

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

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

FIRST REPORT OF THE RECEIVER

December 14, 2016

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

INTRODUCTION

1. Pursuant to the Order of the Honourable Mr. Justice Hainey (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted November 1, 2016, (the “**Date of Receivership**”), FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”) without security, of certain assets, undertakings, and properties of Talon International Inc. (“**Talon**”), TFB Inc. (“**TFB**” and together with Talon, the “**Nominees**”), Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc., Talon International Development Inc. (“**TIDI**”), 2263847 Ontario Limited (“**226**”), and 2270039 Ontario Limited (“**227**”) (collectively, the “**Respondents**”) acquired for, or used in relation to the condominium residence and hotel branded as the Trump International Hotel & Tower (the “**Property**”) located at 311 and 325 Bay Street, Toronto, Ontario, Canada (the “**Trump Tower Toronto**”). The proceedings were commenced by way of application under section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43*, as amended, and section 243 of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended, and shall be referred to herein as the “**Receivership**”). A copy of the Receivership Order is attached hereto as **Appendix A** for ease of reference.
2. Pursuant to an Order of the Honourable Mr. Justice Hainey granted November 9, 2016 (the “**Representative Counsel Order**”), Chaitons LLP was appointed as representative counsel (“**Representative Counsel**”) of the owners of hotel guestroom type condominium units and residential condominium units located in the Trump Tower Toronto that had been sold to third parties prior to the Date of Receivership (collectively, the “**Unit Owners**”). A copy of the Representative Counsel Order is attached hereto as **Appendix B** for ease of reference.

3. Pursuant to an Order of the Honourable Mr. Justice Haney granted on November 14, 2016 (the “**Supplementing Appointment Order**”) the Receivership Order was supplemented to, *inter alia*, extend the stay of proceedings to include any rights and remedies against Northbridge General Insurance Corporation (“**Northbridge**”), in respect of which Northbridge has recourse to the funds subject to the Trust Claims, as defined in the Receivership Order. A copy of the Supplementing Appointment Order is attached hereto as **Appendix C** for ease of reference.

4. The purpose of this, the Receiver’s first report, (this “**Report**”), is to inform the Court on the following:
 - (a) The activities of the Receiver since the Date of Receivership;

 - (b) The opinion prepared by Cassels Brock & Blackwell, (“**Cassels**”) as independent counsel to the Receiver on the validity and enforceability of the security (the “**Senior Lender Security**”) held by Computershare Trust Company of Canada (the “**Agent**”), as agent for and on behalf of JCF Capital ULC (the “**Senior Lender**”) in respect of the Property; and

 - (c) The Receiver’s progress in the preparing for the filing of a motion by the Receiver (the “**Sale Procedure Motion**”) seeking the approval of the Court of a procedure for the sale of the Property, including:
 - (i) The engagement of CBRE Limited (“**CBRE**”), subject to Court approval, as marketing and listing agent pursuant to an agreement between the Receiver and CBRE dated November 1, 2016 (the “**CBRE Engagement Agreement**”);

- (ii) The development of the Receiver's proposed procedure for the marketing and sale of the Property (the "**Sale Procedure**");
- (iii) Negotiation of an asset purchase agreement between the Receiver as vendor and the Secured Lender as purchaser for the sale of the Property (the "**Stalking Horse Agreement**") which is intended to stand as a "stalking horse" in the proposed Sale Procedure; and
- (d) The motion filed by the Senior Lender for certain amendments to the Receivership Order (the "**Receivership Amendment Motion**") and the Receiver's comments thereon.

TERMS OF REFERENCE

- 5. In preparing this report, the Receiver has relied upon unaudited financial information of the Respondents, the Respondents books and records, certain financial information prepared by the Respondents and discussions with the Respondents' management and various interested parties (the "**Information**").
- 6. Except as described in this Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. The Receiver has prepared this Report in connection with the Receivership Amendment Motion, scheduled to be heard on December 20, 2016. The Report should not be relied on for other purposes.
8. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the affidavit of Mr. Jay Wolf sworn October 25, 2016, and filed in support of the application for the Receivership Order (the "**Wolf October 25 Affidavit**") or in the Receivership Order.

ACTIVITIES SINCE THE DATE OF RECEIVERSHIP

NOTICE TO CREDITORS AND OTHER PARTIES

10. On or before November 10, 2016, in accordance with paragraph 34 of the Receivership Order, the Receiver caused to be sent to the known creditors of the Nominees, as such information was provided to the Receiver by the Nominees, notice of the Receiver's appointment in the prescribed form, together with a copy of the Receiver's first report pursuant to Section 246 of the BIA.
11. In addition, notice of the Receivership has been given to all persons holding security interests in respect of the Property registered in Ontario, the Condominium Corporations, the Unit Purchasers involved in litigation with Talon, the municipal taxation authorities relevant to the Property, TTHMC and counter-parties to the Service Agreements.

12. Pursuant to paragraph 3 of the Representative Counsel Order, the Receiver provided the Unit Owner Information to Representative Counsel on November 10 and 11, 2016. Representative Counsel has informed the Receiver that on November 14, 2016, it provided notice of the Receivership and of the appointment of Representative Counsel to the Unit Owners. Representative Counsel has informed the Receiver that to date 59 Unit Owners have opted not to be represented by Representative Counsel.

WEBSITE AND RECEIVER CONTACTS

13. The Receiver has established a website at <http://cfcanada.fticonsulting.com/talon> at which the Receiver will post periodic updates on the progress of the Receivership, together with copies of court orders, motion materials and reports filed in the Receivership. In addition, the Receiver has created a dedicated email address, talon@fticonsulting.com, and a dedicated telephone number, 1-855-398-7390, at which the Receiver can be contacted.

