 2015 | 10,541,640 |
| Interest expensed at EIR of 8.53% | 658,887 |
| Interest paid | (572,226) |
| Liability component of Debentures, December 31, 2015 | 10,628,301 |
| Interest expensed at EIR of 8.53% | 219,225 |
| Interest paid | (188,837) |
| Liability component of debentures, March 31, 2016 | \$ 10,658,689 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

14. Commitments and contingencies:

Pursuant to certain lending agreements, the Company is committed to fund additional loan advances. The unfunded loan commitments under the existing lending agreements at March 31, 2016 were \$17,206,274 (December 31, 2015 - \$18,455,100).

The Company is also committed to provide additional capital to joint operations in accordance with contractual agreements.

The Company has a lease commitment on its head office premises located at 22 St. Clair Avenue East, Toronto, Ontario and its previous head office premises located at 5000 Yonge Street, Toronto, Ontario. The future minimum lease payments, which includes estimated operating costs of the office spaces as at March 31, 2016, are as follows:

| | |
|-------------------|---------------------|
| Remainder of year | \$ 200,998 |
| 2017 | 208,217 |
| 2018 | 221,785 |
| 2019 | 221,785 |
| 2020 | 221,785 |
| | <u>\$ 1,074,570</u> |

The Company, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Company.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity:

(a) Shares issued and outstanding:

The following table summarizes the changes in shares for the three months ended March 31, 2015 and 2016:

| | Shares | Amount |
|---|------------|---------------|
| Outstanding, December 31, 2015 | 41,582,300 | \$ 16,654,718 |
| Outstanding, March 31, 2015 | 41,582,300 | 16,654,718 |
| Issuance of shares pursuant to the Offering | 16,911,900 | 13,118,652 |
| Issuance of shares pursuant to private placement | 1,205,883 | 1,025,000 |
| Issuance of shares pursuant to broker warrants | 560,000 | 352,800 |
| Transferred from contributed surplus upon exercise of broker warrants | — | 106,234 |
| Outstanding, December 31, 2015 | 60,260,083 | 31,257,404 |
| Issuance of shares pursuant to share option plan | 895,000 | 268,500 |
| Transferred from contributed surplus upon exercise of options | — | 252,390 |
| Outstanding, March 31, 2016 | 61,155,083 | \$ 31,778,294 |

On March 31, 2016, 895,000 options to purchase the Company's Shares at \$0.30 per share with an expiry date of January 24, 2016, granted to the Company's Chief Executive Officer (the "CEO") were exercised. The consideration of \$268,500, received on exercising the options was recorded as share capital and the related contributed surplus of \$252,390 was transferred to share capital (note 15(b)(i)).

On October 14, 2015, 140,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$88,200 (note 15(o)).

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

On July 29, 2015, 420,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The consideration received on the exercise of broker warrants of \$264,600 was recorded as share capital and the related contributed surplus of \$79,676 was transferred to share capital (note 15(c)).

On May 5, 2015, the Company completed a bought deal prospectus offering (the "Offering") consisting of 16,911,900 Shares, including fully exercised over-allotment Shares, at a price of \$0.85 per Share, for gross proceeds of \$14,375,115. As part of the Offering, the Company issued 1,014,714 broker warrants as additional compensation. Each broker warrant entitles the holder to purchase one common share at an exercise price of \$0.85 until May 4, 2017. Share issuance costs amounted to \$1,256,463, consisting of cash costs of \$1,213,639 and non-cash costs of \$347,824 relating to the value attributable to broker warrants issued to underwriters, offset by a deferred tax benefit of \$305,000.

Concurrent with the closing of the Offering, the Company also completed a non-brokered private placement of 1,205,883 Shares, at the same price as the Shares issued pursuant to the Offering, for aggregate gross proceeds of \$1,025,000. Certain officers and directors participated in the private placement and the Company issued 811,765 Shares to those officers and directors for gross proceeds of \$690,000 (note 19).

(b) Share-based payments:

The share-based payments that have been recognized in these condensed consolidated interim financial statements are as follows:

| | Three months ended | |
|-------------------|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Share option Plan | \$ 166,665 | \$ 239,869 |
| DSU Plan | 43,721 | 151,170 |
| | <u>\$ 210,386</u> | <u>\$ 391,039</u> |



TERRA FIRMA CAPITAL CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION**

FOR THE THREE MONTHS ENDED MARCH 31, 2016

MAY 11, 2016

TERRA FIRMA CAPITAL CORPORATION – MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis of the financial performance financial condition, and cash flows ("MD&A") of Terra Firma Capital Corporation (the "Company") dated May 11, 2016 for the three months ended March 31, 2016 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanying notes for the same period as well as the Company's annual MD&A for the year ended December 31, 2015 and audited consolidated financial statements for the same period. These documents are available under the Company's profile on SEDAR at WWW.SEDAR.COM

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company's financial performance, financial condition and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information in this MD&A includes statements with respect to market opportunities for the identification and funding of loans, the provision to the Company of a consistent flow of quality investment opportunities, as well as other statements under the heading "Future Outlook", and may relate to future results, performance, achievements, events, prospects or opportunities for the Company or the real estate industry and may include statements regarding the financial position, business strategy, financial results, real estate values, interest rates, loan to cost, plans and objectives of or involving the Company. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Company's control, affect the lending operations, performance and results of the Company and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, the risks discussed in the Company's materials filed with Canadian securities regulatory authorities from time to time, including the risks discussed herein at "Risks and Uncertainties". The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance that actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the Canadian economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the real estate industry will be consistent with the current climate; and the referenced above, collectively, will not have a material impact on the Company. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

TERRA FIRMA CAPITAL CORPORATION – MD&A

BASIS OF PRESENTATION

The Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34). The Company's presentation currency is the Canadian dollar.

CHANGE IN REPORTING PRESENTATION

The Company made a change to the reporting presentation of foreign exchange gains and losses, which is now excluded from reported revenues and is included in expenses on a prospective basis. During the year ended December 31, 2015, foreign exchange gains were included in revenue of the Company. All prior comparisons have been adjusted to reflect this change.

BUSINESS OVERVIEW AND STRATEGY

The Company was incorporated under the *Business Corporations Act* (Ontario) on July 26, 2007. The common shares of the Company ("Shares") trade on the TSX Venture Exchange (the "Exchange") under the symbol TII. The registered office of the Company is: 5000 Yonge Street, Suite 1502, Toronto, Ontario, M2N 7E9.

The principal business of the Company is to provide real estate financings secured by investment properties and real estate developments throughout Canada and the United States. These financings are made to real estate developers and owners who require shorter-term loans to bridge a transitional period of one to five years where they require capital at various stages of development or redevelopment of a property. These loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the redevelopment is complete, or from proceeds generated from the sale of the real estate assets.

The types of real estate assets for which the Company arranges financings include residential buildings, mixed-use properties, and land for residential and commercial development and construction projects.

These loan and mortgage financings generally take the form of:

- (i) Land loans registered in first position or second position at the earlier stages of real property development and either subsequently postponing to construction financing or being discharged upon the funding of construction financing, as the project progresses through the development cycle,
- (ii) Term mortgages for the purposes of acquiring or re-financing income producing properties, or
- (iii) Mezzanine / subordinated debt financings of real property developments that have either progressed to the construction phase or are in the process of approaching construction phase.

These financings generally represent loan to cost and loan-to-value ratios of 80%, including all prior encumbrances at the time of underwriting of each loan. In some cases the loan-to-value ratio could increase to 90%. The "loan-to-value" ratio means the ratio, expressed as a percentage, determined by $A/B \times 100$, where: (A) is the principal amount of the mortgage, together with all other equal and prior ranking mortgages or tranches of mortgages on the real estate; and (B) is the appraised value of the real estate securing the mortgage at the time of funding the mortgage or in a more recent appraisal, if available.

In addition, the Company participates in the development of real estate in Canada and in the United States by providing equity-type financing to developers. These financings provide a minimum return and/or a share of remaining net cash flow from projects, and may be undertaken as a strategic partnership with established developers to pursue the development of real properties ("Joint Arrangements" or "Joint Operations") or an equity investment by the Company in an entity that carries on the business of real estate development ("Portfolio Investments"). The Company generally provides these financings in the form of equity in the entity that holds the real estate asset. When making an equity investment, the Company prefers to invest in the form of preferred equity which ranks ahead of the developers' or owners' common equity in the project or the entity that carries on the business of real estate development, thereby, providing the Company with the capital protection through subordination.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The objectives of the Company are to originate, create and maintain diversified portfolio of real estate loans and mortgage investments (the "Loan Portfolio"), to preserve the Company's capital while earning attractive risk-adjusted returns and to create shareholder value over the long-term, through capital appreciation, and payment of dividends (from time to time as the Board of Directors considers appropriate).

Management believes that there is currently a significant market opportunity to identify and fund such loans as a result of financing needs not being met by traditional institutional lenders. Through management's relationships with mortgage lenders, brokers, local sponsors and other market participants, the Company is able to identify real estate opportunities where it can provide financing solutions to borrowers while achieving equity-like returns at reduced risk levels as compared to straight equity ownership. The Company differentiates itself by serving these niches with an experienced financing team which generally can provide more flexible terms and creative structuring. Management believes its experience with real estate investments and industry contacts will provide the Company with a consistent flow of quality investment opportunities.

Investment in real estate comprises a variety of "tranches" with highly differentiated risk/return characteristics based on their position in the capital structure and subordination levels. The Company strives to achieve "equity-like" returns on its Loan Portfolio while bearing lower risk than equity investments, by structuring its financings in a "debt-like" structure.

INVESTMENTS

LOANS AND MORTGAGE INVESTMENTS

The Company's Loan Portfolio as at March 31, 2016 consisted of (a) loans relating to 24 residential housing developments, comprising 1,647 high rise units, 886 mixed use developments consisting of low and high rise condominium units, and 1,525 low rise houses and condominium units, representing 70.4% of the Loan Portfolio (by investment amount), (b) two residential income properties consisting of 198 rental units in Toronto and Ottawa, Ontario, representing 4.0% of the Loan Portfolio (by investment amount), (c) land and lot inventory of real estate assets to be developed, located in Ottawa, Ontario; Markham, Ontario; Charlotte, North Carolina; Orlando, Florida; and Tampa Bay, Florida, representing 24.5% of the Loan Portfolio (by investment amount) and (d) a commercial retail development located in Mississauga, Ontario, representing the remaining 1.1% of the Loan Portfolio (by investment amount).

The Company's Loan Portfolio as at December 31, 2015 consisted of (a) loans relating to 21 residential housing developments, comprising 1,647 high rise units, 886 mixed use developments consisting of low and high rise condominium units, and 1,525 low rise houses and condominium units, representing 68.5% of the Loan Portfolio (by investment amount), (b) two residential income properties consisting of 198 rental units in Toronto and Ottawa, Ontario, representing 3.6% of the Loan Portfolio (by investment amount), (c) land and lot inventory of real estate assets to be developed, located in Ottawa, Ontario; Markham, Ontario; Charlotte, North Carolina; and Tampa Bay, Florida, representing 26.6% of the Loan Portfolio (by investment amount) and (d) a commercial retail development located in Mississauga, Ontario, representing the remaining 1.3% of the Loan Portfolio (by investment amount).

The following table presents details of the Loan Portfolio as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | | | December 31, 2015 | | |
|---|---|-----------------------|---------------------|---|----------------------|---------------------|
| | Weighted Average Effective Interest Rate | Amount | % of Investments | Weighted Average Effective Interest Rate | Amount | % of Investments |
| Residential housing development | 16.1% | 83,303,241 | 70.4% | 16.3% | \$ 86,417,141 | 68.5% |
| Land and lot inventory | 14.3% | 28,913,034 | 24.5% | 14.5% | 25,465,047 | 26.6% |
| Commercial retail development | 15.8% | 1,270,000 | 1.1% | 15.8% | 1,270,000 | 1.3% |
| Residential income properties | 14.3% | 4,672,159 | 4.0% | 15.9% | 3,461,079 | 3.6% |
| Loan Portfolio | 15.6% | \$ 118,158,434 | 100.0% | 15.8% | \$ 95,613,267 | 100.0% |
| Allowance for loan and mortgage investment loss | | (590,792) | | | (478,066) | |
| Net Loan Portfolio | | \$ 117,567,642 | | | \$ 95,135,201 | |

TERRA FIRMA CAPITAL CORPORATION – MD&A

As at March 31, 2016 and December 31, 2015, the principal balance of the Loan Portfolio was \$118,158,434 and \$95,613,267, respectively. The increase in Loan Portfolio in the first quarter of 2016 resulted from the net effect of funding of loan investments of \$24,028,239, advances against existing loan commitments of \$2,802,790, capitalized interest of \$633,331, which aggregate amount was offset by the repayment of two loans totaling \$2,542,891 and unrealized foreign exchange loss of \$2,376,302.

