

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**MOTION RECORD OF
CANADIAN UNION PROMOTIONS INC.
(Extension of Time to File a Proposal and approval of stalking horse sales process)
(returnable October 22, 2020)**

October 16, 2020

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TO: THE SERVICE LIST

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Tab 1

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**NOTICE OF MOTION
(Extension of Time to File a Proposal and approval of stalking horse sales process)
(returnable October 22, 2020)**

Canadian Union Promotions Inc. (“CUP”) will make a motion to a judge of the Commercial List at 330 University Avenue, Toronto, Ontario, on Thursday October 22, 2020 at 3:00pm or as soon thereafter as the motion can be heard, via Zoom teleconference, the details for which are set out in the attached **Schedule “A”**.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR an order:

- a. Abridging the time for service of the Notice of Motion and Motion Record in respect of this motion and dispensing with further service thereof;
- b. extending from October 22, 2020 to December 7, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”);
- c. Approving a sale process (the “**Sale Process**”), substantially on the terms appended to the Second Report of the Trustee to be filed, (the “**Second Report**”) and authorizing the Trustee to carry out the Sale Process;
- d. Approving the “stalking horse” asset purchase agreement dated October 16, 2020 (the “**Stalking Horse APA**”) between CUP and Yunion Travels, Inc., as purchaser (the “**Purchaser**”), for the purpose of constituting a stalking horse bid

under the Sale Process;

- e. Approving the Break Fee set out in Section 6.4 of the Stalking Horse APA;
- f. Granting a charge in favour of the Trustee and its counsel over the assets of CUP for fees and disbursements in the amount of \$50,000;
- g. Sealing confidential exhibits “D” and “F” to the Affidavit of Shy Jacoby sworn October 16, 2020; and
- h. such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

- a. CUP is a services company that was incorporated in 2007 and offers physical and software services to trade unions for marketing, management and communications with members;
- b. CUP has approximately 50 clients ranging from small local unions to larger provincial unions such as OPSEU;
- c. CUP is privately owned and currently has 17 employees and 3 contractors;

The BIA filing

- d. On August 8, 2020, CUP filed a notice of intention pursuant to the BIA.
- e. The filing was made necessary by a demand by Royal Bank of Canada (“**RBC**”) for repayment of its operating loan facility in the amount of \$615,199.23 plus Visa card debt in the amount of \$217,098.42;

The first NOI extension

- f. On September 8, 2020, Hainey J. made an order extending the time for CUP for file a proposal to October 22, 2020;
- g. That order was consented to by RBC on the basis that the extension was intended to allow CUP to repay RBC within that extension period, which was the stated intention of CUP;

No success at take out equity or debt financing

- h. Following that order, CUP made several efforts to seek new debt and equity financing in order to attempt to repay the indebtedness owing to RBC, none of which was successful.

Sale of CUP's assets is necessary, valuation report and Stalking Horse APA

- i. In the absence of a change in position of RBC on repayment of its debt, CUP accepts that it is necessary that its assets be sold in order to attempt to generate the maximum recovery for stakeholders (but principally RBC because it is not expected that recoveries from CUP's assets will be sufficient to repay RBC as the first position lender);
- j. CUP has arranged for a certified business valuation expert to provide an opinion on the CUP's business and assets;
- k. Management of CUP has also arranged for the Purchaser as a company related to them to offer the Stalking Horse APA, and the price contained in the Stalking Horse APA is reasonable having regard to the nature of CUP's assets and business and the valuation report;

Terms of the Stalking Horse APA

1. Pursuant to the Stalking Horse APA, the Purchaser has agreed to purchase substantially all of CUP's assets and assume its equipment lease contracts and obligations as well as the employees of CUP as follows:
 - (i) Purchase Price: \$250,000.00 plus assumed liabilities in the equipment leases;
 - (ii) Contracts: The Purchaser intends to assume all customer contracts of CUP and agrees to be responsible for any cure costs in connection with the assignment of equipment leases;
 - (iii) Conditions: The only condition of any substance is the granting of an approval and vesting order;
 - (iv) Break Fee: The Purchaser will be entitled to a break fee in the amount of \$7,500 in the event that CUP closes a transaction with a different buyer after auction;

The Sale Process

- m. In connection with the Stalking Horse APA, the Trustee will conduct the Sale Process to solicit higher or better offers than those set out in the Stalking Horse APA;
- n. The material terms of the Sale Process are as follows:
 - (i) Within 5 business days of the granting of the sale process order, the Proposal Trustee will advertise the process in the *National Post* (National Edition) and begin making available to interested parties who have signed confidentiality agreements a data room with relevant information;
 - (ii) Bidders must submit bids in writing to the Proposal Trustee no later than 5pm (Toronto time) on November 23, 2020 (the “**Bid Deadline**”);
 - (iii) Among other things, in order for a bid to qualify as a “qualified bid”, it must be on terms no less favourable than and no more burdensome than the

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Stalking Horse APA, must not contain any provision for a break fee or expense reimbursement and must contain a purchase price that is at least \$250,000 plus the \$7,500 break fee and an additional increment of \$5,000 (i.e. \$262,500);

- (iv) The Proposal Trustee will determine whether any offers are “qualified bids” and should the Proposal Trustee receive one or more qualified bids, the Proposal Trustee will schedule and conduct an auction not more than 5 business days after the Bid Deadline (the “**Auction**”);
 - (v) Upon selection of a successful bid, CUP will seek Court approval of the successful bid within ten business days following the Auction; and
 - (vi) If no qualified bids are received by the Bid Deadline, no Auction will be held and CUP will seek Court approval to finalize the transaction contemplated under the Stalking Horse APA with the Purchaser;
- o. The proposed Sale Process order will allow the process for solicitation of interest on an expedited basis;
 - p. The Trustee is recommending that the Sale Process be approved by the Court on the basis that it is an effective strategy to maximize the value of CUP’s business and assets, and in the view of the Proposal Trustee, the Stalking Horse APA will provide a benchmark for the realization of the Companies’ business and assets, while at the same time providing a forum and deadline to permit and encourage any serious alternative bidders to come forward with firm offers as part of a going concern transaction;

NOI extension

- (v) CUP has acted and is acting in good faith and with due diligence, as more fully set out in the affidavit of S. Jacoby, the founder, the president, and a director of CUP, filed in support of this motion, and the first report of the Trustee, to be filed;

Charge for the Trustee’s fees and expenses

[6]

- (vi) While CUP has been able to operate without debtor in possession financing during the NOI process to date, the heightened costs to be incurred by the Trustee during the sales process will likely exceed CUP's ability to pay for those costs out of cash flow, such that a charge in favour of the Trustee for its fees and expenses is appropriate as a cost of realizing on the assets of CUP for the benefit of all creditors, including RBC;

Sealing order

- (vii) The disclosure of the confidential exhibits prior to the conclusion of a process to dispose of CUP's assets may have the effect of impairing the Sale Process or any other method by which CUP's assets may be sold;

Statutory provisions

- (viii) Sections 50.4(9), 64.2 and 65.13(1), (5) and (7) of the BIA.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The affidavit of Shy Jacoby sworn September 4, 2020;
- (b) The affidavit of Shy Jacoby sworn October 16 2020;
- (c) The second report of the Trustee to be filed; and
- (d) Such further and other evidence as counsel may advise and this Honourable Court may permit.