OTHER ACTIVITIES

14. As discussed later in this Report, the Receiver is preparing to bring a motion seeking approval of the Sale Procedure. In anticipation of that motion, the Receiver has been working with CBRE and Talon to prepare a list of potential interested parties, a template confidentiality and standstill agreement, a “teaser” document and a confidential information memorandum for use in the Sale Procedure (the “**CIM**”).

THE SECURITY OPINION

15. Cassels has conducted a review of the Senior Lender Security and has delivered an opinion dated November 1, 2016 (the “**Security Opinion**”) to the Receiver setting out the results of its review.

16. Specifically, the Security Opinion opines on the validity and enforceability of the documents listed in **Appendix D** hereto, including a debenture (the “**Debenture**”) in the principal amount of \$400,000,000 dated October 9, 2007 by Talon International Inc. in favour of BNY Trust Company of Canada, (collectively, the “**Security Documents**”).

17. The Security Opinion notes that:
 - (a) There are no other charges/mortgages registered on title to the Real Property included in the Property in priority to the Debenture. There are two charges/mortgages registered on title to the Lands which are subsequent in priority to the Debenture being a charge/mortgage in favour of Northbridge and a charge/mortgage in favour of Midland Resources Holding Limited;

 - (b) A priority agreement dated October 9, 2007 between the Agent and Lombard General Insurance Company as predecessor to Northbridge provides that the security now held by Northbridge is postponed and subordinated to the security granted to the Agent by the Respondent parties thereto, except for deposit monies received from time to time from purchasers of dwelling units in the Project (as defined therein) and accrued interest thereon, in respect of which the security interest granted to Northbridge has priority;

- (c) The Agent originally registered financing statements on September 21, 2007 for a period of six (6) years (the “**Original Financing Statements**”). The registration period of the Original Financing Statements expired, and the security interests perfected by the filing of the Financing Statements became unperfected, on September 21, 2013, as the registration period was not extended prior to that time by registration of a financing change statement designated as a renewal. The Agent registered financing statements against the relevant Respondent parties on October 10, 2013 (the “New Financing Statements”) in order to re-perfect and preserve the security interests created by the Security Documents. Based solely on a review of the *Personal Property Security Act* search results, no intervening registrations were filed between September 21, 2013 and October 10, 2013 and therefore the Original Financing Statements would be deemed to be continuously perfected under the applicable provisions of the PPSA; and
- (d) Registrations have been made subsequent to the registration of the Original Financing Statements by the following (the “**Additional Secured Parties**”):
- (i) Lombard (registered against Barrel Tower Holdings Inc., Talon International Inc., Harvester Developments Inc., Midland Development Inc., 1456253 Ontario Inc. and 2025401 Ontario Limited). These Lombard registrations are subject to the Priority Agreement;
 - (ii) Royal Bank of Canada (registered against Talon International Inc. and 2263847 Ontario Limited and limited by collateral classification to “accounts” and “other”);

- (iii) National Leasing Group Inc. (registered against Talon International Development Inc.);
- (iv) D.E. Multi-Finance Limited (registered against Midland Development Inc.);
- (v) MMI Investments Inc. (registered against Midland Development Inc.);
- (vi) JE Fininvest Ltd. (registered against Midland Development Inc.); and
- (vii) 1898191 Ontario Limited (registered against Midland Development Inc.).

18. In summary, the Security Opinion, subject to the customary qualifications and assumptions set out therein, opines that:

- (a) Each of the Security Documents constitutes a valid and enforceable obligation of each Respondent party thereto, enforceable against each such Respondent, or a trustee in bankruptcy in respect thereof if appointed as of the date of the Security Opinion;
- (b) Each of the Security Documents creates a valid security interest in favour of the Agent in the personal property described in the Security Documents in which each Respondent party thereto now has rights, and is sufficient to create a valid security interest in favour of the Agent in any such personal property in which each Respondent party thereto subsequently acquires any rights when those rights are acquired, in each case to secure the payment and performance of the obligations described as being secured by the Security Documents; and

- (c) Based solely on the review of PPSA search results, registration has been made in all public offices provided for under the laws of the Province of Ontario where such registration is necessary or desirable to preserve, protect, or perfect the security interests created by the Security Documents in the personal property defined as collateral in each Security Document. Further, there are no registrations in favour of any other secured party which predate the registration of the Original Financing Statements by the Agent.

PREPARATION FOR THE SALE PROCEDURE MOTION

19. The Receiver had originally anticipated that the Sale Procedure Motion would be filed shortly after the Date of Receivership. The filing of the Sale Procedure Motion has been delayed primarily as a result of a delay in the preparation of an initial draft of the Stalking Horse Agreement by the Secured Lender. The Receiver understands that this delay was, in part, related to the Senior Lender's desire to seek the relief requested in the Receivership Amendment Motion to change the scope of the property eligible to be included in the Stalking Horse Agreement and the Sale Procedure.
20. If the Receivership Amendment Motion proceeds as scheduled on December 20, 2016, it is anticipated that the Receiver will file the Sale Procedure Motion in December, with a hearing date scheduled for January 4, 2017, at which time the Receiver will seek approval of the CBRE Engagement Agreement, the Sale Procedure and the execution of the Stalking Horse Agreement.

THE CBRE ENGAGEMENT AGREEMENT

21. Pursuant to the CBRE Engagement Agreement, with the concurrence of the Senior Lender and subject to Court approval, the Receiver has engaged CBRE to act as marketing agent in the Sale Procedure if it is approved by the Court.

22. CBRE is one of the world's largest commercial real estate services firm, with 449 offices in more than 60 countries. The team assisting the Receiver is from the Toronto office of the CBRE Hotels division, with the engagement being under the supervision of Mr. Bill Stone, Executive Vice President, Hotels. CBRE Hotels has dedicated experts in the Americas, EMEA and Asia Pacific, which will provide support and assistance to the Toronto based team in the global marketing efforts to be undertaken in the Sales Process. The Receiver is of the view that CBRE is well qualified to provide the services required by the Receiver.
23. The Receiver intends to seek the approval of the CBRE Engagement Agreement as part of the Sale Approval Motion and will provide details of the CBRE Engagement Agreement at that time.