The following table summarizes the change in the Loan Portfolio for the three months ended March 31, 2016:

| | Amount |
|---|----------------|
| Balance, beginning of period | \$ 95,613,267 |
| Loan Portfolio activity during the period | |
| Funding of new loan investments | 24,028,239 |
| Advances against existing loan | 2,802,790 |
| Repayments of loans | (2,542,891) |
| Interest capitalized | 633,331 |
| Unrealized foreign exchange loss | (2,376,302) |
| Balance, end of period | \$ 118,158,434 |

Mortgages are secured by real estate assets and may include other forms of security. Unregistered loans are not secured by real estate assets, but are secured by other forms of security, such as personal guarantees, or pledge of shares of the borrowing entity.

On March 9, 2016, the Company advanced a loan of \$10,000,000 to a borrower (the "Borrower"), secured by two properties and a 50% interest in a development project. The loan agreement provided the Company an option to purchase the 50% interest in the development project for a fair market value of \$7,000,000, which would reduce the loan by the same amount. On April 15, 2016, the Company exercised its option and acquired the 50% interest in the development project for \$7,000,000, reducing the loan investment amount to \$3,000,000.

The following table presents details of the Company's loan categories as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | % of Investments | December 31, 2015 | % of Investments |
|--------------------|-------------------|---------------------|----------------------|---------------------|
| Mortgages | \$ 111,708,355 | 94.5% | \$ 91,691,123 | 95.9% |
| Unregistered loans | 6,450,079 | 5.5% | 3,922,144 | 4.1% |
| | \$ 118,158,434 | 100.0% | \$ 95,613,267 | 100.0% |

The weighted average effective interest rate of the Loan Portfolio at March 31, 2016 and December 31, 2015 was 15.6% and 15.8%, respectively. The current yield indicates the Company's continued focus on the quality of security through placing its capital in more senior positions in the capital structure and reducing its exposure to unregistered loans. The higher level of security and lower weighted average interest rates have not had significant impact on the Company's overall profitability given the Company's focus on the spreads. See – "Financial Performance" and "Capital Structure and Debt Profile – Loan And Mortgage Syndications".

The weighted average effective interest rates of the loans and mortgage investments of residential housing developments at March 31, 2016 and December 31, 2015 were 16.1% and 16.3%, respectively and the weighted average effective interest rates of the residential income properties at March 31, 2016 and December 31, 2015 were 14.3% and 15.9%, respectively. The weighted average effective interest rates of the loans and mortgage investments of lot inventory at March 31, 2016 and December 31, 2015 were 14.3% and 14.5%, respectively. The weighted average effective interest rates of the commercial retail development and land at March 31, 2016 and December 31, 2015 was 15.8%.

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The weighted average term to maturity at March 31, 2016 and December 31, 2015 was 1.47 years and 1.43 years, respectively. The relatively short term to maturity of the Loan Portfolio allows for reinvestment of the portfolio in response to changing market conditions.

The following table presents details of the Company's principal balances of Loan Portfolio segmented by geography as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | % of Investments | December 31, 2015 | % of Investments |
|---------------|-------------------|---------------------|----------------------|---------------------|
| Canada | \$ 76,310,351 | 64.6% | \$ 57,551,220 | 60.2% |
| United States | 41,848,083 | 35.4% | 38,062,047 | 39.8% |
| | \$ 118,158,434 | 100.0% | \$ 95,613,267 | 100.0% |

Scheduled principal repayments and the Loan Portfolio maturing in the next five years are as follows:

| | Scheduled principal payments | Investments maturing during the year | Total loan and mortgage investments |
|-------------------|------------------------------------|---|---|
| Remainder of year | \$ - | \$ 38,287,499 | \$ 38,287,499 |
| 2017 | - | 35,896,394 | 35,896,394 |
| 2018 | - | 28,974,541 | 28,974,541 |
| 2019 | - | - | - |
| 2020 | - | 15,000,000 | 15,000,000 |
| | \$ - | \$ 118,158,434 | \$ 118,158,434 |

Certain of the loans have early repayment rights which, if exercised, would result in repayments in advance of their contractual maturity dates.

Pursuant to certain lending agreements, the Company is committed to fund additional loan advances. The unfunded loan commitments under the existing Loan Portfolio at March 31, 2016 amounted to \$17,206,274, including \$13,517,877 of capitalization of future interest relating to the existing Loan Portfolio compared to \$18,455,100, including \$11,733,451 of capitalization of future interest relating to the Loan Portfolio at December 31, 2015.

On February 20, 2015, the Company exercised its option to convert a loan and mortgage investment in a 668 unit high-rise condominium development project (the "Lan Project") located in Toronto, Ontario, into a partnership interest (the "Lan Partnership") in the development project. The carrying balance of loan and mortgage investment at the time of conversion was \$14,821,313 of which \$11,675,000 was syndicated. Certain of the syndicate investors in the amount of \$5,125,000 elected not to convert their share of interest in the loan investment into a LP interest in the Lan Partnership and syndicate investors in the amount of \$6,550,000 converted their share of interest in the loan investment into a short-term unsecured notes payable. See – "Investments – Portfolio Investments" and "Capital Structure and Debt Profile – Short-term unsecured notes payable".

The investments comprising the Loan Portfolio are classified as financial assets and categorized as loans and receivables. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less any provision for impairment. The Loan Portfolio is reviewed on a quarterly basis to determine any such impairment.

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The Company assesses individually all investments at each reporting date to determine whether there is objective evidence of impairment. The Company uses judgement, taking into account the loan to value of the security, credit quality, payments in arrears, financial difficulty of the underlying asset, as applicable, financial difficulty of the borrower and/or guarantor, and general economic and real estate market conditions for reasonable assurance of timely collection of the full amount of principal and interest and to determine whether any future losses are expected to occur in order to recognize a specific loan provision. As at March 31, 2016 and December 31, 2015, the Company has concluded that there is no objective evidence of impairment on any individual loan and mortgage investments.

The Company also assesses collectively for impairment to identify potential future losses by grouping the loan and mortgage investments with similar risk characteristics, to determine whether a collective allowance should be recorded due to loss events for which there is objective evidence but whose effects are not yet evident. Based on the amounts determined by the analysis, the Company used judgment to determine whether or not the actual future losses are expected to be greater or less than the amounts calculated. As at March 31, 2016, the Company has recognized a collective impairment provision of \$590,792 (December 31, 2015 - \$478,066).

The changes in the allowance for mortgage investments loss during the three months ended March 31, 2014 and year ended December 31, 2015 was as follows:

| | March 31, 2016 | December 31, 2015 |
|---|-------------------|----------------------|
| Balance, beginning of period | \$ 478,066 | \$ - |
| Provision for loan and mortgage investment loss | 112,726 | 478,066 |
| Balance, end of period | \$ 590,792 | \$ 478,066 |

At March 31, 2016, the loans outstanding including interest receivable from the Borrower and its affiliates totalled \$22,964,712, of which \$3,030,657 is syndicated to investors, for a net loan amount of \$19,934,055. Subsequent to March 31, 2016, the Company repaid \$1,000,000 to its syndicate investors and further reduced its loan exposure to the Borrower and its affiliates by \$7,000,000, through the Company exercising its option as noted above, for a net loan amount \$13,934,055.

At March 31, 2016, loan and mortgage investment totaling \$12,863,396 (including interest receivable on these loans totalling \$683,961) to the Borrower and its affiliates, are in arrears, of which \$3,030,657 including interest payable have been syndicated. The foreclosure/power of sale process has commenced and is proceeding on these loans to enforce the security. Subsequent to March 31, 2016, certain affiliates of the Borrower announced restructuring proceedings under the *Bankruptcy and Insolvency Act (Canada)*. Based on the most recent valuations of the underlying assets, the Company has not identified any loans in arrears for which a loss provision should be made.

JOINT ARRANGEMENTS

INTERESTS IN JOINT OPERATION

In July 2009, the Company entered into a co-tenancy agreement (the "Montreal Street JV") with a development partner and subsequently developed a retail property in Ottawa, Ontario. The land on which the store was developed is subject to a 20 year land lease, with five renewal options of five years each. The Montreal Street JV is subject to joint control and the Company records its proportionate share of the related assets, liabilities, revenue and expenses of the properties using the proportionate consolidation method. The Company's ownership interest in the Montreal Street JV is 52.5%. The Montreal Street JV carries a loan of \$2,022,530 bearing interest at 4.2% per annum, is amortized over 25 years and matures June 1, 2016. The Company and its JP partner are in the process of renewing the mortgage.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The financial information in respect of the Company's investment in jointly controlled operations is as follows:

| | March 31, 2016 | December 31, 2015 |
|--|---------------------|----------------------|
| Cash and cash equivalents | \$ 3,507 | \$ 4,028 |
| Amounts receivable and prepaid expenses | 11,315 | 11,644 |
| Investment properties | 2,143,794 | 2,143,794 |
| Total assets | 2,158,616 | 2,159,466 |
| Accounts payable and accrued liabilities | 41,823 | 41,828 |
| Loans and mortgages payable | 1,112,392 | 1,120,314 |
| Total liabilities | 1,154,215 | 1,162,142 |
| Net assets | \$ 1,004,401 | \$ 997,324 |

The table below details the results of operations for the three months ended March 31, 2016 and 2015, attributable to the Company from its joint operations activities:

| | Three months ended | |
|-------------------------------------|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Revenue | | |
| Rental | \$ 48,378 | \$ 47,348 |
| Expenses | | |
| Property operating costs | 16,092 | 15,254 |
| General and administrative expenses | 923 | 47 |
| Interest expense | 11,338 | 11,694 |
| | 28,353 | 26,995 |
| Net income | \$ 20,025 | \$ 20,353 |

INVESTMENT PROPERTY

The Company has interests in investment property that are subject to joint control and, accordingly, the Company has recorded its proportionate share of the related assets, liabilities, revenue and expenses of the property.

The following table summarizes the changes in the Company's proportionate share of the investment properties for the three months ended March 31, 2016 and 2015:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ 2,062,661 |
| Change in amount receivable from joint venture partner | (349) |
| Balance, March 31, 2015 | \$ 2,062,312 |
| Change in amount receivable from joint venture partner | (1,018) |
| Fair value adjustment | 82,500 |
| Balance, December 31, 2015 | \$ 2,143,794 |
| Balance, March 31, 2016 | \$ 2,143,794 |

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The Company determined the fair value of investment property in the Montreal Street JV using the direct capitalization method. Under the direct capitalization method, fair values were determined by capitalizing the estimated future net operating income at the market capitalization rates. The carrying value of the Company's proportionate share of investment property in the Montreal Street JV is \$2,143,794. At March 31, 2016 and December 31, 2015, the fair value was determined by the Company's management. The capitalization rate used in the valuation property was 6.50%. The carrying value of investment property in the Montreal Street JV at March 31, 2016 approximated its fair value.

As at March 31, 2016 and December 31, 2015, a 25-basis-point decrease in the overall capitalization rate would increase the Company's proportionate share of value of investment property in the Montreal Street JV by \$89,600 and a 25-basis-point increase in the overall capitalization rate would decrease the Company's proportionate share of the value of investment property in the Montreal Street JV by \$82,500.

PORTFOLIO INVESTMENTS

The Company has invested, through its subsidiary Terra Firma Capital (Hill) Corporation (the "Hill") (78.95% owned by the Company), in a partnership interest in a 94 unit mid-rise condominium development project located in Toronto, Ontario. The Company does not have significant influence in the partnership and is accounting for its investment as a financial asset at fair value through profit and loss. The carrying value of the investment at March 31, 2016 is \$1,174,212 (December 31, 2015 – \$1,174,212) and the investment of the other partner in the Hill of \$210,655 is included in non-controlling interest. At March 31, 2016 and December 31, 2015, the fair values were determined using the direct comparison method. The fair value of the investment at March 31, 2016 and December 31, 2015 was \$1,174,212.

The Company, through TFCC LanQueen Ltd. (the "TFCC LanQueen") entered into a partnership agreement (the "Agreement"), whereby TFCC LanQueen is committed to invest up to \$1,326,400 in redevelopment project located in Toronto, Ontario. The Agreement allows TFCC LanQueen to receive a 3% fee at the time of commitment and an amount by way of a preferred return equal to 10% per annum calculated and compounded monthly on the amount of its investment in the partnership. TFCC LanQueen does not have significant influence in the partnership and is accounting for this investment as a financial asset at fair value through profit or loss. As at March 31, 2016, TFCC LanQueen contributed \$924,000 (December 31, 2015 - \$924,000) in the partnership. At March 31, 2016 and December 31, 2015, the fair value was determined by the management, using the direct comparison method. The fair value of investment at March 31, 2016 and December 31, 2015 was \$1,165,343.