[7]

DATE: October 16, 2020

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Lawyers for Canadian Union Promotions Inc.

TO: THE SERVICE LIST

Schedule “A”

Conference Details to join Motion via Zoom

Join Zoom Meeting

<https://zoom.us/j/94197859228?pwd=MOVok0lFY284Q29SU0JZWnhjRytidz09>

Meeting ID: 941 9785 9228

Passcode: 641930

One tap mobile

+13126266799,,94197859228#,,,,,0#,,641930# US (Chicago)

+13462487799,,94197859228#,,,,,0#,,641930# US (Houston)

Dial by your location

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Germantown)

Meeting ID: 941 9785 9228

Passcode: 641930

Find your local number: <https://zoom.us/u/apKLQxD2U>

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

Estate No. 31-2663507

***ONTARIO*
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**NOTICE OF MOTION
(Extension of Time to File a Proposal and approval
of stalking horse sales process)
(returnable October 22, 2020)**

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Tab 2

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**AFFIDAVIT OF SHY JACOBY
(sworn October 16, 2020)**

I, Shy Jacoby, of the Town of Maple, Ontario, **MAKE OATH AND SAY:**

1. I am the founder, the president, and a director of Canadian Union Promotions Inc. (“CUP”), and as such have knowledge of the matters attested herein. In preparing this affidavit, I consulted with legal, financial and other advisors of CUP and other members of CUP’s management. Where this affidavit is on information and belief, I have stated the source of that information and believe it true.
2. The affidavit is in support of a motion by CUP for an order:
 - a) extending from October 22, 2020 to December 7, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”),
 - b) approving a sale process,
 - c) approving the “stalking horse” asset purchase agreement dated October 16, 2020 between CUP and Yunion Travels, Inc. as purchaser (the “**Purchaser**”) for the purpose of constituting a stalking horse bid under the sale process,
 - d) granting a charge in favour of the Trustee, and
 - e) sealing confidential exhibits “D” and “F” to this Affidavit.

[2]

3. I make this Affidavit further to my Affidavit sworn September 4, 2020 (the “**September 4 Affidavit**”), which remains true and is included in CUP’s Motion Record.

I. OVERVIEW OF CUP

4. The following overview is substantially the same as set out in my Affidavit sworn September 4, 2020.
5. CUP was incorporated on November 7, 2007, as appears from a corporation profile report for CUP that was Exhibit “A” to the September 4 Affidavit.
6. CUP’s business is to offer physical and software products and services that assist trade unions, notably in their marketing, management and communications. CUP started off offering promotional materials such as shirts, pens and banners. It then expanded its activities to the creation of various software solutions specifically tailored for unions, including a membership management and grievance platform, as well as a comprehensive communications platform, a mobile application, website services, and a members’ portal, in addition to providing managed (expert) services and support.
7. CUP has approximately 50 clients, ranging from small, local unions (representing from 250 to 50,000 workers) to provincial unions (representing from 20,000 to 150,000 workers). CUP works for example with the Ontario Public Service Employees Union, which represents approximately 150,000 workers.
8. As of today, CUP has 17 employees and 3 contractors. It is a private company primarily owned by myself and family members.

II. CAUSES OF INSOLVENCY

9. Around 2014, after years of experience working with union clients, learning about their needs and collecting their feedback, I identified an opportunity for CUP to grow by developing a scalable, comprehensive software platform specifically tailored to address the special needs of unions and their members with regard to, among other things, management, duties, and communications. Such platform would also allow CUP to both

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continue to service larger, national-level union clients, but also the smaller and medium size union clients who operate either regionally or as a union local.

10. The development of such a platform began around 2014. From this time, CUP has been growing, hiring more people, acquiring new clients and perfecting its software. CUP's plan was to launch a final product in early 2020 and initiate a large-scale marketing initiative.
11. In the middle of 2018, as part of its growth, CUP secured its first comprehensive loan facility with what was intended to become a long-time financial partner, the Royal Bank of Canada ("**RBC**"). The loan structure includes a revolving demand facility that was initially \$650,000 and later increased to \$850,000, a Visa facility, and the execution by CUP of a general security agreement in favour of RBC. A copy of the loan documentation was collectively attached as Exhibit "B" to the September 4 Affidavit.
12. In 2019, CUP experienced a setback in the loss of the Power Workers Union as a major client, which CUP believes was the result of a change in leadership at that union. In addition, the new leadership of that union has withheld payment of an account payable to CUP of more than \$1 million, which sets back CUP's financial situation. Attempts to secure payment of that receivable were strongly resisted, with the Power Workers Union retaining Blake, Cassels & Graydon LLP to oppose all attempts made by CUP's counsel to collect payment.
13. In the fall of 2019, RBC placed CUP into special loans. CUP worked with RBC special loans to reduce the amount of the operating line from \$850,000 to \$650,000.
14. By the end of 2019, CUP had gained considerable momentum, and was potentially months away from a product release after years of work and investment. But in early 2020, the effects of the COVID-19 worldwide pandemic reached Canada. As union offices dramatically reduced their attendance and activities, the demand for CUP's services likewise diminished, and the economic situation forced CUP to temporarily downsize its operations. Further, the COVID-19 restrictions eroded most if not all hopes for a short-term launch of the new software product.

[4]

15. During this COVID crisis, CUP has been proactively streamlining its expenses in an effort to limit its losses. Among other things, the company cut its management's compensation by deferring executive salaries from January through August, negotiated lease payment deferrals through October, and restructured the rent for CUP's leased premises. CUP also applied for and was approved into the federal government's temporary wage subsidy program.
16. Thanks to those efforts, CUP remained cashflow positive, as appears from the first 13-week cashflow statement for the weeks starting August 21, 2020 to November 13, 2020, that was attached as Exhibit "C" to the September 4 Affidavit.
17. Moreover, despite the decline in revenues occasioned by the COVID-19 pandemic, CUP's line of credit with RBC has remained current in principal and interest. In fact, in the course of 2019, CUP had reduced its maximum borrowing ability under the RBC facility by \$200,000.
18. However, RBC asserted that CUP did go in default under the RBC loan facility in the summer of 2020 when its borrowing ratios exceeded those allowed as of December 31, 2019, CUP's last financial year-end. RBC also advised that the Visa cards had exceeded their maximum balances.
19. The advice from RBC about being over on the Visa cards was news to CUP. When Elena Jacoby contacted Visa card services to discuss what RBC told CUP about the Visa cards, she was told that Visa had ceased notifications during the first few months of the COVID-19 restrictions.
20. Despite further communications with RBC special loans, on July 29, 2020, RBC's lawyers served CUP with a demand letter and a notice pursuant to section 244 of the BIA, copies of which were attached as Exhibit "D" to the September 4 Affidavit, demanding an immediate payment of \$832,297.65 in principal and interests, plus costs and expenses, and reserving the right to put CUP into receivership.

