



December 21, 2016

UNREPRESENTED UNIT PURCHASERS
as set out on the
SUPPLEMENTAL SERVICE LIST

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BY EMAIL

Dear Sirs/Mesdames:

**Re: JCF Capital ULC v. Talon International, Inc., et. al (collectively, the
"Respondents")
Court File No.: CV-16-11573
(the "Receivership Proceedings")
IMPORTANT – PLEASE READ CAREFULLY YOUR RIGHTS ARE BEING AFFECTED**

We are counsel to FTI Consulting Canada Inc. in its capacity as court-appointed receiver (the "**Receiver**") of certain assets of the Respondents in the above noted Receivership Proceedings pursuant to an order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made on November 1, 2016, as amended (the "**Appointment Order**").

Pursuant to the Appointment Order the Receiver was granted the power to market and sell the Property (as defined in the Appointment Order) which includes certain assets, undertakings and properties of the Respondents that were acquired for or used in relation to the condominium resident and hotel branded as the Trump International Hotel & Tower located at 311 and 325 Bay Street, Toronto, Ontario, Canada.

The Receiver is bringing a motion (the "**January 4 Motion**") scheduled to be heard by the Court, located at 330 University Avenue, Toronto, Ontario on January 4, 2017 at 10:00 am seeking, among other things, the following relief:

1. authorization for the Receiver to enter into an asset purchase agreement (the "**Stalking Horse Agreement**") with JCF Capital ULC as purchaser (the "**Purchaser**");
2. approval of a sale procedure (the "**Sale Procedure**") with respect to certain of the Property.
3. authorization for the Receiver enter into and approving the marketing and listing agreement between the Receiver and CBRE Limited;

Subject to the approval of the Court, the Receiver and the Purchaser have negotiated the Stalking Horse Agreement. The Stalking Horse Agreement is a "credit bid" by the Purchaser





who is also a secured lender to the Respondents. The Stalking Horse Agreement is intended to provide a "floor price" for the purchased assets. If the Sale Procedure does not result in a superior proposal, the Stalking Horse Agreement will be the successful bid and the Receiver intends to return to Court to seek approval to complete the transaction represented by the Stalking Horse Agreement.

The Stalking Horse Agreement, requires, as a condition to its closing an order of the Court vesting the purchased assets in the Purchaser or its designee free and clear of claims, including without limitation, claims arising under existing unit purchase and sale agreements where title to the applicable unit remains with Talon.

Neither the Stalking Horse Agreement or the Sale Procedure include as assets to be purchased (i) certain deposit monies received by Harris Sheaffer LLP from time to time from proposed purchasers of Units that are held in trust by Harris Sheaffer LLP; or (ii) any Respondents 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.

A copy of the Receiver's motion record for the January 4 Motion (the "**Motion Record**") can be found at the Receiver's website at: <http://cfcanada.fticonsulting.com/talon/>

A copy of the Motion Record will also be emailed to those persons where the Receiver has an email address. If you do not receive it by email, please refer to the Receiver's website or contact the undersigned to obtain a printed copy.

Matters in these Receivership Proceedings, including the January 4 Motion will affect your rights and you are encouraged to seek legal counsel.

Yours truly,

A handwritten signature in blue ink, appearing to read "Jane Dietrich", followed by a long horizontal line.

Jane Dietrich
Partner

JOD/sw