The following table summarizes the changes in the Portfolio Investments for the three months ended March 31, 2015 and 2016:

| | Amount |
|----------------------------|--------------|
| Balance, December 31, 2014 | \$ 1,620,828 |
| Investment made | 60,000 |
| Balance, March 31, 2015 | \$ 1,680,828 |
| Investment made | 264,557 |
| Fair value adjustment | 394,170 |
| Balance, December 31, 2015 | \$ 2,339,555 |
| Balance, March 31, 2016 | \$ 2,339,555 |

TERRA FIRMA CAPITAL CORPORATION – MD&A

INVESTMENT IN ASSOCIATES

On February 20, 2015, the Company, together with certain existing syndicate investors, exercised their option to convert the loan and mortgage investment into equity investment in the Lan Project into an equity investment through equity in the Lan Partnership. The subject loan was funded in February 2013 and the conversion was subject to the project achieving a level of presales, zoning and construction financing. As the Lan Project achieved these conditions to the Company's satisfaction, the Company elected to convert. The Company acts as a general partner of the Lan Partnership and is entitled to receive a carried interest of 10% at the end of the Lan Partnership's life. The Company does not earn carried interest until the limited partners in the Lan Partnership have achieved cumulative investment returns on invested capital in excess of a 10% per annum hurdle rate. The Company exerts influence in the Lan Partnership and accounts for this investment using the equity method of accounting.

As at March 31, 2016 and December 31, 2015, the Lan Partnership had \$13,333,333 invested in the Lan Project. At March 31, 2016 and December 31, 2015, the Company's share of investment in the Lan Partnership was \$2,315,414. At March 31, 2016 and December 31, 2015, the fair value of the investment in the Lan Partnership was determined by the management, using the direct comparison method. The fair value of investment at March 31, 2016 and December 31, 2015 approximated the carrying value.

The following table summarizes the changes to the carrying value of investment in associate for the three months ended March 31, 2015 and 2016:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ - |
| Loan and mortgage investment converted into equity interest in Lan Partnership | 14,821,313 |
| Loan syndications converted to equity interest in Lan Partnership | (5,125,000) |
| Sale of interest in Lan Partnership to investors | (6,057,000) |
| Contributions to Lan Partnership | 1,363,268 |
| Balance, March 31, 2015 | \$ 5,002,581 |
| Sale of interest in Lan Partnership to investors | (2,788,500) |
| Contributions to Lan Partnership | 9,384 |
| Share of income from Lan Partnership | 91,949 |
| Balance, December 31, 2015 | \$ 2,315,414 |
| Balance, March 31, 2016 | \$ 2,315,414 |

TERRA FIRMA CAPITAL CORPORATION – MD&A

FINANCIAL PERFORMANCE

The Company's financial performance for the three months ended March 31, 2016 and 2015 is summarized below:

| | Three months ended, | | |
|---|---------------------|-------------------|-----------------------------------|
| | March 31, 2016 | March 31, 2015 | Change Increase/ (decrease) |
| Revenue | | | |
| Interest and fees earned | \$4,221,156 | \$3,960,412 | \$ 260,744 |
| Rental income | 48,378 | 47,348 | 1,030 |
| Total revenue | 4,269,534 | 4,007,760 | 261,774 |
| Expenses | | | |
| Property operating costs | 16,092 | 15,254 | 838 |
| General and administrative expenses | 658,145 | 798,024 | (139,879) |
| Share based compensation | 210,386 | 391,039 | (180,653) |
| Interest expense | 1,827,241 | 1,503,032 | 324,209 |
| Provision for loan and mortgage investment loss | 112,726 | - | 112,726 |
| Foreign exchange gain - realized | (41,634) | - | (41,634) |
| Foreign exchange loss - unrealized | 1,271,596 | - | 1,271,596 |
| | 4,054,552 | 2,707,349 | 1,347,203 |
| Income from operations before income taxes | 214,982 | 1,300,411 | (1,085,429) |
| Income taxes | 100,158 | 354,973 | (254,815) |
| Net income and comprehensive income | 114,824 | 945,438 | (830,614) |

Total revenue for the three months ended March 31, 2016 experienced a significant increase compared to the same period last year. The Company's Loan Portfolio increased from \$78.6 million at March 31, 2015 to \$118.2 million at March 31, 2016.

Income from operations before income taxes for the three months ended March 31, 2016 was \$214,982 compared to \$1,300,411 for the three months ended March 31, 2015, primarily impacted by a significant unrealized foreign exchange loss stemming from the strengthening of the Canadian dollar against the US dollar denominated net assets.

Net income and comprehensive income for the three months ended March 31, 2016 was \$114,824, compared to \$945,438 for the corresponding period in 2015. The lower net income and comprehensive income was primarily a result of non-cash unrealized foreign exchange losses from the translation of the US dollar denominated net assets as the Canadian dollar strengthened against the US dollar.

INTEREST AND FEES EARNED

Interest and fees earned for the three months ended March 31, 2016 was \$4.2 million compared to \$4.0 million for the three months ended March 31, 2015 and \$5.1 million for the three months ended December 31, 2015. The increase in interest and fees earned from the same period last year was primarily due to the growth in the Company's Loan Portfolio, partially offset by lower weighted average effective interest rate. Interest and fees for the three months ended December 31, 2015, included \$896,000 of additional interest recognized due to early repayments of loans.

RENTAL INCOME AND PROPERTY OPERATING COSTS

The Company's proportionate share of the rental income from investment properties in operations jointly controlled by the Company for the three months ended March 31, 2016 was \$48,378 compared to \$47,348 for the same period last year. The Company's proportionate share of the property operating costs in investment properties in operations jointly controlled by the Company for the three months ended March 31, 2016 was \$16,092 compared to \$15,254 for the same period last year. The rental income and property operating costs for the three months ended December 31, 2015 were \$47,362 and \$15,269, respectively.

TERRA FIRMA CAPITAL CORPORATION – MD&A

INTEREST EXPENSE

Interest expense for the three months ended March 31, 2016 and 2015 were as follows:

| | Three months ended, | | |
|---|---------------------|-------------------|-----------------------------------|
| | March 31, 2016 | March 31, 2015 | Change Increase/ (decrease) |
| Interest on loans and mortgage syndications | \$1,321,144 | \$1,276,855 | \$ 44,289 |
| Interest on revolving operating facility | 275,534 | - | 275,534 |
| Interest on debentures | 219,225 | 214,483 | 4,742 |
| Montreal Street JV | 11,338 | 11,694 | - |
| | \$1,827,241 | \$1,503,032 | \$ 324,565 |

Interest expense for the three months ended March 31, 2016 was \$1,827,241 compared to \$1,503,032 for the same period last year. Interest expense for the three months ended December 31, 2015 was \$1,613,844. The increase in interest expense is attributable primarily to additional loan and mortgage syndications to fund the Loan Portfolio and drawing from the Company's revolving operating facility. See – "Capital Structure and Debt Portfolio – Loan and Mortgage Syndications and "Revolving Operating Facility" and "Capital Structure and Debt Portfolio – "Revolving Operating Facility".

GENERAL AND ADMINISTRATIVE EXPENSES

During the three months ended March 31, 2016 and 2015, the Company incurred the following general and administrative expenses:

| | Three months ended, | | |
|---------------------------|---------------------|-------------------|-----------------------------------|
| | March 31, 2016 | March 31, 2015 | Change Increase/ (decrease) |
| Salary and benefits | \$ 363,747 | \$ 671,862 | \$ (308,115) |
| Professional fees | 95,808 | 59,170 | 36,638 |
| Advertising and promotion | 39,127 | 12,321 | 26,806 |
| Chairman's fees | - | 25,000 | (25,000) |
| Rent | 28,051 | 23,421 | 4,630 |
| Other | 131,412 | 6,249 | 125,163 |
| | \$ 658,145 | \$ 798,024 | \$ (139,879) |

General and administrative expenses consist mainly of salaries and benefits, professional fees, office rent and other operating costs associated with the operation of the Company. General and administrative expenses for the three months ended March 31, 2016 were \$658,145, compared to \$798,024 for the three months ended March 31, 2015 and \$1,303,935 for the three months ended December 31, 2015, due to general and administrative expenses for the three months ended March 31, 2016 and December 31, 2015 including performance bonuses. Other general and administrative expenses consist of public company and employee travel and other miscellaneous expenses increased due to growth in the Company.

TERRA FIRMA CAPITAL CORPORATION – MD&A

SHARE BASED COMPENSATION

The share-based payments that have been recognized for the three months ended March 31, 2016 and 2015 were as follows:

| | Three months ended, | | Change Increase/ (decrease) |
|-------------------|---------------------|-------------------|-----------------------------------|
| | March 31, 2016 | March 31, 2015 | |
| Share option Plan | \$ 166,665 | \$ 239,869 | \$ (73,204) |
| DSU Plan | 43,721 | 151,170 | (107,449) |
| | \$ 210,386 | \$ 391,039 | \$ (180,653) |

Share-based payments associated with the Company's share option plan (the "Option Plan") amounted to \$210,386 for the three months ended March 31, 2016, compared to \$391,039 for the three months ended March 31, 2015. The decrease in share-based payments associated with the Option Plan was primarily due to the granting of 200,000 options during the three months ended March 31, 2016, compared to 980,889 options granted during the year ended December 31, 2015. (See "Shareholders Equity – Share-Based Compensation").

The Company has a Deferred Share Unit Plan (the "DSU Plan") to promote a greater alignment of interests between directors, officers and employees and the shareholders of the Company by linking a portion of the annual director retainer and annual bonus to officers or employees to the future value of the Company's Shares by awarding Deferred Share Units (the "DSUs") as compensation for services rendered.

Share-based payments associated with the DSU Plan for the three months ended March 31, 2016 amounted to \$43,721, compared to \$151,170 for the three months ended March 31, 2015. (See "Shareholders Equity – Share-Based Payments").

FOREIGN EXCHANGE LOSS

For the quarter ended March 31, 2016, the Company recognized net foreign exchange loss of \$1,229,962 compared to a foreign exchange loss of \$nil for the comparative period in 2015.

For the quarter ended March 31, 2016, the U.S. dollar weakened by approximately 6% against the Canadian dollar from C\$1.384 to C\$1.2987. As at March 31, 2016, U.S. dollar denominated net monetary assets were US\$15,734,508, as compared to US\$20,265,161 as at December 31, 2015 and US\$203,366 as at March 31, 2015.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The return on the Loan Portfolio is an important component of the Company's financial results. The Company's investment strategy focuses on the total return of assets needed to support the underlying liabilities, asset-liability management and achieving an appropriate return on capital. The Company's continued focus is to manage risks and returns and to position its Loan Portfolio to take advantage of market opportunities while attempting to mitigate adverse effects. Material changes in market conditions may adversely affect the Company's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The Company expects to be able to meet all of its obligations as they become due and to provide for the future growth of the business. The Company has a number of financing sources to fulfill its commitments including (i) cash flow from its operating activities, (ii) loan and mortgage syndications, (iii) mortgages payable (iv) revolving operating facility (iv) issuance of shares and debentures, or any combination thereof.

TERRA FIRMA CAPITAL CORPORATION – MD&A

CASH FLOWS

The following table details the changes in cash for the three month periods ended March 31, 2016 and 2015:

| | Three months ended, | |
|--|---------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Cash (used in) provided by operating activities | \$ (2,551,999) | \$ 2,285,159 |
| Cash provided by (used in) financing activities | 6,214,402 | (4,057,889) |
| Cash (used in) provided by investing activities | (11,375,995) | 2,726,574 |
| Increase (decrease) in cash and cash equivalents | \$ (7,713,592) | \$ 953,844 |
| Cash and cash equivalents, beginning of period | 11,723,550 | 1,083,745 |
| Cash and cash equivalents, end of period | \$ 4,009,958 | \$ 2,037,589 |

Cash on hand at March 31, 2016 was \$4,009,958 compared to \$11,723,550 at December 31, 2015.

Cash used in operating activities for the during the three months ended March 31, 2016 of \$2,551,999 and Cash provided by operating activities for the during the three months ended March 31, 2015 of \$2,285,159 are related primarily to the net cash used in or provided by lending activities.

Cash provided by financing activities for the three months ended March 31, 2016 of \$6,241,402 related primarily to the net proceeds from the loan and mortgage syndications of \$9,007,715, proceeds from short-term unsecured notes payable of \$200,000, proceeds from issuance of Shares pursuant to share options plan of \$268,500, which aggregate amount was offset, in part by repayments of the loan and mortgage syndications of \$3,253,891 and repayments of mortgage payable of \$7,922.

Cash used in financing activities for the three months ended March 31, 2015 of \$4,057,889 related primarily to repayments of loan and mortgage syndications of \$1,200,320, repayments of short-term notes payable of \$4,100,000, repayment of mortgage payable of \$7,569, which aggregate amount was offset, in part by proceeds from loan and mortgage syndications of \$250,000 and proceeds from short-term notes payable of \$1,000,000.