THE SALE PROCEDURE

24. The Receiver, in consultation with the Senior Lender, has developed the Sale Procedure which, if approved by the Court, will set:
 - (a) The parameters of the marketing process pursuant to which the Receiver will seek superior offers to the Stalking Horse Agreement for the Property; and
 - (b) The requirements for the submission of offers by interested parties.
25. The Receiver intends to seek the approval of the Sale Procedure as part of the Sale Approval Motion and will provide details of the Sale Procedure at that time.
26. In anticipation of the Sale Procedure Motion, CBRE will commence calling potential interested parties to introduce the opportunity and enable potential interested parties to sign a confidentiality agreement so that they can be provided a copy of the CIM and commence diligence as quickly as possible after the hearing of the Sale Procedure Motion if the Sale Procedure is approved by the Court.

THE STALKING HORSE AGREEMENT

27. Paragraph 16 of the Wolf October 25 Affidavit stated:

“16. It is anticipated that the Receiver, if appointed, will seek Court approval for and, if approved, commence a sale process for the Property (the "Sale Process"). The Lender intends to submit a bid for the Property in such Sale Process by way of a credit bid of the Senior Indebtedness. JCF is prepared to own the Property if no other bidder is prepared to offer an amount in excess of the Senior Indebtedness.”

28. An initial draft of the Stalking Horse Agreement has now been delivered by counsel to the Senior Lender. The Senior Lender and the Receiver are in the process of completing the negotiation of the Stalking Horse Agreement. If such negotiations are successfully completed, the Receiver will seek approval of the Stalking Horse Agreement as part of the Sale Approval Motion.

THE RECEIVERSHIP AMENDMENT MOTION

29. The Receivership Amendment Motion arises as a result of new information obtained following the appointment of the Receiver. The Receivership Amendment Motion seeks to amend the Receivership Order as follows:

- (a) Adding the cash and accounts receivable of Talon, TFB, TIDI, 226 and 227 (collectively, the “**Cash Debtors**”) to the definition of “Property” in the Appointment Order;
- (b) Providing that the Specified Litigation and Trust Claims, each as defined in the draft Amended and Restated Appointment Order filed in connection with the Receivership Amendment Motion, shall not be marketed or sold by the Receiver;

- (c) Revising the definition of certain trust monies held by Harris Sheaffer LLP (“**Harris Sheaffer**”) to specify certain deposits held in trust by reference to specific bank accounts in which they are held;
 - (d) Requiring the Cash Debtors provide to the Receiver monthly variance reports against the cash flow forecast attached as Schedule A to the Affidavit of Mr. Jay Wolf, dated December 13, 2016 (the “**Wolf December 13 Affidavit**”);
 - (e) Requiring the Cash Debtors to provide a bi-weekly accounting of all financial obligations incurred since November 1, 2016;
 - (f) Prohibiting the Cash Debtors from making any disbursement or incurring any obligation in excess of \$25,000 without the prior written consent of the Receiver;
 - (g) Prohibiting the Debtors from amending, varying or terminating any Material Contract, as defined in the draft Amended and Restated Appointment Order, or entering into any new contract that is material to the Property or the operations thereof, each without the prior written consent of the Receiver, and requiring written disclosure to the Receiver of any amendment to any non-Material Contract; and
 - (h) Incorporating the provisions of the Supplementing Appointment Order.
30. The Receiver has no objections to the proposed amendments to the Receivership Order.

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

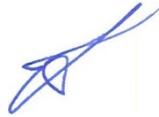
Dated this 14th day of December, 2016.

FTI Consulting Canada Inc.

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



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Senior Managing Director

Appendix A

Receivership Order (without Schedules)

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

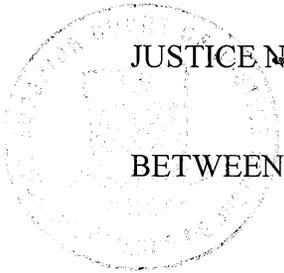
THE HONOURABLE MR.)

TUESDAY, THE 1st DAY

JUSTICE ~~NEWBOULD~~)

OF NOVEMBER, 2016

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BETWEEN:

JCF CAPITAL ULC

Applicant

and

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

Respondents

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

**ORDER
(Appointing Receiver)**

THIS APPLICATION made by JCF Capital ULC (the “Secured Creditor”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as

amended (the “**CJA**”) appointing FTI Consulting Canada Inc. as receiver (in such capacity, the “**Receiver**”) without security, of the assets, undertakings, properties and legal and beneficial ownership interests of Talon International Inc. (“**Talon**”), Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc. (“**Harvester**”), Talon International Development Inc., TFB Inc. (“**TFB**”), 2263847 Ontario Limited, and 2270039 Ontario Limited (collectively, the “**Debtors**”) comprising, acquired for, or used in relation to the condominium residence and hotel branded as the Trump International Hotel & Tower and Trump Residences located at 311 and 325 Bay Street, Toronto, Ontario, including those assets, undertakings, and properties described in Schedule “A” hereto, and any interest held by Harvester to which the Crown may have rights, but excluding cash and equivalents such as GICs or other securities in which cash has been invested, and any amounts now or hereafter owing or payable to any Debtor, including accounts receivable of any Debtor (the “**Property**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jay Wolf sworn October 25, 2016 and the Exhibits thereto and on hearing the submissions of counsel for the Secured Creditor and the counsel on the counsel slip, attached, no one else appearing, although duly served as appears from the affidavits of service, filed, of Nancy Thompson, sworn October 26, 2016, Sabrina Winters, sworn October 26, 2016, Tim Lenehan, sworn October 26, 2016, Norman Ng, sworn October 27, 2016 and Kelly Peters, sworn October 28, 2016, and from the acceptances of service of counsel, filed, of Steven Rukavina dated October 25, 2016 and Marc Senderowitz dated October 25, 2016, and on reading the consent of FTI Consulting Canada Inc. to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, FTI Consulting Canada Inc. is hereby appointed Receiver, without security, of all of the Property.