[5]

21. For those reasons, and following consultations with the Trustee as well as legal and other advisors, it was determined that CUP was insolvent, and that the best option available to it was to effect a financial restructuring through the notice of intention process of the BIA, allowing the company to continue as a going concern which is to the benefit of all its stakeholders.
22. Accordingly, on August 8, 2020, the Trustee filed with the Official Receiver, on behalf of CUP, a notice of intention to make a proposal to creditors (“NOI”), a copy of which was attached as Exhibit “E” to the September 4 Affidavit.

III. THE FIRST EXTENSION OF TIME TO FILE A PROPOSAL

23. Following the filing of the NOI, CUP had continued to:
 - i. operate its business and serve its clients to the best of its ability while complying with social distancing and personal protection measures and best practices,
 - ii. follow-through with the expense limitation measures described above,
 - iii. actively work with the Trustee to evaluate its financial position and restructuring options, including to build the 13-week cashflow and other financial models, and
 - iv. with the assistance of the Trustee, work towards locating and negotiate with lenders or equity participants to replace RBC going forward.
24. Following the NOI, the main focus of CUP’s restructuring efforts had been to obtain the financing of an acceptable exit for RBC and to locate an alternative lender with which to build a constructive relationship going forward.
25. At that point, CUP was not considering a sale of assets or its business. CUP was however evaluating whether and how to monetize its \$1,000,000+ account receivable from the Power Workers Union discussed above, including through litigation funding.
26. Leading up to the first NOI extension period, CUP had been managing its business from its revenues and paying its professional advisors through cash on hand. It accordingly did

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not seek any “debtor-in-possession financing” or the creation of any administration or other charge priming RBC’s or any creditor’s rights.

27. It is important to note that the payments on equipment loans with RBC do not appear to have been withdrawn from CUP’s bank account by RBC after the filing of the NOI. That was, however, not as a result of anything that CUP did. Instead, that seems like it was the continuation of a lease payment postponement that RBC had already initiated prior to the NOI filing due to the pandemic.
28. I am advised by Brendan Bissell, counsel for CUP in these proceedings, that prior to the first NOI extension motion he had been in contact with counsel for RBC by email. In an email exchange, a copy of which is attached as **Exhibit “A”**, counsel for RBC advised that:

Subject in all respects to seeing satisfactory motion materials from your client and/or the proposal trustee, as applicable, RBC is prepared to support one 45-day stay extension of the NOI proceedings, provided that no request is made at any time for the granting of any prior-ranking Court charges to RBC’s position (whether administration charge, D&O charge, DIP charge or otherwise) and that the intention is to see RBC’s position be paid out in full by no later than the end of the 45-day stay extension period.

RBC does not intend to support any further stay extension request beyond the one 45-day request now being proposed.

29. In response, Mr. Bissell advised “Your client’s position matches the request so I think we are set to proceed.”
30. As a result, Justice Hainey issued an endorsement and Order extending the NOI period to October 22, 2020, copies of which are attached as **Exhibits “B” and “C”**.

IV. ATTEMPTS TO ARRANGE NEW DEBT OR EQUITY FINANCING

31. Following the September 8, 2020 NOI extension, CUP continued its efforts to attempt to find new debt or equity financing in order to repay RBC, which was and remains the only factor that made CUP have to file under the BIA.

32. CUP made contact with the following lenders, either directly or through the assistance of the Trustee, in attempts to secure new financing, the details of which are as follows:
- a) CUP engaged the PricewaterhouseCoopers Capital Finance LLC to prepare a Confidential Information Memorandum to provide to interested lenders or equity participants. A copy of that document is attached as **Confidential Exhibit “D”**. CUP asks that this document be sealed pending the completion of a sales process so that its disclosure without adequate confidentiality restrictions on recipients does not jeopardize the realizable value of CUP’s asset.
 - b) CUP contacted Sallyport Commercial Finance in August, which provided a proposal for lending against eligible accounts receivable. This was not viable because the level of CUP’s accounts receivable is typically not large, with the exception of the Power Workers Union receivable that would not have qualified for financing. Since most of CUP’s accounts receivable are paid within a short period, the financing would also have just added loan and administration fees to diminish cash flow at a time when CUP’s revenues are already down due to the impact of the pandemic.
 - c) CUP contacted Lazarus Litigation Funding. The offer that was made was for a loan of an amount much less than the debt to RBC in exchange for a significant percentage of the receivable from the Power Workers Union, which would not have achieved repayment of the loan to RBC in time and would have impaired recovery to the CUP due to the fees payable.
 - d) Hans Rizarri of the Trustee advises that he contacted Accord Financial. Mr. Rizarri advises that Accord was unwilling to provide a loan other than a small debtor-in-possession loan to go in first position, which would not have allowed repayment of the amounts due to RBC.
 - e) Hans Rizarri of the Trustee advises that he contacted the commercial lending group of Bank of Montreal. Mr. Rizarri advises that, due to CUP’s business being primarily in the provision of services and most of its hard assets already being encumbered by leases, a loan would not be possible.

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- f) CUP was in contact with Upper Stage Capital about a possible loan and/or equity injection. They advised that due to other pending commitments they would be unable to consider a loan or equity placement before the first quarter of 2021.
- g) CUP contacted its existing shareholders as well as parties who are friendly to it in order to attempt to get non-institutional lending. The timeframe and current circumstances of CUP's position in special loans at RBC while undergoing revenue shrinkage due to the pandemic did not permit any successful agreements to be reached.
- h) CUP was put in touch by the Trustee with CFR Solutions Inc., which offered an engagement on October 13, 2020 to find replacement financing, which Hans Rizarri of the Trustee explained was expected to involve a high commitment fee, a high rate of interest above 18% per annum, and a requirement for collateral security and/or guarantees. Given the present circumstances of CUP, such a high rate of interest would be untenable beyond a very short period of time, and the current credit markets do not seem like they will permit lending to a business like where CUP is at present for a longer period than that. Moreover, there are no guarantees for RBC's current facilities, so the prudence of this offer is doubtful.
- i) CUP contacted Liquid Capital Advance Corporation in September on a referral from Business Development Corporation. They provided a proposal for Debtor in Possession financing for an amount less than the RBC debt, and which would also go against the position of RBC that this type of financing would not be appropriate.
- j) CUP contacted Business Development Corporation for financial relief during COVID generally, who advised that they did not receive an acknowledgement from RBC to support any government of Canada lending programs during COVID-19 so nothing could be made available.

V. CONSIDERATION OF ALTERNATIVES – THE STALKING HORSE OFFER

- 33. In light of the lack of success to date in securing any new equity or lending to repay RBC, CUP discussed its options with its counsel and with the Trustee.