The cash used in investing activities during the three months ended March 31, 2016 of \$11,375,370 primarily reflected funding of the Loan Portfolio of \$26,831,029 which aggregate amount was offset, in part by decrease in funds held in trust of \$1,164,773, repayment of deposits of \$11,747,370 and repayments received from Loan Portfolio of \$2,542,891.

The cash provided by investing activities during the three months ended March 31, 2015 of \$2,726,574 primarily reflected from funding of the Loan Portfolio of \$1,918,124, increase in funds held in trust of \$1,615,270, and portfolio investment of \$60,000, funding of investment in associates of \$1,363,268, which aggregate amount was offset, in part by proceeds from sale of investment in associates of \$6,057,000.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Company defines its capital as the aggregate of shareholders' equity, convertible debentures, short-term unsecured notes payable, revolving operating facility, mortgage payable and loan and mortgage syndications. The Company's capital management is designed to ensure that the Company has sufficient financial flexibility, in the short-term and long-term and to grow cash flow and solidify the Company's long-term creditworthiness, as well as to ensure a positive return for the shareholders.

TERRA FIRMA CAPITAL CORPORATION – MD&A

As at March 31, 2016 and December 31, 2015, respectively, the total capital of the Company was as follows:

| | March 31, 2016 | December 31, 2015 |
|------------------------------------|-----------------------|-----------------------|
| Short-term unsecured notes payable | \$ 7,786,010 | \$ 9,286,000 |
| Revolving operating facility | 9,890,678 | 9,865,144 |
| Loan and mortgage syndications | 52,037,018 | 45,691,948 |
| Mortgages payable | 1,112,392 | 1,120,314 |
| Convertible debentures | 10,658,689 | 10,628,301 |
| Non-controlling interest | 254,641 | 254,641 |
| Shareholders' Equity | 46,827,339 | 46,277,350 |
| Total capital | \$ 128,566,767 | \$ 123,123,698 |

LOAN AND MORTGAGE SYNDICATIONS

The Company enhances its Loan Portfolio through the Loan Syndications, short-term unsecured notes payable, revolving operating facility and the convertible debentures. These financial liabilities are designed to increase the Company's overall returns through the issuance of specific debt instruments bearing lower effective interest rates than those being realized on the Loan Portfolio itself, while lowering the Company's overall risk profile.

Loans and mortgages payable are funded through the following initiatives:

- (i) The syndication of certain Loan investments to private investors each participating in a prescribed manner on an investment by investment basis. In these cases, the investors rank on a pari-passu basis with the Company's share of Loan and Mortgage Investments.
- (ii) Conventional construction or permanent financing secured by the project or investment property. In these cases, the Company is generally in second position to the conventional construction lenders.

The Loan Portfolio that may initially be funded by the Company may then be syndicated to other lenders sourced by the Company on a pari passu basis. These syndications are governed by a loan servicing agreements. The terms of the syndication would mirror the terms of the loan with the exception of the interest rate paid to syndicated investors. In addition the Company would retain any commitment fee and certain other fees earned from the borrower. Management of the mortgage origination, funding, payouts and delinquency (if applicable) are all handled by Terra Firma MA Ltd. (the TFMA"), the subsidiary of the Company on behalf of the syndicate investors. The Company will be registered on the title documentation of the property and the syndicated investors will be secured through a loan servicing agreement with the Company.

The syndicated loan and Mortgage Investments are governed by the loan servicing agreement which stipulates the ownership interest of the syndicate investors in the loan investments and segregates the ownership of the syndicate investors from the Company. Each syndicated Loan and Mortgage Investment has a designated rate of return that the syndicated investors expect to earn from that Loan and Mortgage Investment. This specific rate will vary from mortgage to mortgage depending on the loan-to-value, mortgage position, location, term, and exit strategy. Under International Financial Reporting Standards ("IFRS") the Company recognizes the loan and mortgage investments and the loan syndications on a gross basis. The interest income earned and related interest expense on the syndicate investors are recognized in the statements of income and comprehensive income.

TFMA administers the Loan Syndications and all funding from and to syndicate investors are funded to and from the trust account held by this entity. The Loan Syndications have no recourse to the Company and there is no obligation of the Company to fund any principal or interest shortfalls.

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The following table presents details of the loan and mortgage syndications as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | | | December 31, 2015 | | |
|----------------------------------|---|--------------|-----------------------|---|---------------|-----------------------|
| | Weighted Average Effective Interest Rate | Amount | % of Loans Payable | Weighted Average Effective Interest Rate | Amount | % of Loans Payable |
| Residential housing developments | 10.7% | \$37,380,760 | 71.9% | 10.9% | \$ 37,678,182 | 82.5% |
| Land and lot inventory | 9.1% | 13,856,258 | 26.6% | 8.8% | 7,813,766 | 17.1% |
| Commercial retail development | 0.0% | - | 0.0% | 0.0% | - | 0.0% |
| Residential income properties | 10.4% | 800,000 | 1.5% | 10.4% | 200,000 | 0.4% |
| | 10.3% | \$52,037,018 | 100.0% | 10.5% | \$ 45,691,948 | 100.0% |

At March 31, 2016, the weighted average effective interest rate of Loan Syndications was 10.3%, consisting of the syndication of loans pertaining to 12 residential housing developments having a weighted average effective interest rate of 10.7%, residential income properties, having a weighted average effective interest rate of 10.4%, and land and lot inventory, having a weighted average effective interest rate of 10.4%.

At December 31, 2015, the weighted average effective interest rate of Loan Syndications was 10.5%, consisting of the syndication of loans pertaining to 13 residential housing developments having a weighted average effective interest rate of 10.9%, residential income properties, having a weighted average effective interest rate of 10.4%, and land and lot inventory, having a weighted average effective interest rate of 8.8%.

At March 31, 2016, the Company's syndication activities resulted in \$52,037,018 or 44.0% of the Loan Portfolio (by investment amount) being syndicated to investors, yielding a net effective return of 19.8%, thereby increasing its overall return by 4.2% from its non-leveraged 15.6% return compared to \$45,691,948 or 47.8% of the Loan Portfolio (by investment amount) being syndicated to investors, yielding a net effective return of 20.7%, thereby increasing its overall return by 4.9% from its non-leveraged 15.8% return, at December 31, 2015. Overall return may fluctuate significantly due to changes in the relative dollar amounts and the relative change in the weighted average effective interest rates within the Loan Portfolio and Loan Syndications.

The following table summarizes the changes in the principal balance of Loan Syndications for the three months ended March 31, 2016:

| | March 31, 2016 |
|---|-------------------|
| Balance, beginning of period | \$ 45,691,948 |
| Loan and mortgage syndication activity during the period | |
| Proceeds to participate in new Loan Portfolio | 7,445,052 |
| Additional advances to existing Loan Portfolio | 1,600,000 |
| Repayments of loan and mortgage syndications | (3,253,891) |
| Transferred from short-term unsecured loans payable (net) | 1,524,990 |
| Unrealized foreign exchange loss | (971,081) |
| Balance, end of period | \$ 52,037,018 |

TERRA FIRMA CAPITAL CORPORATION – MD&A

The following table sets out, as at March 31, 2016, scheduled principal repayments, and amounts maturing on the Loan Syndications to be paid over each of the next five fiscal years, are as follows:

| | Scheduled principal payments | Loan and mortgage syndications maturing during the year | Total loan and mortgage syndications |
|-------------------|------------------------------|---|--------------------------------------|
| Remainder of year | \$ - | \$ 22,173,301 | \$ 22,173,301 |
| 2017 | - | 11,181,405 | 11,181,405 |
| 2018 | - | 13,844,975 | 13,844,975 |
| 2019 | - | - | - |
| 2020 | - | 4,837,337 | 4,837,337 |
| | \$ - | \$ 52,037,018 | \$ 52,037,018 |

MORTGAGES PAYABLE

As at March 31, 2016 and December 31, 2015, the Company's share of the mortgages payable in the joint operations was \$1,112,392 and \$1,120,314, respectively, with a nominal interest rate of rate of 4.2% per annum.

| | March 31, 2016 | | | December 31, 2015 | | |
|--------------------|----------------|--------------|------------------------|-------------------|--------------|------------------------|
| | Interest Rate | Amount | % of mortgages payable | Interest Rate | Amount | % of mortgages payable |
| Montreal Street JV | 4.2% | \$ 1,112,392 | 100.0% | 4.2% | \$ 1,120,314 | 100.0% |
| | 4.2% | \$ 1,112,392 | 100.0% | 4.2% | \$ 1,120,314 | 100.0% |

The following table sets out, as at March 31, 2016, scheduled principal and interest repayments and amounts maturing on the mortgages over each of the next five fiscal years:

| | Scheduled principal payments | Mortgages maturing during the year | Total mortgages payable |
|-------------------|------------------------------|------------------------------------|-------------------------|
| Remainder of year | \$ 5,302 | \$ 1,107,090 | \$ 1,112,392 |
| | \$ 5,302 | \$ 1,107,090 | \$ 1,112,392 |

SHORT-TERM UNSECURED NOTES PAYABLE

During three months ended March 31, 2016, the Company issued short-term unsecured notes payable to syndicate investors totaling \$250,000, including those investors of the loan and mortgage investments in the amount of \$50,000 who elected to convert their interest into a short-term unsecured note payable.

During the three months ended March 31, 2016 holders of short-term unsecured notes payable totaling \$1,574,990 elected to convert their notes into syndication in the loan and mortgage investment. During the three months ended March 31, 2016 and 2015, the Company repaid \$nil and \$5,100,000 of short-term unsecured notes payable, respectively.

On March 12, 2015, the Company borrowed \$1,000,000 from a lender at the interest rate of 10% per annum, payable monthly. These loans are repayable by the Company anytime, without penalty.

TERRA FIRMA CAPITAL CORPORATION – MD&A

On February 20, 2015, the Company issued short-term unsecured notes payable totaling \$6,550,000 to certain syndicate investors who elected to convert their interest the loan and mortgage investments into a short-term unsecured loan payable. These notes carried annual interest in the range of 7%-9%.

The short-term unsecured notes payable are repayable by the Company anytime, without penalty. Proceeds from issuance of these notes were used to fund certain loan and mortgage investments.

The following table summarizes the changes in the short-term unsecured notes payable for the three months ended March 31, 2015 and 2016:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ 1,500,000 |
| Proceeds from issuance of short-term unsecured notes payable | 1,000,000 |
| Transferred from loan and mortgage syndications | 6,550,000 |
| Transferred to loan and mortgage syndications | (1,500,000) |
| Repayments of short-term unsecured notes payable | (4,100,000) |
| Balance, March 31, 2015 | \$ 3,450,000 |
| Proceeds from issuance of short-term unsecured notes payable | 8,755,497 |
| Transferred from loan and mortgage syndications | 6,094,753 |
| Transferred to loan and mortgage syndications | (5,320,000) |
| Repayments of short-term unsecured notes payable | (3,850,000) |
| Unrealized foreign exchange loss | 155,750 |
| Balance, December 31, 2015 | \$ 9,286,000 |
| Proceeds from issuance of short-term unsecured notes payable | 200,000 |
| Transferred from loan and mortgage syndications | 50,000 |
| Transferred to loan and mortgage syndications | (1,574,990) |
| Unrealized foreign exchange gain | (175,000) |
| Balance, March 31, 2016 | \$ 7,786,010 |

For the three months ended March 31, 2016 and 2015, the Company recorded interest expense from the short-term unsecured notes payable of \$154,396 and \$62,170, respectively.

Included in short-term unsecured notes payable are U.S. dollar denominated balance of Canadian \$2,987,010 (U.S. \$2,300,000) (December 31, 2015 - Canadian \$4,152,000, US \$3,000,000)

REVOLVING OPERATING FACILITY

On April 23, 2015, the Company entered into a Revolving Operating Facility Credit Agreement with a lending institution for a \$10 million secured revolving loan facility (the "Facility") with a 24-month term. Interest on advanced funds under the Facility is 9.5% per annum for the first 23 months and 12.0% thereafter. The Facility is subject to a redetermination of a borrowing base, calculated as a percentage of eligible loan and mortgage investments and subject to certain adjustments. As security for its obligations under the Facility, the Company has entered into certain security documents, including a general security agreement, a specific assignment of the Company's current and future participating loan interests in certain real estate investments located throughout Canada and the United States. The Facility allows the Company to fund and warehouse new investments while raising syndicate on and/or co-investment capital.

In connection with the Facility, the Company incurred lender and other third-party costs of \$204,717. The costs associated with the Facility have been deferred and are being amortized over the term of the Facility as interest expense using the effective-interest amortization method.

TERRA FIRMA CAPITAL CORPORATION – MD&A

For the three months ended March 31, 2016 and 2015, amortization of deferred financing costs reported as interest expense and financing costs related to the Facility, totaled \$25,534 and \$nil, respectively.