RECEIVER'S POWERS

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

- (a) to engage consultants, appraisers, agents, including marketing agents, listing agents, experts, auditors, accountants, managers, counsel and such other persons (each a "**Consultant**") from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (b) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of any Debtor, for any purpose pursuant to this Order;
- (c) 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, pursuant to a sale process to be recommended by the Receiver and approved by the Court;
- (d) 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;
- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the

receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (f) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (g) 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 Receiver, in the name of any Debtor for and in respect of the Property;
- (h) to enter into agreements with any trustee in bankruptcy appointed in respect of any Debtor;
- (i) to exercise any shareholder, partnership, joint venture, co-ownership or other rights which any Debtor may have for or in respect of the Property, but shall not be empowered or entitled to exercise any rights in respect of Talon's declarant or membership interests in Toronto Standard Condominium Corporation No. 2267 or Toronto Standard Condominium Corporation No. 2279 (collectively, the "**Condominium Corporations**"), without further order of the Court; and
- (j) 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 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 any Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **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, and (iii) 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

Receiver of the existence of any Property in such Person's possession or control, and shall grant immediate and continued access to the Property to the Receiver.

5. **THIS COURT ORDERS** that all Persons, including without limitation the Condominium Corporations, Trump Toronto Hotel Management Corp. ("**TTHM**"), Northern Valet Inc., Premier Salons Canada Inc., and Hotel Hospitality Management Ltd. shall forthwith advise the 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 any Debtor in respect of the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information including without limitation all agreements to which any Debtor is a party relating to the management or operation of the Trump International Hotel & Tower and Trump Residences, and all names, email addresses and mailing addresses of all owners or mortgagees (the "**Contact Information**") of hotel or residential units of the Trump International Hotel & Tower and Trump Residences (collectively the "**Units**") in electronic format (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto to be arranged on reasonable terms, provided however that nothing in Paragraphs 4, 5, 6 or 7 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 Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, other than the provision of Contact Information of the owners of Units by the Condominium Corporations.

6. **THIS COURT ORDERS** that, without limiting the generality of Paragraph 5, the Debtors shall provide to the Receiver a statement of receipts and disbursements for periods from and after the date of this Order for all bank and deposit accounts, together with all applicable bank statements, reconciliations, descriptions and quantifications of transactions processed through such accounts, relating to the Property or in which any transactions related to the Property have been processed or are being processed, biweekly on the Monday for the proceeding two weeks, and the Receiver is hereby authorized to deliver all such statements, reconciliations, descriptions and quantifications to the Secured Creditor.

7. **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 shall forthwith give unfettered access to the Receiver for the purpose of allowing the 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the 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

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of (i) any Debtor in connection with or related to the Property, (ii) the Property or (iii) the Units (including without limitation any Proceedings in respect of agreements to purchase any Unit) shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of (i) any Debtor in connection with or related to the Property, (ii) the Property or (iii) the Units are hereby stayed and suspended, subject to written consent of the Receiver to a lifting of the stay or further Order of this Court, provided however that nothing in this Order shall stay Proceedings in respect of a

Unit that has been sold and which is unrelated to the Debtors, the Condominium Corporations or the business and operation of the Hotel or Residence.¹

10. **THIS COURT ORDERS** that no trust or other funds subject to Trust Claims (as defined in Schedule A) shall be disbursed or distributed by Harris Sheaffer LLP, or any other trustee or bailee thereof, without the written consent of the Receiver or further order of the Court.

11. **THIS COURT ORDERS** that no party other than the Receiver or its Consultants shall advertise, market for sale or sell all or any part of the Property, without the written consent of the Receiver and the Secured Creditor, or further order of the Court.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that all rights and remedies against any Debtor in connection with or related to the Property, the Receiver, or affecting the Property or the Units, to the extent such rights and remedies arise in connection with or otherwise affect the Property are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower any Debtor to carry on any business which such Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or any Debtor 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.

¹ Notwithstanding paragraph 9 hereof, the plaintiffs in the proceedings styled *Sarbjit Singh v. Donald John Trump Sr., Trump Toronto Hotel Management Corp., Trump Marks Toronto LP, Talon International Inc., Talon International Development Inc., Val Levitan, Alex Shnaider and Toronto Standard Condominium Corporation No. 2267*, Court File No. CV-12-469042, and *Se Na Lee v. Donald John Trump Sr., Trump Toronto Hotel Management Corp., Trump Marks Toronto LP, Talon International Inc., Talon International Development Inc., Val Levitan, Alex Shnaider and Toronto Standard Condominium Corporation No. 2267*, Court File No. CV-15-522065, and together bearing Court of Appeal for Ontario Docket C60787 (together, the “**Subject Actions**”), shall not be stayed or otherwise prevented hereby from: (a) bringing or responding to any motion for leave to appeal in respect of the decision of the Court of Appeal for Ontario, dated October 13, 2016, in the Subject Actions (the “**Appeal Decision**”), (b) making cost submissions in respect of the Appeal Decision, and/or (c) finalizing and having issued and entered an order in respect of the Appeal Decision.

NO INTERFERENCE WITH THE RECEIVER

13. **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 any Debtor, to the extent such right, renewal right, contract, agreement, license or permit in connection with, related to or otherwise affects the Property, without written consent of the Receiver or leave of this Court.

NOTICE OF MEETINGS OF CONDOMINIUM CORPORATIONS

14. **THIS COURT ORDERS** that the Condominium Corporations, as applicable, shall provide reasonable notice to the Receiver of any meetings at which voting rights of owners of Units could be exercised.