34. As a result of those discussions, I concluded on behalf of CUP that there is no feasible way to repay the amounts being demanded by RBC within the timeframes it has stipulated (i.e. by October 22, 2020 when the first NOI extension expires). While the outstanding receivable against the Power Workers Union would, if collected, provide enough funds to repay RBC, it appears that it will be necessary to pursue that claim through litigation, which will take months if not years to get to any results – all of which is much longer than the timeline that RBC demands.
35. As a result, I further concluded that the only remaining step forward is to agree to sell CUP's assets and business in an attempt to repay as much of the debt owing to creditors, which I expect will be principally if not exclusively RBC given the likely recoveries, from that process. I do not expect
36. In considering and discussing possible sale options with counsel and with the Trustee, it occurred to me that the business of CUP is likely worth more than its hard assets. I came to that conclusion because, among other things, CUP has remained largely current on its cash flow even during the NOI process and the impacts of the pandemic, which to me suggests that CUP's business has a chance to remain viable and to grow again once the impact of the pandemic eases.
37. I and Tim Hirasawa of CUP therefore approached some of the existing shareholders and friends of CUP (who we had approached about a possible loan or equity injection to repay RBC) about making an offer for CUP's assets and business. As a result of those discussions, the Purchaser, which is an existing company that is related to CUP, has been organized with new shareholders to provide financing to make the offer in the asset purchase agreement dated October 16, 2020 of purchasing CUP's assets for \$250,000 plus assumption of CUP's equipment leases. A copy of that offer is attached as **Exhibit "E"**.
38. Before the Purchaser made that offer, CUP commissioned a valuation report by a certified business valuator, a copy of which is attached as **Confidential Exhibit "F"**. CUP asks that this document be sealed pending the completion of a sales process so that its disclosure does not jeopardize the realizable value of CUP's asset.

39. In discussions with the valuator, I asked why the value of CUP's revenue that was included in the valuation was lower than CUP's actual revenue. I was told that the reason for this is that only the revenue from ongoing contracts (mostly for the provision of software services) would be valued by an arm's length purchaser, and that the other revenue that CUP gets from month to month for marketing or promotional material orders would not be recognized, even though that revenue is a significant component of CUP's revenue.
40. I believe that the price of the stalking horse offer of the Purchaser represents an appropriate level of recovery for the creditors of CUP, bearing in mind:
- a) The valuation report's conclusions; and
 - b) The nature of CUP's business as primarily a services business without much inventory or hard assets that are not already encumbered by things like equipment leases.
41. I also believe that the stalking horse offer represents a way to protect CUP's 17 employees and 3 contractors, all of whom will be out of work if CUP goes bankrupt and its business does not continue.

VI. FURTHER COMMUNICATOINS WITH RBC

42. Once I came to the conclusions noted above about the necessity of a sale process for CUP and the feasibility of a stalking horse offer, I instructed Mr. Bissell to contact counsel for RBC to discuss those issues.
43. Mr. Bissell advises that he spoke with counsel for RBC and sent the email attached as **Exhibit "G"**.
44. In response counsel for RBC sent the email attached as **Exhibit "H"**.
45. The terms of what RBC proposed in that email were and are not acceptable to CUP. CUP is prepared to ensure that RBC receives a fair recovery for the assets subject to its security given that RBC has now made demand and a repayment of RBC's loan does not seem

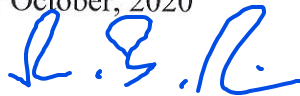
[11]

possible with takeout financing or new equity. CUP and its principals are not, however, prepared to grant RBC more security or collateral than it took when it made the loan and in particular when RBC made demand on that loan in the middle of a pandemic.

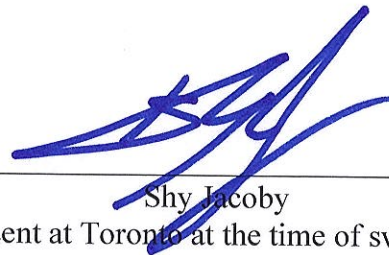
VII. NOI EXTENSION AND CHARGE FOR TRUSTEE'S FEES

46. CUP has updated its 13 week cash flow projections, a copy of which is attached as **Exhibit "I"**.
47. If not for the increased level of expense now necessary for the Trustee to conduct and oversee the proposed sales process, CUP would still be in a cash flow positive situation as shown in the projections. The Trustee has advised, however, that it requires a charge in order to ensure payment of its fees, and that similar fees would be incurred by any other licenced insolvency trustee whether acting as trustee in bankruptcy or as a receiver for RBC.
48. As part of its cash flow management, CUP has been and remains current on its HST and source deduction obligations.

SWORN BEFORE ME via Zoom at the City of
Toronto, in the Province of Ontario, this 16th day
of October, 2020



Commissioner for taking affidavits
(present at Toronto at the time of swearing)

Shy Jacoby
(present at Toronto at the time of swearing)

Tab A

This is **Exhibit “A”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020

A handwritten signature in blue ink, appearing to be 'R. B. C.', is written across the middle of the exhibit box.

A Commissioner, etc.

Brendan Bissell

From: Brendan Bissell
Sent: Tuesday, September 01, 2020 7:48 PM
To: Ian Aversa
Cc: Joel Turgeon; Jeremy Nemers
Subject: Re: Canadian Union Promotions and RBC

Thanks, Ian. Your client's position matches the request so I think we are set to proceed. I will see about court time on Sept. 8 and will let you know.

Regards,
 Brendan

R. Brendan Bissell
 Office: [\(416\) 597-6489](tel:4165976489) | Mobile: [\(416\) 992-4979](tel:4169924979)
 Sent from my iPhone

On Sep 1, 2020, at 7:44 PM, Ian Aversa <iaversa@airdberlis.com> wrote:

Thanks for your email, Brendan.

Subject in all respects to seeing satisfactory motion materials from your client and/or the proposal trustee, as applicable, RBC is prepared to support one 45-day stay extension of the NOI proceedings, provided that no request is made at any time for the granting of any prior-ranking Court charges to RBC's position (whether administration charge, D&O charge, DIP charge or otherwise) and that the intention is to see RBC's position be paid out in full by no later than the end of the 45-day stay extension period.

RBC does not intend to support any further stay extension request beyond the one 45-day request now being proposed.

A&B would be available to attend at a virtual hearing on September 8<x-apple-data-detectors://0> (if you are able to schedule a hearing for that date). We look forward to confirmation of the hearing date from you, together with receipt from you of motion materials on reasonable advance notice.

Thanks.

On Aug 28, 2020, at 12:25 PM, Brendan Bissell <bissell@gsnh.com> wrote:

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Ian: I'm writing to update you on this matter and to seek the bank's input on NOI extension.

The cash flow projections were (of course) filed, which took place on August 16. I am not sure if you or RBC have copies yet, so am attaching them here. I note that they bear out the company's belief that it

can operate without requiring DIP borrowing, which is probably helpful to the bank (leaving aside that for a services business like this, maintaining operations may be the best way to obtain the highest recovery for all stakeholders, including the bank).

The company remains in discussions with a number of possible lenders. I know that a term sheet has been received from a factoring company, but that is not currently favoured as it will not assist with taking out RBC, which is the company's main objective. Discussions are also underway with a litigation funding company to deal with the large outstanding receivable owing by a former client of the company (the Power Workers Union) in the amount of >\$1 million, which we are told arises from a change in leadership at the union and hence a political fight with the company as someone who head dealt with the now-deposed leadership. Monetizing that claim would assist in paying down/out RBC. Discussions with more conventional lenders are underway with the assistance of the proposal trustee.