The following table presents details of the revolving operating facility as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | December 31, 2015 |
|-----------------------------|-------------------|----------------------|
| Face value | \$ 10,000,000 | \$ 10,000,000 |
| Unamortized financing costs | (109,322) | (134,856) |
| | \$ 9,890,678 | \$ 9,865,144 |

CONVERTIBLE DEBENTURES

On September 29, 2014, the Company issued by way of private placement, unsecured subordinated convertible debentures (the "Debentures") in the principal amount of \$10,850,000. The Debentures bear interest at an annual rate of 7%, payable quarterly on the last business day of each calendar quarter and mature on September 27, 2017. The Debentures are convertible into Shares of the Company in whole or in part, at the option of the holder at any time up to maturity at a conversion price of \$0.72 per Share. The Company may, at any time prior to the maturity date and upon giving notice, prepay the Debentures in full or in part, by paying the holders thereof the outstanding principal amount plus all accrued and unpaid interest, provided that the market price per Share on the date on which the redemption notice is provided is at least 125% of the conversion price.

The fair value of the liability component of the Debentures was calculated by discounting the stream of future principal and interest payments at the rate of 8.0% which represents the rate of interest prevailing at the date of issue for instruments of similar terms and risks. The debt component was assigned a value of \$10,486,460 (net of transaction costs of \$76,962) and the equity component was assigned a value of \$284,490 (net of transaction costs of \$2,088). The effective interest rate of the Debentures is 8.53%.

Certain directors and officers hold Debentures in an aggregate principal amount of \$1,330,000.

The following table summarizes the changes in the Debentures for the three months ended March 31, 2016 and 2015:

| | Amount |
|--|---------------|
| Liability component of debentures, December 31, 2014 | \$ 10,514,431 |
| Interest expensed at EIR of 8.53% | 214,483 |
| Interest paid | (187,274) |
| Liability component of debentures, March 31, 2015 | \$ 10,541,640 |
| Interest expensed at EIR of 8.53% | 658,887 |
| Interest paid | (572,226) |
| Liability component of debentures, December 31, 2015 | 10,628,301 |
| Interest expensed at EIR of 8.53% | 219,225 |
| Interest paid | (188,837) |
| Liability component of debentures, March 31, 2016 | \$ 10,658,689 |

COMMITMENTS AND CONTINGENCIES

Pursuant to certain lending agreements, the Company is committed to fund additional loan advances. The unfunded loan commitments under the existing Loan Portfolio at March 31, 2016 was \$17,206,274 including \$13,517,877 of capitalization of future interest relating to the existing Loan Portfolio. The unfunded loan commitments under the existing Loan Portfolio at December 31, 2015 was \$18,455,110 including \$11,733,451 of capitalization of future interest relating to the existing Loan Portfolio.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The Company is also committed to provide additional capital to joint operations in accordance with contractual agreements.

The Company has a lease commitment on its head office premises located at 22 St. Clair Avenue East, Toronto, Ontario and its previous head office premises located at 5000 Yonge Street, Toronto, Ontario. The future minimum lease payments, which includes estimated operating costs of the office spaces as at December 31, 2015, are as follows:

| | Amount |
|-------------------|--------------|
| Remainder of year | \$ 200,998 |
| 2017 | 208,217 |
| 2018 | 221,785 |
| 2019 | 221,785 |
| 2020 | 221,785 |
| | \$ 1,074,570 |

The Company, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Company.

SHAREHOLDERS' EQUITY

SHARES

The following table summarizes the changes in Shares for the three months ended March 31, 2016 and 2015:

| | Shares | Amount |
|---|------------|--------------|
| Outstanding, December 31, 2015 | 41,582,300 | \$16,654,718 |
| Outstanding as at March 31, 2015 | 41,582,300 | \$16,654,718 |
| Issuance of shares pursuant to the Offering | 16,911,900 | 13,118,652 |
| Issuance of shares pursuant to Private Placement | 1,205,883 | 1,025,000 |
| Issuance of shares pursuant to broker warrants | 560,000 | 352,800 |
| Transferred from contributed surplus upon exercise of broker warrants | - | 106,234 |
| Outstanding, December 31, 2015 | 60,260,083 | \$31,257,404 |
| Issuance of shares pursuant to share option plan | 895,000 | 268,500 |
| Transferred from contributed surplus upon exercise of options | - | 252,390 |
| Outstanding as at March 31, 2016 | 61,155,083 | \$31,778,294 |

On March 31, 2016, 895,000 Options to purchase the Company's Shares at \$0.30 per share with an expiry date of January 24, 2016, granted to the Company's Chief Operating Officer (the "CEO") were exercised. The consideration of \$268,500, received on exercising the Options was recorded as share capital and the related contributed surplus of \$252,390 was transferred to share capital.

On October 14, 2015, 140,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$88,200.

On July 29, 2015, 420,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The consideration received on the exercise of broker warrants of \$264,600 was recorded as share capital and the related contributed surplus of \$79,676 was transferred to share capital.

TERRA FIRMA CAPITAL CORPORATION – MD&A

On May 5, 2015, the Company completed a bought deal prospectus offering (the "Offering") consisting of 16,911,900 Shares, including fully exercised over-allotment Shares, at a price of \$0.85 per Share, for gross proceeds of \$14,375,115. As part of the Offering, the Company issued 1,014,714 broker warrants as additional compensation. Each broker warrant entitles the holder to purchase one common share at an exercise price of \$0.85 until May 4, 2017. Share issuance costs amounted to \$1,256,463, consisting of cash costs of \$1,213,639 and non-cash costs of \$347,824 relating to the value attributable to broker warrants issued to underwriters, offset by a deferred tax benefit of \$305,000.

Concurrent with the closing of the Offering, the Company also completed a non-brokered private placement of 1,205,883 Shares, at the same price as the Shares issued pursuant to the Offering, for aggregate gross proceeds of \$1,025,000. Certain officers and directors participated in the private placement and the Company issued 811,765 Shares to those officers and directors for gross proceeds of \$690,000.

SHARE-BASED PAYMENTS

(a) Share Option Plan

Pursuant to the Option Plan, the Company may grant eligible directors, officers, senior management and consultants options to purchase Shares. The exercise price of each option shall be determined by the board of directors and in accordance with the Option Plan and the policies of the Exchange. Subject to the policies of the Exchange, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist, provided that no option shall be exercisable after five years from the date on which it is granted.

Pursuant to the employment agreement between the Company and the CEO, the CEO was eligible to receive options equal to 5% of the Shares issued outstanding through to December 31, 2015, at the price determined by the Board.

On May 11, 2015, the Company granted share options to officers and employees of the Company to purchase an aggregate of 980,889 Shares at \$0.85 per share. 25% of the share options vested immediately upon grant, with an additional 25% vesting at the end of each 90-day period thereafter.

The fair value of the share options granted was estimated on each of the dates of grant, using the Black-Scholes option pricing model, with the following assumptions:

| | Options grant dates | |
|---------------------------------|---------------------|-----------------|
| | March 31, 2016 | May 11, 2015 |
| Average expected life | 7.00 years | 5.00 years |
| Average risk-free interest rate | 0.89% | 0.80% |
| Average expected volatility | 81.61% | 89.45% |
| Average dividend yield | 0.00% | 0.00% |

The fair value of options granted on March 31, 2016 and May 11, 2015 were \$108,853 and \$574,801, respectively.

On March 31, 2016, the CEO exercised 895,000 Options that had been previously granted to purchase the Company's Shares at \$0.30 with an expiry date of January 24, 2016. The consideration of \$268,500, received on exercising the Options was recorded as share capital and the related contributed surplus of \$252,390 was transferred to share capital.

For the three months ended March 31, 2016 and 2015, the Company recorded share-based compensation expense relating to the Option Plan, with an offsetting increase to contributed surplus of \$166,665 and \$239,869, respectively.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The following is the summary of changes in the Company's share options for the three months ended March 31, 2016 and year ended December 31, 2015:

| | March 31, 2016 | | December 31, 2015 | |
|-----------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding - beginning of period | 5,052,338 | \$ 0.61 | 4,071,449 | \$ 0.55 |
| Granted | 200,000 | 0.77 | 980,889 | 0.85 |
| Exercised | (895,000) | 0.30 | - | - |
| Outstanding - end of period | 4,357,338 | \$ 0.68 | 5,052,338 | \$ 0.61 |
| Number of options exercisable | 3,774,003 | \$ 0.66 | 4,140,447 | \$ 0.56 |

The following summarizes the Company's share options as at March 31, 2016:

| Number of options outstanding | Expiry date | Number of options exercisable | Exercise price | Market price at date of grant |
|-------------------------------|-------------------|-------------------------------|----------------|-------------------------------|
| 138,667 | December 19, 2016 | 138,667 | 0.50 | 0.40 |
| 585,000 | April 16, 2017 | 585,000 | 0.50 | 0.30 |
| 138,667 | April 17, 2018 | 138,667 | 0.30 | 0.25 |
| 100,000 | February 23, 2019 | 100,000 | 0.50 | 0.42 |
| 565,000 | May 20, 2019 | 565,000 | 0.50 | 0.47 |
| 599,115 | November 28, 2019 | 599,115 | 0.68 | 0.85 |
| 1,050,000 | November 28, 2019 | 466,665 | 0.79 | 0.85 |
| 980,889 | May 11, 2020 | 980,889 | 0.85 | 0.85 |
| 200,000 | March 30, 2023 | 200,000 | 0.77 | 0.77 |
| 4,357,338 | | 3,774,003 | | |

(b) Deferred Share Unit Plan

The Company has a DSU Plan to promote a greater alignment of interests between directors, officers and employees and the shareholders of the Company by linking a portion of the annual director retainer and annual bonus to officers or employees to the future value of the Company's Shares by awarding DSUs as compensation for services rendered.

The Board determines the amount, timing, and vesting conditions associated with each award of DSUs. Directors may elect to receive, on the last day of each quarter, a minimum of 50% and up to 100% of their annual retainer in DSUs and employees may elect to receive up to 100% of their annual bonus in DSUs. DSUs granted pursuant to such an election are fully vested on the date of grant. In addition, when the Directors or employees elect to receive 50% or more of their fees or annual bonus in DSUs, the Company will grant additional DSUs of up to 50% of the value of the DSUs granted to employees and directors. 50% of the additional DSUs granted by the Company vest in 6 months from the date of grant and 50% of the additional DSUs vest in twelve months from the date of grant.

Each DSUs has the same value as one Share (based on the five day volume weighted average trading price). Directors must retain DSUs until they leave the Board of Directors, or in the case of officers or employees, until their employment is terminated, at which time the redemption payment equal to the value of the DSUs, calculated as the volume weighted average closing price of the Shares for the last five days preceding the redemption date, net of applicable taxes are paid out.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The following table presents the changes in DSUs for the three months ended March 31, 2016 and year ended December 31, 2015:

| | Number of DSUs | |
|---------------------------------------|-------------------|----------------------|
| | March 31, 2016 | December 31, 2015 |
| DSUs outstanding, beginning of period | 1,757,001 | 747,705 |
| Granted | 79,083 | 1,009,296 |
| DSUs outstanding, end of period | 1,836,084 | 1,757,001 |
| Number of DSUs vested | 1,603,130 | 1,525,530 |

The total cost recognized with respect to DSUs, including the change in fair value of DSUs during the three months ended March 31, 2016 and 2015, were \$210,386 and \$391,039, respectively.

The carrying amount of the liability, included in accounts payable and accrued liabilities relating to the DSUs at March 31, 2016 is \$1,218,378 (December 31, 2015 - \$1,174,657).

(c) Broker warrants

On October 14, 2015, 140,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$88,200.

On July 29, 2015, 420,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$264,600.

As part of the Offering completed on May 5, 2015, the Company granted 1,014,713 broker warrants to underwriters as partial consideration for their services associated with the Offering. Each broker warrant entitles the holder to acquire one Share of the Company at an exercise price of \$0.85 per Share, with an expiry date of May 5, 2017.

The following is the summary of changes in broker warrants for three months ended March 31, 2016 and 2015:

| | Number of broker warrants outstanding | Fair value | Exercise price |
|--------------------------------|---|---------------|-------------------|
| Outstanding, December 31, 2014 | 560,000 | \$ 106,235 | \$ 0.63 |
| Outstanding, March 31, 2015 | 560,000 | \$ 106,235 | \$ 0.63 |
| Granted | 1,014,713 | 347,824 | 0.85 |
| Exercised | (560,000) | (106,235) | 0.63 |
| Outstanding, December 31, 2015 | 1,014,713 | \$ 347,824 | \$ 0.85 |
| Outstanding, March 31, 2016 | 1,014,713 | \$ 347,824 | \$ 0.85 |

TERRA FIRMA CAPITAL CORPORATION – MD&A

The fair value of broker warrants was estimated as at the grant date using the Black-Scholes option-pricing model with the following assumptions:

| | May 5, 2015 |
|---------------------------------|----------------|
| Average expected life | 2.00 years |
| Average risk-free interest rate | 0.67% |
| Average expected volatility | 73.96% |
| Average dividend yield | 0.00% |

CONTRIBUTED SURPLUS

The following table presents the details of the contributed surplus balances as at December 31, 2015 and March 31, 2016:

| | Amount |
|---|--------------|
| Balance, December 31, 2014 | \$ 1,049,585 |
| Fair value of share-based compensation | 239,869 |
| Balance, March 31, 2015 | 1,289,454 |
| Issuance of shares pursuant to the Offering, net of share issue costs | 347,824 |
| Fair value of share-based compensation | 829,532 |
| Transferred to share capital - exercise of warrants | (106,235) |
| Balance, December 31, 2015 | 2,360,575 |
| Fair value of share-based compensation | 166,665 |
| Transferred to share capital - exercise of options | (252,390) |
| Balance, March 31, 2016 | \$ 2,274,850 |

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

At March 31, 2016 and December 31, 2015, the Chairman of the Board of the Company, indirectly through a wholly owned subsidiary, owned approximately 11% of the issued and outstanding shares of the Company.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and offered by related parties.