CONTINUATION OF SERVICES

15. **THIS COURT ORDERS** that all Persons having oral or written agreements with any Debtor 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 such Debtor in connection with or related to the Property 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 any Debtor, 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 Debtor in accordance with normal payment practices of such Debtor or such other practices as may be agreed upon by the supplier or service provider and the Debtor, or as may be ordered by this Court. Nothing in this Order shall relieve the Debtors from any obligations to make payment of their respective obligations in the ordinary course, whether incurred before or after the date of this Order.

RECEIVER TO HOLD FUNDS

16. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from

any source whatsoever, if any, 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 monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

17. **THIS COURT ORDERS** that all employees of each Debtor shall remain the employees of such Debtor, the scope of this Order does not affect such employees and the Receiver shall have no responsibility or liability for 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.

PIPEDA

18. **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 applicable Debtor or Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. **THIS COURT ORDERS** that nothing herein contained shall require the 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 from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the 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

20. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, and it shall have no obligations under sections 81.4(5) or 81.6(3) of the BIA. Unless further ordered by the Court, the Receiver will not be, and shall not be deemed to be, in possession and control of any Property for the purposes of the BIA, *Wage Earner Protection Program Act* or other applicable legislation. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER’S ACCOUNTS

21. **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, and that the Receiver and counsel to the Receiver shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed the amount of \$750,000 in the aggregate unless further ordered by the Court, as security for their fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 28 through 30, hereof.

22. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its 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.

23. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall 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 standard rates and charges of the 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

24. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including its fees and disbursements, and the fees and disbursements of its counsel and any Consultant. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon. The Receiver’s Borrowings Charge shall have the priority set out in paragraphs 28 through 30, hereof.

25. **THIS COURT ORDERS** that neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

26. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule “B”** hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

27. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’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.

VALIDITY AND PRIORITY OF CHARGES

28. **THIS COURT ORDERS** that the priorities of the Administration Charge and Receiver’s Borrowings Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000); and

Second – Receiver’s Borrowings Charge;

29. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge and Receiver’s Borrowings Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. **THIS COURT ORDERS** that each of the Administration Charge and Receiver’s Borrowings Charge (each as constituted and defined herein) shall constitute a charge on the Property in priority to any security interests of the Secured Creditor, Northbridge General Insurance Corporation (formerly Lombard General Insurance Company of Canada) (except in respect of the deposit monies received by Harris Sheaffer LLP from time to time from purchasers of Units and interest accrued thereon), and Midland Resources Holding Limited (and Midland Development Inc., as assignee), but subordinate to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of this Order in favour of any other Person and the charges set out in section 14.06(7), 81.4(4) and 81.6(2) of the BIA, if any. Nothing in this Paragraph shall prevent the

Secured Creditor or the Receiver from bringing a motion on notice to affected parties to seek to elevate the priority of the Administration Charge and/or the Receiver's Borrowings Charge.

31. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Debtor's interest in such real property leases.

SERVICE AND NOTICE

32. **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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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 'http://cfcanada.fticonsulting.com/talon'.

33. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute 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 facsimile transmission to the intended recipient at their respective addresses as last shown on the records of the applicable Debtor as disclosed to the Receiver pursuant to section 245(3) of the BIA and that any such service or distribution by courier, personal delivery or facsimile 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.

34. **THIS COURT ORDERS** that notwithstanding anything in section 245 of the BIA to the contrary, the Receiver shall only be required to give notice of these proceedings to creditors of Talon and TFB (together, the "**Nominees**") and the Superintendent of Bankruptcy, and not

creditors of the other Debtors, and that giving notice to the Nominees' creditors and the Superintendent of Bankruptcy pursuant to the terms of Paragraphs 32 and 33 shall satisfy the Receiver's obligations under section 245(1)(b) and 245(2) of the BIA in full, and no further notices under that section shall be required in respect of those sections.

35. **THIS COURT ORDERS** that the Receiver shall be entitled to rely on the completeness and correctness of the creditor list provided by the Nominees pursuant to section 245(3) of the BIA and shall be under no obligation to make further inquiry or investigation into same.

36. **THIS COURT ORDERS** that, provided the Receiver fully complies with the requirements set out in Paragraph 34 hereof, neither the Debtors, a trustee nor any creditor of any Debtor shall be entitled to restrain the Receiver pursuant to section 248(1)(b) of the BIA on the basis that the Receiver failed to comply with the provisions of section 245 of the BIA.

37. **THIS COURT ORDERS** that the Receiver and any other interested party shall be at liberty to serve this Order, any other materials and orders in these proceedings and any notice or other correspondence on or to the parties to any litigation involving any Debtor by serving the same on the counsel of record in such litigation proceedings.

38. **THIS COURT ORDERS** that the Secured Creditor and the Receiver are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the creditors of the Debtors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

GENERAL

39. **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.

40. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any Debtor.

41. **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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

42. **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.

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

44. **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 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.


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SCHEDULE "A"

"Personal Property"

All of the pledged present or after acquired personal property of any Debtor attached to, acquired for or used in relation to any of the real property scheduled below under the heading "Real Property".

"Material Contracts"

All contracts to which any Debtor is a party relating to the management or operation of the condominium residence and hotel branded as the Trump International Hotel & Tower and Trump Residences located at 311 and 325 Bay Street, Toronto, Ontario.

"Litigation Matters with Respect to Units"

All of any Debtor's right, title or interest in any claims related to deposit monies, damages or proprietary interests, whether inchoate or formalized in an action, whether as plaintiff or defendant and whether known or unknown to all parties, in each case arising in whole or in part from agreements for the purchase and sale of Units.

"Claims to Deposit Monies Held in Trust"

All of any Debtor's right, title and interest in and to any funds currently held in trust or otherwise by Harris Sheaffer LLP, or any other party relating in whole or in part to agreements for the purchase and sale of Units (the "Trust Claims").