The 30 day NOI stay period will expire at end of day on Tuesday Sept. 8. My instructions are to seek a stay extension of 45 days (only – no admin. or DIP charges or any other relief will be sought), so I would like to inquire of you what position the bank will take, and if you do (or might) want to attend on the motion what your availability is like on Tues. Sept. 8.

As well, and as I mentioned earlier, if the bank would like any further details or documents, my client is more than happy to respond to reasonable requests. My client and I appreciate the cooperation of the bank so far and wish to continue in that manner.

Regards,
Brendan

R. Brendan Bissell
<<http://gsnh.com/>>
<image001.jpg>
Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct 416 597 6489 | Fax 416 597 3370 | Mobile: 416 992 4979 |
www.gsnh.com<<http://www.gsnh.com/>>
Assistant | Karen Jones | 416 597 9922 ext. 101 | jones@gsnh.com<<mailto:jones@gsnh.com>>

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<cash flow statement signed.pdf>
<Form 29 signed.pdf>
<Form 30 signed.pdf>
<Uploaded Cash Flow Statement Aug.16.2020.pdf>
<Uploaded - Form 29 & 30 - Aug.16.2020.pdf>

Tab B

This is **Exhibit “B”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020

A handwritten signature in blue ink, appearing to be 'R. B. R.', is written across the middle of the box.

A Commissioner, etc.

Court File Number: 31-2663507Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Canadian Union Plaintiff(s)
AND
Promobrain Defendant(s)

Case Management ☐ Yes ☐ No by Judge: _____

Counsel	Telephone No:	Facsimile No:

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
☐ Adjourned to: _____
☐ Time Table approved (as follows):

① This Motion was heard
by videoconference due
to Covid-19.
② I am satisfied that
The motion should be

Date

Judge's Signature

☐ Additional Pages _____

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

granted on the terms
of the attached
order.

(3) The order is effective
today. It does not
have to be entered.

Haring
September 8, 2020

Tab C

This is **Exhibit “C”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020

A Commissioner, etc.

Estate No. 31-2663507

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

THE HONOURABLE MR.)	TUESDAY, THE 8 TH
)	
JUSTICE HAINEY)	DAY OF SEPTEMBER, 2020

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

**ORDER
(Extension of Time to File a Proposal)**

THIS MOTION by Canadian Union Promotions Inc. (“CUP”) for an order extending from September 7, 2020 (effectively September 8, 2020 on account of the Labour Day holiday) to October 22, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”), was heard this day at 330 University Avenue, Toronto, Ontario, via Zoom teleconference.

ON READING the affidavit of Shy Jacoby sworn September 4, 2020 and the First Report of the Trustee dated September 4, 2020 (the “**First Report**”) and upon hearing the submissions of counsel for CUP, Royal Bank of Canada, and those other parties present, if any, as indicated in the counsel slip, no other parties being present although duly served as appears from the affidavit of service of Karen Jones sworn September 4, 2020.

- 2 -

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the First Report and the motion record in respect of this motion is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which CUP may file a proposal be and is hereby extended to October 22, 2020.

3. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

A handwritten signature in cursive script, appearing to read "Hainey J.", is written over a horizontal line. The signature is fluid and stylized, with a large loop at the end.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN BUSINESS CORPORATIONS ACT

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

ORDER
(Extension of Time to File a Proposal)
(returnable September 8, 2020)

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V6

R. Brendan Bissell - LSUC #: 40354V
Tel: (416) 597-6489
Fax: (416) 597-3370

**Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)**

Lawyers for Canadian Union Promotions Inc.

Tab E

This is **Exhibit “E”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020



A Commissioner, etc.

ASSET PURCHASE AGREEMENT

This Agreement is made as of the 16th day of October, 2020.

BETWEEN:

**CANADIAN UNION PROMOTIONS INC. (the
“Vendor”)**

and

YOUNION TRAVELS, INC., a company incorporated
under the laws of the Province of Ontario

(the “**Purchaser**”)

RECITALS

A. On August 3, 2020, the Vendor filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and appointed Crowe Soberman Inc. as proposal trustee (the “**Trustee**”);

B. Subject to the approval of a Judge of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the Vendor wishes to sell and the Purchaser wishes to purchase on an “as is, where is basis” all of the right, title and interest, if any, of the Vendor in the Purchased Assets (as defined below) pursuant to the terms and conditions of this Agreement;

C. As part of the sales procedure contemplated herein, the Vendor shall obtain an Order of the Court (the “**Sale Process Order**”), substantially in the form attached as Schedule “A” hereto, approving this Agreement as a stalking horse bid and approving the procedures set out herein for marketing and selling the Vendor’s assets (the “**Stalking Horse Approval Terms**”).

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (1) **Alternative Transaction** has the meaning set forth in Section 6.4(1);
- (2) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time; provided that this agreement shall constitute an offer, as set out in Section 2.1, until accepted by the Vendor;
- (3) **Approval and Vesting Order** means an Order of the Court, substantially in the form attached as Schedule “B” hereto, providing for, among other things, the vesting in and to the

Purchaser of all of the right, title and interest, if any, of the Vendor in and to the Purchased Assets, free and clear of all liens, charges and encumbrances, except Permitted Encumbrances;

- (4) ***Assumed Contracts*** means those Contracts listed in Schedule “C” hereto;
- (5) ***Assumed Liabilities*** means those Assumed Liabilities listed in Schedule “D” hereto;
- (6) ***BIA*** has the meaning set forth in Recital A;
- (7) ***Break Fee*** has the meaning set forth in Section 6.4(1);
- (8) ***Business Day*** means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed in Toronto, Ontario, Canada;
- (9) ***Contracts*** means any written, but not oral, contracts, personal property leases, real property leases, licenses from any Person, service contracts, distributor agreements and any other similar written agreement between any of the Vendor and any Person relating in any way to the Purchased Assets;
- (10) ***Court*** has the meaning set forth in Recital B;
- (11) ***Closing*** means the completion of the Transaction;
- (12) ***Closing Date*** means the second (2nd) Business Day following the date on which the Approval and Vesting Order is granted or such later or earlier date as agreed to by the parties or if there is a separate order required to assign any of the Assumed Contracts then the Closing Date shall mean the second (2nd) Business Day following the date on which such subsequent assignment order is granted;
- (13) ***Continuing Employees*** has the meaning set forth in Section 3.7;
- (14) ***Cure Costs*** means the amount of all monetary defaults, if any, existing in respect of any Assumed Contracts that are required to be paid in order to obtain the consent necessary to permit an assignment under Section 3.2 of this Agreement or pursuant to section 84.1 of the BIA;
- (15) ***Encumbrances*** means all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging or creating a security interest in the Purchased Assets or any part thereof or interest therein, and any agreements, leases, options, easements, rights-of-way, restrictions, executions or other encumbrances, including notices or other registrations in respect of any of the foregoing, affecting title to the Purchased Assets or any part thereof or interest therein.;
- (16) ***ETA*** means the *Excise Tax Act* (Canada);
- (17) ***Excluded Liabilities*** means any liabilities not expressly assumed under the terms of this Agreement and, for greater certainty but without in any way limiting the generality of the foregoing, includes any liabilities in respect of employees of any of the Vendor other than Continuing Employees who accept offers of employment from the Purchaser;