LOAN AND MORTGAGE INVESTMENTS

During the three months ended March 31, 2016, the Company advanced loan investment of \$845,008 to a company controlled by the Chairman of the Company at the interest rate 12% annum and recognized interest and fees revenue of \$3,428 during the year. At March 31, 2016, the loan remained unpaid.

LOAN AND MORTGAGE SYNDICATIONS, SHORT-TERM UNSECURED LOANS PAYABLE AND CONVERTIBLE DEBENTURES

Certain of the Company's loan and mortgage investments are syndicated with other investors of the Company, which may include officers or directors of the Company. The Company ranks equally with other members of the syndicate as to payment of principal and interest.

At March 31, 2016 and December 31, 2015, the Loan Portfolio and convertible debentures syndicated by officers and directors were \$1,794,848 and \$1,844,848, respectively. No loans or investments were issued to borrowers controlled by or related to officers or directors of the Company.

TERRA FIRMA CAPITAL CORPORATION – MD&A

SHAREHOLDERS' EQUITY

On March 31, 2016, the CEO exercised 895,000 Options that had been previously granted to purchase the Company's Shares at \$0.30 with an expiry date of January 24, 2016. The consideration of \$268,500, received on exercising the Options was recorded as share capital and the related contributed surplus of \$252,390 was transferred to share capital.

On May 5, 2015, concurrent with the closing of the Offering, the Company issued 811,765 Shares through a non-brokered private placement at a price of \$0.85 per Share to certain officers and Directors of the Company, for gross proceeds of \$690,000.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2015.

The Company implemented the amendments to IAS 1, Presentation of Financial Statements, ("IAS 1 Amendments") in the first quarter of 2016, with no significant impact on the Company's unaudited condensed consolidated interim financial statements.

USE OF ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the year. Actual results may differ from these estimates.

In making estimates, the Company relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these consolidated financial statements.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed separately. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could also differ from those estimates under different assumptions and conditions.

Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of these consolidated financial statements and the reported amounts of revenue and expenses during the years. Actual results could also differ from those estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

FINANCIAL INSTRUMENTS

The Company, as part of its operations, carries a number of financial instruments. The Company's financial instruments consist of cash and cash equivalents, funds held in trust, interest and other receivables, Loan Portfolio, portfolio investment, accounts payable and accrued liabilities, provision for discontinued operations, loans and mortgages payable, short-term unsecured notes payable and the liability component of convertible debentures.

The fair value of interest and other receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The fair value of loans and mortgage investments, Loan Syndications, mortgages payable, unsecured-notes payable, revolving operating facility and convertible debentures approximate their carrying value as they are short-term in nature. There is no quoted price in an active market for the loans and mortgage investments, Loan Syndications or convertible debentures. The Company makes the determinations of fair value based on its assessment of the current lending market for Loan Portfolio of same or similar terms. As a result, the fair value is based on Level 3 on the fair value hierarchy.

The Company uses various methods in estimating the fair values recognized in the consolidated financial statements. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

- ☐ Level 1 - quoted prices in active markets
- ☐ Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- ☐ Level 3 - valuation technique for which significant inputs are not based on observable market data.

The fair value of the Company's investment properties, Portfolio Investments and non-controlling interest are determined by using Level 3 inputs at March 31, 2016 and December 31, 2015 and no amounts were transferred between fair value levels during 2016 or 2015.

OFF BALANCE SHEET ITEMS

As of March 31, 2016 and December 31, 2015, the Company did not have any off-balance sheet (statement of financial position) arrangements.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities of the Company and in the activities of the Company, including the following, which current and prospective holders of securities of the Company should carefully consider. If any of the following or other risks occurs, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

GENERAL BUSINESS RISKS

The Company is subject to general business risks and to risks inherent in the commercial and residential real estate lending, including both the making of loans secured by real estate and the development and ownership of real property. Income and gains from the Company's investments may be adversely affected by:

- i. changes in national or local economic conditions,
- ii. changes in demand for newly constructed residential units,
- iii. the inability of property owners to secure and retain tenants,
- iv. the financial inability of tenants to meet their lease obligations,
- v. changes in interest rates and in the availability, cost and terms of any mortgage or other financing,
- vi. the impact of present or future environmental legislation and compliance with environmental laws,
- vii. changes in real estate assessed values and taxes payable on such values and other operating expenses, or
- viii. civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses).

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Any of the foregoing events could impact the ability of borrowers to timely repay (if at all) loans made by the Company, negatively impact the value or viability of a development project in which the Company has invested or negatively impact the value of portfolio properties of the Company or their ability to generate positive cash flow.

In addition, the Company may be unable to identify and complete investments that fit within its investment criteria. The failure to make a sufficient number of these investments would impair the future growth of the Company.

CREDIT RISK

Credit risk is the risk of financial loss from the failure of a borrower, for any reason, to fully honour its financial or contractual obligations to the Company, primarily arising from the Company's loan and mortgage investment activities. Fluctuations in real estate values may increase the risk of default and may also reduce the net realizable value of the collateral property to the Company. Credit losses occur when a borrower fails to meet its obligations to the Company and the value realized on the sale of the underlying security deteriorates below the carrying amount of the exposure.

The Company is exposed to credit risk on all of its financial assets and its exposure is generally limited to the carrying amount on the consolidated statements of financial position.

Cash and cash equivalents are held with financial institutions that management believes are of high credit quality.

The Company mitigates the risk of credit losses on its Loan Portfolio by maintaining strict credit policies and conducting thorough investment due diligence, ensuring loans and mortgages have risk-adjusted loan to value, together with personal guarantees by the borrowers and parties related to the borrowers, reviewing and approving new loans and mortgages and continually monitoring change in value of underlying collateral.

The Company regularly reviews the Loan Portfolio and interest receivable listing for balances in arrears and follows up with clients as needed regarding payment. For individual accounts in arrears where discussion with the client has not succeeded, foreclosure proceedings commence. Balances receivable include accrued interest and legal and other costs related to attempts at collection. Where the loan investments are collateralized by real property and losses are recognized to the extent that recovery of the balance through sale of the underlying property is not reasonably assured.

At March 31, 2016, loan and mortgage investment totaling \$12,863,396 (including interest receivable on these loans totaling \$683,961) to the Borrower and its affiliates, are in arrears, of which \$3,030,657 including interest payable have been syndicated. The foreclosure/power of sale process has commenced and is proceeding on these loans to enforce the security. Subsequent to March 31, 2016, certain affiliates of the Borrower announced restructuring proceedings under the *Bankruptcy and Insolvency Act (Canada)*. Based on the most recent valuations of the underlying assets, the Company has not identified any loans in arrears for which a loss provision should be made.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of the Company's foreign currency denominated Loan Portfolio, Loan Syndications and cash and cash equivalents will fluctuate based on changes in foreign currency exchange rates.

The following table presents the amounts denominated in U.S. dollars as at March 31, 2016 and December, 2015:

| | March 31, 2016 | December 31, 2015 |
|--|-------------------|----------------------|
| Cash and cash equivalents | \$ 1,035,129 | \$ 5,654,478 |
| Amounts receivable and prepaid expenses | 1,225,953 | 750,357 |
| Loan and mortgage investments | 32,223,057 | 27,501,479 |
| Accounts payable and accrued liabilities | (490,303) | (378,403) |
| Short-term unsecured notes payable | (2,300,000) | (3,000,000) |
| Loan and mortgage syndications | (15,959,328) | (10,262,750) |
| | \$ 15,734,508 | \$ 20,265,161 |

TERRA FIRMA CAPITAL CORPORATION – MD&A

Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. Consequently, the Company is subject to currency fluctuations that may impact its financial position and results. The Company manages its currency risk on Loan Portfolio by syndicating and or borrowing in the same currency.

INTEREST RATE RISK

Interest rate risk arises due to exposure to the effects of future changes in the prevailing level of interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates primarily on its loan and mortgage investments, debentures payable, loan and mortgage syndications and mortgages payable.

The Company mitigates its exposure to this risk by entering into contracts having either fixed interest rates or interest rates pegged to prime for its loan and mortgage investments, loan and mortgage syndications, mortgages payable and asset liability matching. Such risk is further mitigated by the general short term nature of loan and mortgage investments.

LIQUIDITY RISK

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it always has sufficient liquidity to meet its liabilities when they come due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's credit worthiness.

The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

SUBORDINATED DEBT FINANCING

Subordinated financings that are carried on by the Company would generally be considered riskier than primary financing because the Company will not have a first-ranking charge on the underlying property. When a charge on a property is in a position other than first-ranking, it is possible for the holder of a prior charge on the property to realize on the security given for the loan, in priority to and to the detriment of the Company's security interest in such property or security.

DEVELOPMENT STRATEGY

Any development projects in which the Company invests are subject to a number of risks, including, but not limited to:

- (i) construction delays or cost overruns that may increase project costs,
- (ii) financing risks,
- (iii) the failure to meet anticipated occupancy or rent levels,
- (iv) failure to meet anticipated sale levels or prices,
- (v) failure to receive required zoning, land use and other governmental permits and authorizations and/or
- (vi) changes in applicable zoning and land use laws.

INVESTMENTS IN JOINT OPERATIONS

In any joint operations in which the Company invests, the Company may not be in a position to exercise sole decision-making authority. Investments in joint operations may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint operations partners might become bankrupt or fail to fund their share of required capital contributions. Joint operations partners may have business interests or goals that are inconsistent with the Company's business interests or goals and may be in a position to take actions contrary to the Company's policies or objectives. Any disputes that may arise between the Company and its joint operations partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on the Company's business. In addition, the Company might in certain circumstances be liable for the actions of its joint operations partners.

TERRA FIRMA CAPITAL CORPORATION – MD&A

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's CEO and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure. As of the end of the period covered by this MD&A, the Company's CEO and CFO evaluated the Company's disclosure controls and procedures and, based upon that review and evaluation, concluded that those disclosure controls and procedures are effective.

The Company is not required to certify the design and evaluation of its disclosure controls and procedures. Inherent limitations on the ability of the certifying officers to design and implement, on a cost effective basis, disclosure controls and procedures for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Given the small size of the Company, and, consequently, limited staff levels, certain duties within the accounting and finance department cannot be properly segregated. However, none of the segregation deficiencies is likely to result in a misstatement to the consolidated financial statements as the Company relies on certain compensating controls, including the detailed monitoring of operations and transactions by the CEO and CFO. No material changes were made in the Company's internal control over financial reporting during the three months ended March 31, 2016.

The Company is not required to certify the design and evaluation of its internal control over financial reporting and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and maintain, on a cost effective basis, internal control over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FUTURE OUTLOOK

The following section includes certain forward looking statements, including in regards of the Company's objectives and priorities. Please refer to the section titled "Caution Regarding Forward Looking Statements" on page 1 of this MD&A.

The objective of the Company is to provide attractive returns to shareholders over the long-term, through appreciation in net book value. Management believes that there is currently a significant market opportunity to identify and fund such loans as a result of financing needs not being met by traditional institutional lenders. Management believes there will be significant opportunities for the Company to expand its presence in the market; however, it continues to be prudent in its approach to selection of new investments and pricing. Management expects to be able to generate interest rates similar to those reflected in the current portfolio in 2016.

The Company's ability to achieve its objectives is dependent on management's ability to execute on its business strategy as described while also successfully mitigating business risks as discussed in this MD&A.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes for the years ended December 31, 2015 and 2014 and the unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2016.