"Real Property"

LEGAL DESCRIPTION

TORONTO STANDARD CONDOMINIUM CORPORATION NO. 2267 (HOTEL)

76267-0001 (LT)

UNIT 1, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2267 AND ITS APPURTENANT INTEREST THE BOUNDARIES OF THE SOUTHERLY LIMIT OF ADELAIDE STREET WEST HAVE BEEN CONFIRMED UNDER BOUNDARISES² ACT PLAN BA1120, REGISTERED AS INSTRUMENT NO. CT273365; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3157421; CITY OF TORONTO

76267-0004 (LT)

UNIT 4, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2267 AND ITS APPURTENANT INTEREST THE BOUNDARIES OF THE SOUTHERLY LIMIT OF ADELAIDE STREET WEST HAVE BEEN CONFIRMED UNDER BOUNDARISES ACT PLAN BA1120, REGISTERED AS INSTRUMENT NO. CT273365; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3157421; CITY OF TORONTO

² In each of the parcel registers for each PIN, the legal description of the respective PINs includes a typographical error in the form of an inadvertent additional "s" in the reference to "Boundaries Act". The schedule to this Order replicates the applicable legal descriptions exactly, including the erroneous "s".

Appendix B

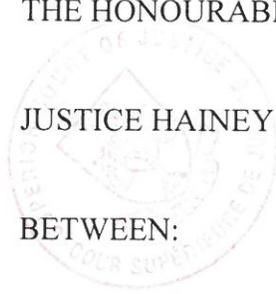
Representative Counsel Order

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MR.) TUESDAY, THE 9th DAY
)
JUSTICE HAINEY) OF NOVEMBER, 2016



BETWEEN:

JCF CAPITAL ULC

Applicant

and

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

Respondents

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

**ORDER
(Appointing Representative Counsel)**

THIS APPLICATION made by JCF Capital ULC (the “**Secured Creditor**”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), *inter alia*, appointing Chaitons LLP (“**Chaitons**”) as representative

counsel to represent the interests of owners of residential units and hotel units (collectively, the “**Unit Owners**”) in the condominium residence and hotel branded as the Trump International Hotel & Tower and Trump Residences located at 311 and 325 Bay Street, Toronto, Ontario (the “**Project**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jay Wolf sworn October 25, 2016 and the Exhibits thereto and on hearing the submissions of counsel for the Secured Creditor, Chaitons and the counsel on the counsel slip, attached, no one else appearing, although duly served as appears from the affidavits of service, filed, of Nancy Thompson, sworn October 26, 2016, Sabrina Winters, sworn October 26, 2016, Tim Lenehan, sworn October 26, 2016, Norman Ng, sworn October 27, 2016 and Kelly Peters, sworn October 28, 2016, and from the acceptances of service of counsel, filed, of Steven Rukavina dated October 25, 2016 and Marc Senderowitz dated October 25, 2016,

SERVICE

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

APPOINTMENT OF REPRESENTATIVE COUNSEL

2. **THIS COURT ORDERS** that, subject to Paragraph 7 hereof, Chaitons LLP is hereby appointed as counsel (“**Representative Counsel**”) for all Unit Owners regarding common issues of the Unit Owners in respect of these receivership proceedings, unless and until written notice is provided by a particular Unit Owner to Representative Counsel that such Unit Owner does not wish to be represented by Representative Counsel. For greater certainty and without limitation, Representative Counsel shall not be charged with the responsibility of dealing with any individual Unit Owner’s purchase of or agreement to purchase a unit or units in the Project, or any individual dispute relating to same.

3. **THIS COURT ORDERS** that FTI Consulting Canada Ltd., in its capacity as Court appointed receiver of certain of the assets of the Respondents (in such capacity, the “**Receiver**”)

shall provide to Representative Counsel, without charge, the following information, documents and data as may be in the Receivers' possession or control (the "**Information**"):

- (a) The names, last known addresses and last known email addresses (if any) of the Unit Owners (the "**Unit Owner Information**"), as the same are provided to the Receiver by Toronto Standard Condominium Corporation No. 2267 and Toronto Standard Condominium Corporation No. 2279 (collectively, the "**Condominium Corporations**"); and
- (b) Such additional documents and information as may be specifically requested in writing by Representative Counsel and which the Receiver determines are relevant to the Unit Owners' participation in these receivership proceedings, or as ordered by the Court,

and that, in so doing, the Receiver is not required to obtain express consent from any Unit Owner or other Person authorizing disclosure of the Information to Representative Counsel, and this Order shall be sufficient to authorize the disclosure of the Information without knowledge or consent of the individual Unit Owners or other Person.

4. **THIS COURT ORDERS** that all reasonable professional fees and disbursements that may be incurred by Representative Counsel at its standard rates and charges, whether incurred prior to or after the date of this Order, not to exceed \$100,000 in the aggregate, shall be paid from the retainer paid by the Secured Creditor to Representative Counsel and, for greater certainty, such amount will form part of the indebtedness owing by the Respondents to the Secured Creditor, and in the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

5. **THIS COURT ORDERS** that Representative Counsel is hereby authorized to take all steps and do all acts necessary or desirable to carry out the terms of this Order.

6. **THIS COURT ORDERS** that notice of the granting of this Order, substantially in the form attached hereto as **Schedule "A"**, shall be sent by Representative Counsel to each Unit Owner by electronic or regular mail, to addresses provided pursuant to Paragraph 3(a), within

two business days of the date of receipt by Representative Counsel of the Unit Owner Information.