- (18) **Governmental Authority** means any Canadian federal, provincial, state, municipal or local, or other government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body, or any comparable body to the foregoing in the United States of America, having jurisdiction over the Purchased Assets;
- (19) **GST/HST** means taxes, interest, penalties and fines imposed under Part IX of the ETA;
- (20) **Inventory** means all inventories relating to each Vendor's business including, without limitation, work-in-progress, samples, goods-in-transit, finished goods, raw materials and equipment replacement parts;
- (21) **Permitted Encumbrances** means those encumbrances set out on Schedule "E" hereto;
- (22) **Person** means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning;
- (23) **Purchased Assets** has the meaning set forth in Section 3.1(1);
- (24) **Purchase Price** has the meaning set forth in Section 3.3;
- (25) **Sale Process** has the meaning set forth in Section 5.1(1);
- (26) **Sale Process Order** has the meaning set forth in Recital E;
- (27) **Stalking Horse Approval Terms** has the meaning set forth in Recital E;
- (28) **Time of Closing or Closing Time** means 2:00 p.m. Toronto time on the Closing Date or as otherwise determined by mutual agreement of the parties in writing;
- (29) **Transaction** means the transaction of purchase and sale contemplated by this Agreement; and
- (30) **Transfer Taxes** has the meaning set forth in Section 3.6(2);

1.2 Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections, subsections and further subdivisions of sections of this Agreement.

1.3 Extended Meanings

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including without limitation."

1.4 Statutory References

Each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

1.5 Schedules

The following are the Schedules to this Agreement:

Schedule “A” – Draft Sale Process Order

Schedule “B” – Draft Approval and Vesting Order

Schedule “C” – Assumed Contracts

Schedule “D” – Assumed Liabilities

Schedule “E” – Permitted Encumbrances

Schedule “F” – Allocation of Purchase Price

Schedule “G” – Sale Process

SECTION 2 – OFFER

2.1 Offer

Subject to satisfaction of the conditions set out in Sections 6.1, 6.2 and 6.3 hereof, this Agreement, once executed by the Purchaser, shall constitute a valid and binding offer to purchase by the Purchaser.

SECTION 3 – SALE AND PURCHASE

3.1 Sale and Purchase of Purchased Assets

(1) Subject to the terms and conditions of this Agreement, on the Closing Date, the Vendor shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase from the Vendor, all of the right, title and interest of the Vendor, if any, in and to all of the properties, assets and undertakings of the Vendor (collectively, the “**Purchased Assets**”) including, but not limited to:

- (a) all accounts receivable, trade accounts, book debts and insurance claims relating to the Vendor’s business, recorded as receivable in the books and records and all other amounts due to the Vendor, including refunds and rebates;
- (b) any claim, right or interest of the Vendor in or to any refund, rebate, abatement or other recovery for taxes paid by or on behalf of the Vendor, together with any interest due thereon or penalty rebate arising therefrom, for any tax period (or portion thereof);
- (c) all deposits and prepaid charges and expenses of the Vendor;

- 5 -

- (d) all Inventory;
- (e) all machinery and equipment, including all computer equipment;
- (f) all furniture, trade fixtures and other chattels owned by the Vendor, including those in possession of third parties;
- (g) all books and records, in electronic form or otherwise, used in connection with the Vendor's business;
- (h) all intangible personal property of the Vendor, including, without limitation, the following:
 - (i) business and trade names, corporate names, brand names and slogans;
 - (ii) all mobile applications, servers and related software;
 - (iii) all inventions, patents, patent rights, patent applications, utility models and all equivalent or similar rights anywhere in the world;
 - (iv) all registered and unregistered trade-marks (including the goodwill attaching to such trade-marks), service marks, trade names, trade dress, logos, business, corporate and product names and slogans and registrations and applications for trade-marks;
 - (v) all copyrights in copyrightable works, all non-copyrightable works, and all other rights of authorship, worldwide, and all applications, registrations and renewals in connection therewith; and
 - (vi) all licenses (end-user or otherwise) of the intellectual property listed in items (i) to (v) above;
- (i) all software licences;
- (j) the goodwill associated with the Vendor's business, if any, including the exclusive right of the Purchaser to represent itself as carrying on the business in continuation of and in succession to the Vendor and all rights to use any words indicating that the business is so carried on;
- (k) all right, title and interest of the Vendor in, to and under, and the full benefit of, the Assumed Contracts;
- (l) all choses in action belonging to any Vendor; and
- (m) all other rights, properties and assets of the Vendor, of whatever nature or kind and wherever situated.

3.2 Assumed Contracts

- (1) Subject to the approval of the Court, the Assumed Contracts where consent to such assignment is necessary but has not been obtained beforehand shall be assigned to the Purchaser pursuant to the terms of the Approval and Vesting Order or subsequent order before Closing.
- (2) The Purchaser shall be responsible for all Cure Costs in respect of any Assumed Contracts.
- (3) The Purchaser shall indemnify and hold harmless the Vendor from and against any claims or liabilities arising under or in connection with any of the Assumed Contracts for matters occurring on or after, and which relate to the period on or after the Closing Date.
- (4) Nothing in this Agreement will constitute an agreement to assign or an attempted assignment of any non-assignable rights or any Contracts for which any requisite consent or approval has not been obtained or which as a matter of law or by its terms is not assignable.

3.3 Purchase Price

- (1) The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be the sum of **Two Hundred and Fifty Thousand dollars (\$250,000)**, comprised of:
 - (a) **Twenty-Five Thousand dollar (\$25,000)** deposit to be paid to the Trustee upon acceptance of this Agreement by the Vender, and
 - (b) balance to be paid on closing.

3.4 Payment of Purchase Price.

- (1) The Purchase Price will be satisfied by the Purchaser on Closing as follows:
 - (a) Bank draft or wire transfer to the Trustee or Trustee’s solicitor, in trust.

3.5 Allocation of Purchase Price

The Purchase Price will be allocated among the Purchased Assets by the parties in accordance in the allocation set out in Schedule “F” hereto, and the Vendor and the Purchaser shall each file their respective income tax returns in accordance with that allocation.

3.6 Taxes

- (1) The Vendor and the Purchaser may jointly elect under Subsection 167(1) of the ETA in connection with the purchase and sale of the Purchased Assets. The Purchaser shall file that joint election with the relevant Government Authority in accordance with the requirements of the ETA, and the Vendor hereby authorize the Purchaser and its accountants to file that joint election on behalf of the Vendor.
- (2) The Purchaser will be liable for and shall pay, directly to the relevant government authority, as required, all federal and provincial or state sales taxes, duties or other taxes or

charges payable in connection with the conveyance and transfer of the Purchased Assets to the Purchaser, including GST/HST (if applicable), but excluding any income taxes payable by the Vendor or any other person as a result of the completion of the Transaction (collectively, the “**Transfer Taxes**”), and the Vendor hereby directs the Purchaser to make those payments directly to the relevant government authorities. To the extent any Transfer Taxes are required to be paid by or are imposed upon any of the Vendor, the Purchaser will reimburse to the Vendor such taxes within five Business Days of payment of such taxes by the Vendor. The Purchaser will indemnify and hold the Vendor harmless in respect of any Transfer Taxes, penalties, interest and other amounts that may be assessed against any of the Vendor as a result of the sale of the Purchased Assets.