TERRA FIRMA CAPITAL CORPORATION – MD&A

The following table shows information for revenues, profit, total assets, total liabilities, shareholders' equity and earnings per share amounts for the periods noted therein:

| | As at March 31, 2016 | | As at December 31, 2015 | | As at December 31, 2014 | |
|---|----------------------------|-------------------|-------------------------------|----------------------|-------------------------------|------------|
| Total assets | \$ | 133,521,088 | \$ | 129,746,068 | \$ | 73,669,821 |
| Total liabilities | \$ | 86,439,108 | \$ | 83,214,077 | \$ | 58,944,840 |
| Shareholders' equity | \$ | 47,081,980 | \$ | 46,531,991 | \$ | 14,524,981 |
| Loan and mortgage investments | \$ | 117,567,642 | \$ | 95,135,201 | \$ | 55,278,303 |
| Loan and mortgage syndications and Debentures | \$ | 62,695,707 | \$ | 56,320,249 | \$ | 53,014,448 |
| Loan and mortgage syndications and Debentures to loan and mortgage investments | | 53.3% | | 59.2% | | 95.9% |
| | Three months ended, | | Years ended, | | | |
| | March 31, 2016 | March 31, 2015 | December 31, 2015 | December 31, 2014 | December 31, 2013 | |
| Total revenue | \$ 4,269,534 | \$ 4,007,760 | \$ 19,430,363 | \$ 12,385,311 | \$ 8,905,498 | |
| Total expenses | \$ 4,054,552 | \$ 2,707,349 | \$ 10,908,202 | \$ 8,246,050 | \$ 6,922,752 | |
| Income from operations before income taxes | \$ 214,982 | \$ 1,300,411 | \$ 8,522,161 | \$ 4,139,261 | \$ 2,282,746 | |
| Net income and comprehensive income attributable to common shareholders | \$ 114,824 | \$ 945,438 | \$ 6,021,924 | \$ 3,227,728 | \$ 1,699,827 | |
| Diluted net income and comprehensive income attributable to common shareholders | \$ 275,954 | \$ 1,103,083 | \$ 6,663,851 | \$ 3,795,634 | \$ 2,245,380 | |
| Weighted average number of shares outstanding | | | | | | |
| Basic | 60,260,083 | 41,582,300 | 53,721,933 | 33,072,348 | 30,737,486 | |
| Diluted | 76,386,025 | 57,724,943 | 69,987,615 | 48,549,137 | 45,279,974 | |
| Earnings per share | | | | | | |
| Basic | \$ 0.00 | \$ 0.02 | \$ 0.11 | \$ 0.10 | \$ 0.06 | |
| Diluted | \$ 0.00 | \$ 0.02 | \$ 0.10 | \$ 0.08 | \$ 0.05 | |

TERRA FIRMA CAPITAL CORPORATION – MD&A

The following table sets out the Company's quarterly results of operations for the eight periods ended March 31, 2016:

| | Three months ended | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 | Mar 31, 2015 | Dec 31, 2014 | Sep 30, 2014 | Jun 30, 2014 |
| Revenue | | | | | | | | |
| Interest and fees earned | \$ 4,221,156 | \$ 5,104,378 | \$ 4,140,615 | \$ 3,956,736 | \$ 3,960,412 | \$ 3,458,498 | \$ 3,206,862 | \$ 2,841,816 |
| Rental income | 48,378 | 47,362 | 47,362 | 47,362 | 47,348 | 47,319 | 47,520 | 47,319 |
| | 4,269,534 | 5,151,740 | 4,187,977 | 4,004,098 | 4,007,760 | 3,505,817 | 3,254,382 | 2,889,135 |
| Expenses | | | | | | | | |
| Property operating expenses | 16,092 | 15,269 | 15,268 | 15,268 | 15,254 | 15,225 | 15,225 | 15,225 |
| General and administrative expenses | 658,145 | 1,303,935 | 555,709 | 568,831 | 798,024 | 694,218 | 417,792 | 529,678 |
| Share based compensation | 210,386 | 321,389 | 345,605 | 724,689 | 391,039 | 256,463 | 116,044 | 423,994 |
| Interest and financing costs | 1,827,241 | 1,613,844 | 1,375,561 | 1,436,038 | 1,503,032 | 1,603,801 | 1,520,434 | 1,451,536 |
| Provision for loan and mortgage investment loss | 112,726 | 478,086 | - | - | - | - | - | - |
| Unrealized foreign exchange loss (gain) | 1,271,596 | (1,097,599) | (736,870) | (251,710) | - | - | - | - |
| Realized foreign exchange loss (gain) | (41,634) | 7,391 | - | - | - | - | - | - |
| Gain on conversion of interest in joint operation | - | - | - | - | - | - | - | (487,000) |
| Fair value adjustment - investment properties | - | (82,500) | - | - | - | (147,950) | - | - |
| Fair value adjustment - portfolio investments | - | (394,170) | - | - | - | (66,755) | - | - |
| Share of income from investment in associates | - | (91,949) | - | - | - | - | - | - |
| | 4,054,552 | 2,073,676 | 1,555,273 | 2,493,116 | 2,707,349 | 2,355,002 | 2,069,495 | 1,933,433 |
| Income before income taxes | 214,982 | 3,078,064 | 2,632,704 | 1,510,982 | 1,300,411 | 1,150,815 | 1,184,887 | 955,702 |
| Income tax provision | 100,158 | 1,138,177 | 768,797 | 194,304 | 354,973 | 231,068 | 270,243 | 321,563 |
| Income from continuing operations | 114,824 | 1,939,887 | 1,863,907 | 1,316,678 | 945,438 | 919,747 | 914,644 | 634,139 |
| Income from discontinued operations | - | - | - | - | - | - | - | 151,644 |
| Net income and comprehensive income | 114,824 | 1,939,887 | 1,863,907 | 1,316,678 | 945,438 | 919,747 | 914,644 | 785,783 |
| Net income and comprehensive income attributable to: | | | | | | | | |
| Common shareholders | 114,824 | 1,895,901 | 1,863,907 | 1,316,678 | 945,438 | 809,082 | 914,644 | 785,783 |
| Non-controlling interest | - | 43,986 | - | - | - | 10,655 | - | - |
| | \$ 114,824 | \$ 1,939,887 | \$ 1,863,907 | \$ 1,316,678 | \$ 945,438 | \$ 919,747 | \$ 914,644 | \$ 785,783 |
| Diluted net income attributable to common shareholders | 275,954 | 2,058,325 | 2,025,939 | 1,476,504 | 1,103,083 | 1,069,116 | 1,051,345 | 922,177 |
| Weighted average number of shares outstanding | | | | | | | | |
| - basic | 60,260,063 | 60,237,257 | 59,996,822 | 52,930,801 | 41,582,300 | 39,444,563 | 30,995,000 | 30,864,780 |
| - diluted | 76,386,025 | 76,522,023 | 76,212,488 | 69,929,304 | 57,724,943 | 55,670,610 | 46,758,152 | 45,991,447 |
| Earnings per share | | | | | | | | |
| Basic | \$ 0.00 | \$ 0.03 | \$ 0.03 | \$ 0.03 | \$ 0.02 | \$ 0.02 | \$ 0.03 | \$ 0.03 |
| Diluted | \$ 0.00 | \$ 0.03 | \$ 0.03 | \$ 0.02 | \$ 0.02 | \$ 0.02 | \$ 0.02 | \$ 0.02 |

Additional information relating to the Company, including the Company's management information circular can be found on the SEDAR at www.sedar.com.

Dated: May 11, 2016
Toronto, Ontario, Canada

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

On July 29, 2015, 420,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The consideration received on the exercise of broker warrants of \$264,600 was recorded as share capital and the related contributed surplus of \$79,676 was transferred to share capital (note 15(c)).

On May 5, 2015, the Company completed a bought deal prospectus offering (the "Offering") consisting of 16,911,900 Shares, including fully exercised over-allotment Shares, at a price of \$0.85 per Share, for gross proceeds of \$14,375,115. As part of the Offering, the Company issued 1,014,714 broker warrants as additional compensation. Each broker warrant entitles the holder to purchase one common share at an exercise price of \$0.85 until May 4, 2017. Share issuance costs amounted to \$1,256,463, consisting of cash costs of \$1,213,639 and non-cash costs of \$347,824 relating to the value attributable to broker warrants issued to underwriters, offset by a deferred tax benefit of \$305,000.

Concurrent with the closing of the Offering, the Company also completed a non-brokered private placement of 1,205,883 Shares, at the same price as the Shares issued pursuant to the Offering, for aggregate gross proceeds of \$1,025,000. Certain officers and directors participated in the private placement and the Company issued 811,765 Shares to those officers and directors for gross proceeds of \$690,000 (note 19).

(b) Share-based payments:

The share-based payments that have been recognized in these condensed consolidated interim financial statements are as follows:

| | Three months ended | |
|-------------------|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Share option Plan | \$ 166,665 | \$ 239,869 |
| DSU Plan | 43,721 | 151,170 |
| | <u>\$ 210,386</u> | <u>\$ 391,039</u> |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

(i) Share option plan:

The Company has a share option plan (the "Plan") to grant eligible directors, officers, senior management and consultants to grant options to purchase Shares. The exercise price of an option each option shall be determined by the board of directors (the "Board") and in accordance with the Plan and the policies of the Exchange. Subject to the policies of the Exchange, the Board may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist, provided that no Option shall be exercisable after five years from the date on which it is granted.

Pursuant to the employment agreement between the Company and the Chief Executive Officer of the Company, the Chief Executive Officer was eligible to receive options equal to 5% of Shares (the "Option Right") issued outstanding through to December 31, 2015, at the price determined by the Board. The Option Right expired on December 31, 2015.

On March 31, 2016, the Company granted share options to the Chairman of the Board of the Company to purchase an aggregate of 200,000 Shares at \$0.77 per Share, with the expiry date of March 31, 2023. These share options vested immediately upon grant.

On May 11, 2015, the Company granted share options to directors, officers and employees of the Company to purchase an aggregate of 980,889 Shares at \$0.85 per share, with the expiry date of May 11, 2020. Of the share options, 25% vested immediately upon grant, with an additional 25% vesting each 90-day period thereafter.

The fair value of the share options granted was estimated on each of the dates of grant, using the Black-Scholes option pricing model, with the following assumptions:

| | March 31, 2016 | May 11, 2015 |
|---------------------------------|-------------------|-----------------|
| Average expected life | 7.00 years | 5.00 years |
| Average risk-free interest rate | 0.89% | 0.80% |
| Average expected volatility | 81.61% | 89.45% |
| Average dividend yield | 0.00% | 0.00% |

The fair value of options granted on March 31, 2016 and May 11, 2015 were \$108,853 and \$574,801, respectively.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

On March 31, 2016, the CEO of the Company exercised 895,000 options that had been formally granted to purchase the Company's Shares at \$0.30 with an expiry date of January 24, 2016. The consideration of \$268,500, received on exercising the options was recorded as share capital and the related contributed surplus of \$252,390 was transferred to share capital.

The following is the summary of changes in share options for the three months ended March 31, 2016 and year ended December 31, 2015:

| | March 31, 2016 | | December 31, 2015 | |
|----------------------------------|-------------------|------------------|-------------------|------------------|
| | Number of options | Weighted average | Number of options | Weighted average |
| Outstanding, beginning of period | 5,052,338 | \$ 0.61 | 4,071,449 | \$ 0.55 |
| Granted | 200,000 | 0.77 | 980,889 | 0.85 |
| Exercised | (895,000) | 0.30 | — | — |
| Outstanding, end of period | 4,357,338 | 0.68 | 5,052,338 | 0.61 |
| Number of options exercisable | 3,774,003 | \$ 0.66 | 4,140,447 | \$ 0.56 |

The following summarizes the Company's outstanding share options as at March 31, 2016:

| Number of options outstanding | Expiry date | Number of options exercisable | Exercise price | Market price at date of grant |
|-------------------------------|-------------------|-------------------------------|----------------|-------------------------------|
| 138,667 | December 19, 2016 | 138,667 | \$ 0.50 | \$ 0.40 |
| 585,000 | April 16, 2017 | 585,000 | 0.50 | 0.30 |
| 138,667 | April 17, 2018 | 138,667 | 0.30 | 0.25 |
| 100,000 | February 23, 2019 | 100,000 | 0.50 | 0.42 |
| 565,000 | May 20, 2019 | 565,000 | 0.50 | 0.47 |
| 599,115 | November 28, 2019 | 599,115 | 0.68 | 0.85 |
| 1,050,000 | November 28, 2019 | 466,665 | 0.79 | 0.85 |
| 980,889 | May 11, 2020 | 980,889 | 0.85 | 0.85 |
| 200,000 | March 31, 2023 | 200,000 | 0.77 | 0.77 |
| 4,357,338 | | 3,774,003 | | |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

(ii) Deferred share unit plan:

The Company has a Deferred Share Units Plan (the "DSU Plan") to promote a greater alignment of interests between directors, officers and employees and the shareholders of the Company by linking a portion of the annual director retainer and annual bonus to officers or employees to the future value of the Company's Shares.