7. **THIS COURT ORDERS** that any Unit Owner who does not wish to be represented by Representative Counsel in these proceedings shall notify the Receiver and Representative Counsel, in writing, that he, she or it is opting out of representation by delivering a notice by electronic or regular mail substantially in the form attached as **Schedule "B"** hereto (an "**Opt-out Notice**"), and shall thereafter not be bound by the actions of Representative Counsel and shall represent himself, herself or itself or be represented by any counsel that he, she or it may retain exclusively at his, her or its own expense, and Representative Counsel shall owe no duty to such Unit Owners who have opted out.¹

8. **THIS COURT ORDERS** that Representative Counsel may appoint, in its sole discretion, a committee of up to five (5) Unit Owners and/or agents or authorized representatives acting on their behalf (the "**Ad Hoc Committee**") to represent the interests of all of the Unit Owners subject to this Order, and Representative Counsel shall be entitled to consult with and seek advice from the Ad Hoc Committee in connection with the fulfillment of its duties in carrying out the provisions of this Order.

9. **THIS COURT ORDERS** that any member of the Ad Hoc Committee may resign or be replaced by Representative Counsel as a member of the Ad Hoc Committee at any time and that, in the event of resignation, Representative Counsel may appoint another Unit Owner to the Ad Hoc Committee.

10. **THIS COURT ORDERS** that Representative Counsel and Shibley Righton LLP, legal counsel to certain Unit Owners ("**Shibley**"), shall consult with respect to all decisions made or positions taken by Representative Counsel in the course of its mandate as Representative Counsel, and Shibley shall be entitled to attend and make submissions at the hearing of any motions in these proceedings on behalf of any Unit Owner or Unit Owners that have retained Shibley as counsel. Nothing in this Paragraph shall limit Representative Counsel's sole


¹ ~~Unit Owners Se Na Lee, Gitaben Patel, Rajanikant Patel, Syed W. Zaidi and Bente E. Zehra shall be deemed for all purposes to have opted out of representation pursuant to Paragraph 7 hereof, without any further action or notice being required from any of them.~~

discretion to take any position with respect to its mandate on behalf of Unit Owners that have not delivered an Opt-out Notice.

11. **THIS COURT ORDERS** that all reasonable professional fees and disbursements that may be incurred by Shibley in connection with undertaking the activities in Paragraph 10, at its standard rates and charges, incurred after the date of this Order, not to exceed \$50,000 in the aggregate, shall be paid from any retainer paid by the Secured Creditor to Shibley and, for greater certainty, such amount will form part of the indebtedness owing by the Respondents to the Secured Creditor, and in the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

12. **THIS COURT ORDERS** that Representative Counsel shall have no liability as a result of their appointment or the performance of their duties or in carrying out the provisions of this Order and any subsequent Orders in these proceedings, save and except for any gross negligence or willful misconduct on their part.

13. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court, on notice to the Receiver and the Secured Creditor, for advice and directions in the performance or variation of its powers and duties.

14. **THIS COURT ORDERS** that Representative Counsel shall be given notice of all motions in these proceedings, and that the giving of notice to Representative Counsel shall constitute service on all of the Unit Owners who have not opted out pursuant to Paragraph 7 hereof.

15. **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 Representative Counsel 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 Representative Counsel, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Representative Counsel and its agents in carrying out the terms of this Order.



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SCHEDULE "A"

By Order dated November 9, 2016 granted by the Ontario Superior Court of Justice in the receivership proceedings in respect of Talon International Inc., Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc., Talon International Development Inc., TFB Inc., 2263847 Ontario Limited and 2270039 Ontario Limited, (collectively, the "**Debtors**") under the *Bankruptcy and Insolvency Act* and *Courts of Justice Act* (the "**Receivership Proceedings**"), Chaitons LLP was appointed as representative counsel ("**Representative Counsel**") for owners of hotel and residential units in the Trump International Hotel & Tower and Trump Residences (collectively, "**Unit Owners**"). A copy of the Order appointing Representative Counsel dated November 9, 2016 is attached.

The Debtors will be responsible for the reasonable legal fees incurred by Chaitons LLP as court-appointed counsel in carrying out its prescribed mandate in the Receivership Proceedings, up to a maximum amount of \$100,000, which shall be funded by the Secured Creditor to Representative Counsel and accounted for as a loan from the Applicant to the Debtors.

If you do not wish to be bound by this Order, you may opt-out of the group in accordance with paragraph 7 of the Order.

Unit Owners may in confidence directly contact Harvey Chaiton at Chaitons LLP, as set out below:

Harvey Chaiton
Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

E: Harvey@Chaitons.com
P: 416-218-1129

SCHEDULE "B"

TO: FTI Consulting Canada Inc.
Receiver of certain assets of Talon International Inc., et. al
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8

Attention: Toni Vanderlaan
Email: Toni.Vanderlaan@fticonsulting.com

AND: Chaitons LLP
TO: 5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Harvey Chaiton
Email: Harvey@chaitons.com

I, _____, am a Unit Owner as defined in the Order dated November 9, 2016.

Under Paragraph 7 of that Order, Unit Owners who do not wish Chaitons LLP to act as their representative counsel may opt out.

I hereby notify you that I do not wish to be bound by the Order and will be represented as an independent individual party at my own expense to the extent I wish to appear in these proceedings.

Date

Signature

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS Court File No: CV-16-11573-00CL
AMENDED, AND SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3 AS

JCF CAPITAL ULC and Talon International Inc. et al.
Applicant Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

ORDER
(Appointing Representative Counsel)

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Lawyers for the Applicant, JCF Capital ULC

Appendix C

Supplementing Appointment Order

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

MONDAY, THE 14th DAY

)
)
JUSTICE HAINEY)

OF NOVEMBER, 2016

BETWEEN:

JCF CAPITAL ULC

Applicant

and

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

Respondents

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

**ORDER
(Supplementing Appointment Order)**

THIS MOTION made by JCF Capital ULC (the “Secured Creditor”) for an Order supplementing the terms of the Order of Mr. Justice Hainey, dated November 1, 2016 (the “Appointment Order”), which, *inter alia* appointed FTI Consulting Canada Inc. as receiver (in

such capacity, the “Receiver”) without security, of certain of the assets, undertakings, properties and legal and beneficial ownership interests of Talon International Inc., Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc., Talon International Development Inc., TFB Inc., 2263847 Ontario Limited, and 2270039 Ontario Limited, was heard this day at 330 University Avenue, Toronto, Ontario.