(3) The Purchaser’s obligations under this Section 3.6 shall survive closing.

3.7 Legal Fees and Costs

The Purchaser shall pay its own legal costs and fees payable in connection with the Transaction, if any.

3.8 Employees of the Vendor

The Purchaser shall provide the Vendor with a list of employees it wishes to offer employment to ten (10) Business Days before Closing (the “**Continuing Employees**”). The employment by the Vendor of all employees other than the Continuing Employees who choose to accept the offer of employment from the Purchaser shall be terminated prior to Closing and the Purchaser shall have no obligations with respect to any employees other than the Continuing Employees who choose to accept the offer of employment.

3.9 Liabilities

Subject to the terms and conditions of this Agreement, on the Closing Date, the Purchaser agrees to assume the Assumed Liabilities. For the avoidance of any doubt, the Vendor and the Purchaser acknowledge that the Purchaser is not assuming any Excluded Liabilities.

SECTION 4 – REPRESENTATIONS AND WARRANTIES

4.1 Vendor’s Representations.

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor is not aware of any action or proceeding pending or threatened against it which may affect its right to convey any of the Purchased Assets or in any way restrain or prohibit the completion of the Transaction;
- (b) the Company is not, and at the time of Closing will not be, a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada);
- (c) subject to the approval of the Court, the Vendor has right, power and authority to market any or all of the Purchased Assets for sale and to sell, convey, transfer,

lease or assign the Purchased Assets in accordance with and subject to the terms and conditions of this Agreement; and

- (d) the Vendor is registered under Part IX of the ETA and the Vendor's HST number is 834153355RT0001.

4.2 Purchaser's Representations.

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation existing under the laws of the Province of Ontario, and has full corporate power and authority to enter into and carry out this Agreement and the Transaction;
- (b) the entering into of this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party and the consummation of the Transaction have been duly authorized by all requisite corporate action;
- (c) other than the Approval and Vesting Order, no approval or consent of and no filing with or application to any Governmental Authority is required for the Purchaser to enter into this Agreement or to complete the Transaction, other than such approvals, consents, filings and applications that have been obtained or made as at the date hereof, copies of which have been provided to the Vendor;
- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (e) the Purchaser has entered into this Agreement and will be completing the Transaction on its own account, not as an agent; and
- (f) the Purchaser is registered under Part IX of the ETA and the Purchaser's HST number is 760529511RT0001.

4.3 "As is, Where is"

(1) The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as the Purchased Assets shall exist on the Closing Date and no adjustments shall be made for any changes in the condition of the Purchased Assets. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets, as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for any particular use or purpose, merchantability, condition, assignability, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell same. Without limiting the generality of the foregoing: (1) any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or

similar legislation in any other jurisdiction do not apply hereto and have been waived by the Purchaser and (2) no representation or warranty is made with respect to the accuracy or completeness of any information provided by the Vendor and their respective officers, directors, employees, and agents, to the Purchaser in connection with this Transaction. The description of the Purchased Assets contained herein is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

(2) The Purchaser shall have reasonable access to the Purchased Assets on reasonable notice to the Vendor for the purposes of conducting inspections prior to the Closing Date.

(3) The Vendor agrees to provide any authorization required to allow the Purchaser's solicitor to perform searches for the purposes of conducting reviews prior to the Closing Date.

4.4 Survival.

The representations and warranties of the parties shall not survive Closing.

SECTION 5– SALE PROCESS

5.1 The Sale Process

(1) On or before October 22, 2020 (or such later date as may be agreed to by the Purchaser), the Vendor shall obtain the Sale Process Order, which shall set out the terms and conditions of and a timetable for a bidding and sale process with respect to the Purchased Assets (the “**Sale Process**”), substantially in the form attached as Schedule “G” hereto.

(2) The Sale Process Order shall recognize this Agreement, and in particular the Purchase Price, as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”), and shall also provide for a marketing process of the Purchased Assets by the Vendor and a competitive bidding procedure, to be administered by the Trustee. The Purchaser acknowledges and agrees that the aforementioned Sale Process is in contemplation of determining whether a materially higher price than that contemplated in the Stalking Horse Bid can be obtained for the Purchased Assets.

5.2 Court-Specified Time Periods

(1) Where any of the time periods specified in Schedule “G” hereof are subject to be established by Court Order, and in the event that the Court establishes a date different than the date set out in this Agreement, then the corresponding date established by such provisions of this Agreement shall be deemed to be amended to accord with the Court established date, provided that no such amendment shall be deemed to have occurred without the express written consent of the Purchaser if the effect of such amendment is to delay the Closing Date by any period greater than 15 days or later than November 30, 2020.

SECTION 6 – CONDITIONS TO CLOSING

6.1 Conditions - Purchaser.

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) the Approval and Vesting Order shall have been issued in a form satisfactory to the Purchaser including, where necessary, the assignment of the Assumed Contracts (or such assignment occurs by separate order following the granting of the Approval and Vesting Order);
- (b) the Vendor shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) the Vendor shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 7.2.

The foregoing conditions are for the exclusive benefit of the Purchaser.

6.2 Conditions - Vendor.

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made as of that time and the Purchaser shall deliver to the Vendor a certificate signed by a representative of the Purchaser to that effect (provided that acceptance of such evidence and the completion of the transaction contemplated hereunder shall not be a waiver of such representations and warranties);
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) the Purchaser shall have delivered or caused to be delivered to the Vendor each of the items listed in Section 7.3.

The foregoing conditions are for the exclusive benefit of the Vendor.

6.3 Conditions – Vendor and Purchaser.

(1) Neither party shall be obligated to complete the transactions contemplated by this Agreement unless the following conditions have been fulfilled:

- (a) the Vendor shall have sought and obtained the Sale Process Order and the Approval and Vesting Order;

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- (b) all necessary corporate steps and proceedings shall have been taken by the parties to permit the execution of this Agreement and performance of each of the parties' obligations hereunder.
- (c) as of the Closing Time, no order shall have been made and no motion, action or proceeding shall be pending, threatened or commenced by any person, government, Governmental Authority, regulatory body or agency in any jurisdiction which restrains or prevents the sale of the Purchased Assets under this Agreement or restricts, prohibits or directs the Vendor not to complete the transaction contemplated by this Agreement and no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other governmental order (whether temporary, preliminary or permanent) which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions or which would otherwise materially adversely affect or interfere with the prosecution of the Purchased Assets following Closing.
- (d) as at the Closing Time, the Purchased Assets shall not have been removed from the control of the Vendor, or any one of them as the case may be, by any means or process (the Purchaser and the Vendor acknowledging and agreeing that if, prior to the Closing Time, the Purchased Assets are removed from the Vendor's control by government action, civil commotion or by order of the Court, or any other cause beyond the Vendor's control, then this Agreement shall automatically be terminated and the provisions of Section 6.6 hereof shall apply *mutatis mutandis*).