The Board determines the amount, timing, and vesting conditions associated with each award of Deferred Share Units (the "DSUs"). Directors may elect to receive, on the last day of each quarter, a minimum of 50% and up to 100% of their annual retainer in DSUs and employees may elect to receive up to 100% of their annual bonus in DSUs. DSUs granted pursuant to such an election are fully vested on the date of grant. In addition, when the Directors or employees elect to receive 50% or more of their fees or annual bonus in DSUs, the Company will grant additional DSUs of up to 50% of the value of the DSUs granted to them. Of the additional DSUs granted by the Company, 50% vest in six months from the date of grant and 50% of the additional DSUs vest in twelve months from the date of grant.

Each DSU has the same value as one Share (based on the five day volume weighted average trading price). DSUs must be retained until the director leaves the Board or termination of employment of officers or employees, at which time the redemption payment equal to the value of the DSUs, calculated as the volume weighted average closing price of the Shares for the last five days preceding the redemption date, net of applicable taxes are paid out.

The following is the summary of changes in DSUs for the three months ended March 31, 2016 and year ended December 31, 2015:

| | March 31, 2016 | December 31, 2015 |
|--|-------------------|----------------------|
| DSUs outstanding, beginning of period | 1,757,001 | 747,705 |
| Granted | 79,083 | 1,009,296 |
| DSUs outstanding, end of period | 1,836,084 | 1,757,001 |
| Number of DSUs vested | 1,603,130 | 1,525,530 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

The total cost recognized with respect to DSUs, including the change in fair value of DSUs during the three months ended March 31, 2016 and 2015, were \$210,386 and \$391,039, respectively.

The carrying amount of the liability, included in accounts payable and accrued liabilities relating to the DSUs at March 31, 2016 is \$1,218,378 (December 31, 2015 - \$1,174,657).

(c) Broker warrants:

As part of the Offering completed on May 5, 2015, the Company granted 1,014,713 broker warrants to underwriters as partial consideration for their services associated with the Offering. Each broker warrant entitles the holder to acquire one Share of the Company at an exercise price of \$0.85 per Share, with an expiry date of May 5, 2017.

On July 29, 2015, 420,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$264,600 (note 15(a)).

On October 14, 2015, 140,000 broker warrants to purchase the Company's Shares at \$0.63 per share with the expiry date of October 16, 2015 granted to underwriters were exercised. The total consideration received on the exercise of broker warrants was \$88,200 (note 15(a)).

The following is the summary of changes in broker warrants for the three months ended March 31, 2016 and 2015:

| | Number of broker warrants outstanding | Fair value | Exercise price |
|--------------------------------|---|---------------|-------------------|
| Outstanding, December 31, 2014 | 560,000 | \$ 106,235 | \$ 0.63 |
| Outstanding, March 31, 2015 | 560,000 | \$ 106,235 | 0.63 |
| Granted | 1,014,713 | 347,824 | 0.85 |
| Exercised | (560,000) | (106,235) | 0.63 |
| Outstanding, December 31, 2015 | 1,014,713 | \$ 347,824 | \$ 0.85 |
| Outstanding, March 31, 2016 | 1,014,713 | \$ 347,824 | \$ 0.85 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

15. Shareholders' equity (continued):

The fair value of broker warrants was estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions:

| | May 5, 2015 |
|---------------------------------|----------------|
| Average expected life | 2.00 years |
| Average risk-free interest rate | 0.67% |
| Average expected volatility | 73.96% |
| Average dividend yield | 0.00% |

16. Contributed surplus:

The following table presents the details of the contributed surplus balances as at March 31, 2016 and December 31, 2015:

| | Amount |
|--|--------------|
| Balance, December 31, 2014 | \$ 1,049,585 |
| Fair value of share-based compensation | 239,869 |
| Balance, March 31, 2015 | 1,289,454 |
| Issuance of shares pursuant to the Offering, net of share issue costs | 347,824 |
| Fair value of share-based compensation | 829,532 |
| Transfer to share capital - exercise of warrants | (106,235) |
| Balance, December 31, 2015 | 2,360,575 |
| Fair value of share-based compensation | 166,665 |
| Transfer to share capital - exercise of options | (252,390) |
| Balance, March 31, 2016 | \$ 2,274,850 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

17. Earnings per share:

The calculation of earnings per share for the three months ended March 31, 2016 and 2015 is as follows:

| | Three months ended | |
|--|----------------------|----------------------|
| | March 31, 2016 | March 31, 2015 |
| Numerator for basic and diluted earnings per share: | | |
| Income attributable to common shareholders | \$ 114,824 | \$ 945,438 |
| Interest savings on debentures, net of taxes | 161,130 | 157,645 |
| Diluted income attributable to common shareholders | \$ 275,954 | \$ 1,103,083 |
| Denominator basic and diluted earnings per share: | | |
| Weighted average number of Shares outstanding | \$ 60,260,083 | \$ 41,582,300 |
| Dilutive effect of share-based payments | 1,056,498 | 1,023,341 |
| Dilutive effect of broker warrants | — | 49,858 |
| Assumed conversion of debentures | 15,069,444 | 15,069,444 |
| Weighted average number of diluted Shares outstanding | \$ 76,386,025 | \$ 57,724,943 |
| Earnings per share: | | |
| Basic | \$ 0.00 | \$ 0.02 |
| Diluted | 0.00 | 0.02 |

18. Transactions with related parties:

Except as disclosed elsewhere in the condensed consolidated interim financial statements, the following are the related party transactions.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and offered by related parties.

At March 31, 2016 and December 31, 2015, the Chairman of the Board of the Company, indirectly through a wholly owned subsidiary, owned approximately 11% of the issued and outstanding Shares of the Company.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

18. Transactions with related parties (continued):

Certain of the Company's loan and mortgage investments are syndicated with other investors of the Company, which may include officers or directors of the Company. The Company ranks equally with other members of the syndicate as to payment of principal and interest. At March 31, 2016, and December 31, 2015, the loan and mortgage investments and Debentures syndicated by officers and directors was \$1,745,000. No loans or investments were issued to borrowers controlled by or related to officers or directors of the Company.

During the three months ended March 31, 2016, the Company advanced a loan investment of \$845,000 to a company controlled by the Chairman of the Company at the interest rate of 12% per annum and recognized interest and fees revenue of \$3,428 during the year.

19. Interest:

The following table presents the interest incurred for the three months ended March 31, 2016 and 2015:

| | Three months ended | |
|---|---------------------|---------------------|
| | March 31, 2016 | March 31, 2015 |
| Interest on loans and mortgage syndications | \$ 1,321,144 | \$ 1,276,855 |
| Interest on revolving operating facility | 275,534 | — |
| Interest on Debentures | 219,225 | 214,483 |
| Montreal Street JV | 11,338 | 11,694 |
| | \$ 1,827,241 | \$ 1,503,032 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

20. Foreign exchange:

For the three months ended March 31, 2016 and 2015, the Company recorded an unrealized foreign exchange loss of \$1,271,596 and \$nil, respectively.

For the three months ended March 31, 2016, the U.S. dollar weakened by approximately 6% against the Canadian dollar from C\$1.384 to C\$1.2987. As at March 31, 2016 and 2015, U.S. dollar-denominated net monetary assets were U.S.\$15,734,508 and U.S.\$203,366, respectively (December 31, 2015 - \$20,265,161).

21. Income taxes:

The following table specifies the current and deferred tax components of income taxes on continuing operations in the condensed consolidated interim statements of operations:

| | Three months ended | |
|------------------------------|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Current income tax provision | \$ 448,846 | \$ 410,502 |
| Deferred income tax recovery | (348,688) | (55,529) |
| Total tax provision | \$ 100,158 | \$ 354,973 |

Income tax expense is different from the amount that would result from applying the combined federal and provincial income tax rates to income before continuing operations before income taxes. These differences result from the following items:

| | Three months ended | |
|--|--------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| Income from operations before taxes | \$ 214,982 | \$ 1,300,411 |
| Combined federal and provincial statutory income taxes | 26.50% | 26.50% |
| Income tax provision based on statutory income taxes | 56,970 | 344,609 |
| Increase (decrease) in income tax due to: | | |
| Non-taxable items | (978) | 1,120 |
| Non-deductible stock-based compensation | 44,166 | 63,565 |
| Change in deferred tax asset not previously recognized | — | (54,321) |
| Total tax provision | \$ 100,158 | \$ 354,973 |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

21. Income taxes (continued):

The composition of the Company's recognized deferred income tax assets and liabilities for the three months ended March 31, 2016 is as follows:

| | Opening balance | Recognized in income | Closing balance |
|--|--------------------|-------------------------|--------------------|
| Investment property | \$ (176,230) | \$ (29,732) | \$ (205,962) |
| Portfolio investment | (111,397) | — | (111,397) |
| Incorporation costs | 606 | (11) | 595 |
| DSUs | 311,284 | 11,586 | 322,870 |
| Allowance for loan and mortgage investment loss | 126,689 | 29,872 | 156,561 |
| Unrealized foreign exchange loss | (540,982) | 336,973 | (204,009) |
| Debentures, Shares and revolving operating facility issue costs | 371,365 | — | 371,365 |
| | <u>\$ (18,665)</u> | <u>\$ 348,688</u> | <u>\$ 330,023</u> |

The composition of the Company's recognized deferred income tax assets and liabilities for the three months ended March 31, 2015 is as follows:

| | Opening balance | Recognized in income | Closing balance |
|----------------------------------|--------------------|-------------------------|--------------------|
| Investment property | \$ (138,811) | \$ (6,686) | \$ (145,497) |
| Portfolio investment | (8,845) | — | (8,845) |
| Incorporation costs | 651 | (11) | 640 |
| Debenture and Shares issue costs | 73,132 | 22,166 | 95,298 |
| DSUs | 122,254 | 40,060 | 162,314 |
| | <u>\$ 48,381</u> | <u>\$ 55,529</u> | <u>\$ 103,910</u> |

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

22. Capital management:

The Company defines its capital as the aggregate of shareholders' equity, non-controlling interest, convertible debentures, loan and mortgage syndications, short-term unsecured notes payable and mortgages payable. The Company's capital management is designed to ensure that the Company has sufficient financial flexibility, short-term and long-term and to grow cash flow and solidify the Company's long-term creditworthiness, as well as a good return for the shareholders.

The following table presents the capital structure of the Company as at March 31, 2016 and December 31, 2015:

| | March 31, 2016 | December 31, 2015 |
|------------------------------------|-----------------------|-----------------------|
| Short-term unsecured notes payable | \$ 7,786,010 | \$ 9,286,000 |
| Revolving operating facility | 9,890,678 | 9,865,144 |
| Loan and mortgage syndications | 52,037,018 | 45,691,948 |
| Mortgages payable | 1,112,392 | 1,120,314 |
| Debentures | 10,658,689 | 10,628,301 |
| Non-controlling interest | 254,641 | 254,641 |
| Shareholders' equity | 46,827,339 | 46,277,350 |
| Total capital | \$ 128,566,767 | \$ 123,123,698 |

The Company is free to determine the appropriate level of capital in context with the cash flow requirements, overall business risks and potential opportunities. As a result, the Company will make adjustments to its capital structure in response to lending opportunities, the availability of capital and anticipated changes in general economic conditions. The Company's overall strategy with respect to capital remains unchanged during the three months ended March 31, 2016 and 2015.

During the three months ended March 31, 2016 and 2015, the Company had no externally imposed capital requirements.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

23. Fair value measurement:

The Company, as part of its operations, carries a number of financial instruments. The Company's financial instruments consist of cash and cash equivalents, funds held in trust, interest and other receivables, loan and mortgage investments, portfolio investments, accounts payable and accrued liabilities, loan and mortgage syndications, mortgages payable, short-term unsecured notes payable and Debentures.

The fair values of interest and other receivables, funds held in trust and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities.

The fair value of loan and mortgage investments, loan and mortgage syndications, mortgages payable, short-term loans payable and Debentures approximate their carrying value as they are short-term in nature. There is no quoted price in an active market for the loans and mortgage investments, mortgage syndication liabilities, mortgages payable, short-term loans payable or Debentures. The Company makes its determinations of fair value based on its assessment of the current lending market for these instruments of same or similar terms. As a result, the fair value is based on Level 3 on the fair value hierarchy.

The Company uses various methods in estimating the fair values recognized in the condensed consolidated interim financial statements. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

The fair value of the Company's investment properties, portfolio investments and non-controlling interests are determined using Level 3 inputs at March 31, 2016 and December 31, 2015 and no amounts were transferred between fair value levels during the three months ended March 31, 2016 and 2015. Notes 7(b), 8 and 9 outlines the key assumptions used by the Company in determining fair value of its investment properties and portfolio investment.

TERRA FIRMA CAPITAL CORPORATION

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In Canadian dollars)

Three months ended March 31, 2016 and 2015
(Unaudited)

24. Risk management:

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2015.

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and-
Respondents

URBANCORP (LESLIEVILLE) DEVELOPMENTS INC. et al.

Court File No. CV-16-11409-00CL

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**RESPONDING MOTION RECORD
OF CERTAIN PURCHASERS**

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