ON HEARING the submissions and consent of counsel for the Secured Creditor, Northbridge General Insurance Corporation (formerly Lombard General Insurance Company of Canada) (“Northbridge”), the Receiver and the counsel on the counsel slip, attached, no one else appearing,

that, for greater certainty 

SUPPLEMENTS TO APPOINTMENT ORDER

1. **THIS COURT ORDERS** the defined term Property shall exclude the deposit monies received by Harris Sheaffer LLP from time to time from purchasers of Units and accrued interest thereon.

2. **THIS COURT ORDERS** that, notwithstanding Paragraph 10 of the Appointment Order, no trust funds or other funds subject to Trust Claims (as defined in Schedule A of the Appointment Order) shall be disbursed or distributed by Harris Sheaffer LLP, or any other trustee or bailee thereof, without the written consent of the Receiver and Northbridge or further Order of the Court.

3. **THIS COURT ORDERS** that all rights and remedies against Northbridge, in respect of which Northbridge has recourse to the funds subject to the Trust Claims (the “Northbridge Claims”), are hereby stayed and suspended and cannot be continued except with the written consent of the Receiver and Northbridge, or with leave of this Court, provided however, that any Person is able to commence a proceeding in respect of a Northbridge Claim, but once commenced, all such proceedings shall  subject to the stay in this paragraph.



GENERAL

4. **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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Hainey J.

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

NOV 14 2016

PER / PAR:

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APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED, Court File No: CV-16-11573-00CL
AND SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3 AS AMENDED

JCF CAPITAL ULC and Talon International Inc. et al.
Applicant Respondents

ONTARIO

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

Proceeding Commenced at Toronto

**ORDER
(Supplementing Appointment Order)**

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Lawyers for the Applicant, JCF Capital ULC

Appendix D

List of Security Documents

1. Debenture in the principal amount of \$400,000,000 dated October 9, 2007 by Talon International Inc. in favour of BNY Trust Company of Canada, as agent;
2. General Assignment of Leases dated October 9, 2007 between Talon International Inc. and BNY Trust Company of Canada, as agent;
3. General Security Agreement dated June 27, 2012 by 2263847 Ontario Limited in favour of BNY Trust Company of Canada, as agent;
4. General Security Agreement dated June 27, 2012 by 2270039 Ontario Limited in favour of BNY Trust Company of Canada, as agent;
5. General Security Agreement dated October 9, 2007 by Talon International Development Inc. in favour of BNY Trust Company of Canada, as agent;
6. General Security Agreement dated June 27, 2012 by TFB Inc. in favour of BNY Trust Company of Canada, as agent;
7. Pledge of Project Accounts dated June 27, 2012 between 2263847 Ontario Limited and BNY Trust Company of Canada, as agent;
8. Pledge of Project Accounts dated June 27, 2012 between 2270039 Ontario Limited and BNY Trust Company of Canada, as agent;
9. Pledge of Project Accounts dated June 27, 2012 between LB 325 Bay Street Inc. and BNY Trust Company of Canada, as agent;
10. Pledge of Project Accounts dated June 27, 2012 between TFB Inc. and BNY Trust Company of Canada, as agent;
11. Pledge of Project Accounts dated October 9, 2007 between Talon International Inc. and BNY Trust Company of Canada, as agent;
12. Pledge of Project Accounts dated October 9, 2007 between Talon International Inc., BNY Trust Company of Canada, as agent and Raiffeisen Zentralbank Österreich Aktiengesellschaft;
13. Share Pledge Agreement dated June 27, 2012 between Talon International Development Inc. and BNY Trust Company of Canada, as agent, acknowledged by TFB Inc.;
14. Share Pledge Agreement dated August 5, 2011 between Talon International Inc. and BNY Trust Company of Canada, as agent, acknowledged by LB 325 Bay Street Inc.;

15. Share Pledge Agreement dated October 9, 2007 between Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Haddar Development Corp., Exeter Development Inc., Barrel Tower Holdings Inc., Harvester Developments Inc., and BNY Trust Company of Canada, as agent, acknowledged by Talon International Inc.;
16. Share Pledge Agreement dated June 27, 2012 between Midland Development Inc., 2314403 Ontario Limited, 1699558 Ontario Inc. and BNY Trust Company of Canada, as agent, acknowledged by 2263847 Ontario Limited and 2270039 Ontario Limited;
17. Specific Assignment of CCU License Agreement dated June 27, 2012 between Talon International Inc., TFB Inc., BNY Trust Company of Canada, as agent and 2270039 Ontario Limited;
18. Specific Assignment of Restaurant/Bar and Spa License Agreement dated June 27, 2012 between Talon International Inc., TFB Inc., BNY Trust Company of Canada, as agent and 2263847 Ontario Limited;
19. Amended and Restated Assignment of Material Project Agreements dated June 27, 2012 between Talon International Inc., Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Barrel Tower Holdings Inc., Harvester Developments Inc., TFB Inc. and BNY Trust Company of Canada, as agent;
20. Amended and Restated Pledge of Project Accounts dated June 27, 2012 between Talon International Inc. and BNY Trust Company of Canada, as agent;
21. Assignment of Insurance dated October 9, 2007 by Talon International Inc. in favour of BNY Trust Company of Canada, as agent;
22. Assignment of Material Project Agreements dated October 9, 2007 between Talon International Inc., Midland Development Inc., 1456253 Ontario Inc., 2025401 Ontario Limited, Haddar Development Corp., Exeter Development Inc., Barrel Tower Holdings Inc., Harvester Developments Inc. and BNY Trust Company of Canada, as agent; and
23. Assignment of Purchase Agreement dated October 9, 2007 by Talon International Inc. in favour of BNY Trust Company of Canada, as agent, consented to by RNE Realty Limited.