The foregoing conditions are for the mutual benefit of both parties and may not be waived by either party.

- (2) The Purchaser acknowledges and agrees that the Sale Process is in contemplation of determining whether one or more qualified bids can be obtained for the Purchased Assets.
- (3) The Vendor covenants that it will use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Section 6.1 and Section 6.3 hereof and the Purchaser covenants to use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Sections 6.2 and 6.3 hereof prior to the times specified therefor.

6.4 Break Fee

- (1) In consideration for the Purchaser's expenditure of time and money in acting as the initial bidder in the stalking horse bid and the preparation and negotiation of this Agreement and subject to the terms and conditions of this Agreement and of the Stalking Horse Approval Terms, upon the closing of a sale and transfer, or a series of sales and transfers, of substantially all of the Purchased Assets to one or more third parties other than the Purchaser (an "**Alternative Transaction**"), or upon the Vendor committing a breach of Section 6.1 entitling the Purchaser to terminate this Agreement, then the Vendor shall pay to the Purchaser a break fee (the "**Break Fee**") of **Seven Thousand, Five Hundred Dollars (\$7,500)**.

(2) Payment of the Break Fee shall be made by the Vendor out of the proceeds of the Alternative Transaction or, if the Agreement is terminated due to a breach of Section 6.1, on the second business day after termination. Upon payment of the Break Fee to the Purchaser, the parties shall have no further obligations to the other under this Agreement.

(3) No Break Fee shall be payable in the event the Vendor terminates this Agreement due to the Purchaser's breach of Section 6.2.

6.5 Non-Satisfaction of Conditions.

(1) If any condition set out in Section 6.1 or Section 6.2 is not satisfied or performed prior to the time specified therefor, the party for whose benefit the condition is inserted may in writing:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

(2) If any condition set out in Section 6.3 is not satisfied or performed prior to the time specified therefor, either the Vendor or the Purchaser may elect on written notice to the other party to terminate this Agreement before Closing.

6.6 Termination Obligations.

(1) If either the Purchaser or the Vendor validly terminates this Agreement in accordance with Section 6.5, then:

- (a) all the obligations of both the Vendor and the Purchaser pursuant to this Agreement shall be at an end; and
- (b) none of the parties shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from the other, except in respect of the Break Fee.

SECTION 7– CLOSING

7.1 Closing.

The completion of the Transaction shall take place at the offices of Clark Farb Fiksel, LLP, 188 Avenue Road, Toronto, ON, solicitors for the Purchaser, in Toronto, Ontario at the Time of Closing or at such other location(s) as are agreed upon by the parties.

7.2 Vendor's Deliveries on Closing.

At or before the Closing Time, upon fulfilment by the Purchaser of all the conditions herein in favour of the Vendor which have not been waived in writing by the Vendor, the Vendor

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shall deliver the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a copy of the issued and entered Approval and Vesting Order;
- (b) a bill of sale, executed by Vendor, conveying to the Purchaser all of the right, title and interest of the Company, if any, in and to the Purchased Assets;
- (c) any assignments of any of the Vendor's rights under the Assumed Contracts required pursuant to this Agreement or the Approval and Vesting Order;
- (d) such notice or notices as the Purchaser may reasonably require to be given to other parties under the Assumed Contracts of the assignment of such Assumed Contracts to the Purchaser, together with directions relating to the performance of obligations under such Assumed Contracts all in such form as the Purchaser may reasonably require;
- (e) executed assignments in respect of the intellectual property of the Vendor, and any other documentation necessary to register or record the assignment of the Vendor's intellectual property to the Purchaser;
- (f) the tax election contemplated by Section 3.6(1), executed by the Vendor;
- (g) all documents and instruments, executed by the Vendor as may be necessary or desirable to convey and transfer title to any of the Purchased Assets located outside of Canada to the Purchaser; and
- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement and convey title to the Purchased Assets to the Purchaser.

7.3 Purchaser's Deliveries on Closing

At or before the Closing Time, upon fulfilment by the Vendor of all the conditions herein in favour of the Purchaser which have not been waived by the Purchaser, the Purchaser shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment of cash consideration contemplated by Section 3.3(1)(b);
- (b) payment or evidence of the payment of the Transfer Taxes, if any;
- (c) an instrument or instruments evidencing the credit bid portion of the Purchase Price;
- (d) an assumption of the Assumed Liabilities;
- (e) the certificate of the Purchaser referenced in Section 6.2(a); and
- (f) the tax election contemplated by Section 3.6(1), executed by the Purchaser;

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- (g) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

7.4 Risk

Until completion of this Agreement on the Closing Date, the Purchased Assets shall be and remain at the risk of the Vendor, except as otherwise provided in this Section 7.4. In the event of any damage to the Purchased Assets on or before the Closing Date, the Purchaser may elect (i) to require the Vendor to repair the Purchased Assets to the same state and condition as it was in at the time this Agreement was entered into in which event the Purchaser will complete the Transaction without an abatement in the Purchase Price; or (ii) to reduce the Purchase Price by an amount equal to the cost required to complete the repair as estimated by an independent qualified architect or engineer retained by the Vendor in which event the Purchaser will complete the Transaction and accept the price reduction equal to such cost; or (iii) if such damage is in excess of \$50,000, to terminate this Agreement and neither party shall have any further rights or obligations under this Agreement.

7.5 Possession of Purchased Assets.

On Closing the Purchaser shall acquire ownership of the Purchased Assets where situate at the Time of Closing provided that in no event shall title to the Purchased Assets pass to the Purchaser until the Approval and Vesting Order is effective.

7.6 Tender.

Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors on the Closing Date.

SECTION 8– GENERAL

8.1 Capacity of the Trustee

The Purchaser acknowledges and agrees that Crowe Soberman Inc. is solely signing this agreement in its capacity as the trustee of the proposal of the Vendor and not in any personal capacity whatsoever.

8.2 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipients as follows:

in the case of the Purchaser:

Younion Travels Inc.
17 Belfield Road
Etobicoke, ON M9W 1E8

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Attention: Shy Jacoby
E-mail: shy@unionmarketing.ca

with a copy to:

Clark Farb Fiksel, LLP
Baristers & Solicitors
188 Avenue Road
Toronto, ON •M5J 2R1

Attention: Ephraim Fiksel
E-mail: efiksel@cfflaw.com

in the case of the Vendor::

Canadian Union Promotions Inc.
17 Belfield Road
Etobicoke, ON M9W 1E8

Attention: Shy Jacoby
E-mail: shy@unionmarketing.ca

with a copies to:

Goldman Sloan Nash and Haber LLP
480 University Avenue, Suite 1600
Toronto, ON M5G 1V2

Attention: Brendan Bissell
Email: bissell@gsnh.com

Crowe Soberman Inc.
Licensed Insolvency Trustee
2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5

Attention: Hans Rizarri
hans.rizarri@crowesoberman.com

Loopstra Nixon LLP
135 Queens Plate Drive, Suite 600
Toronto, ON M9W 6V7

Attention: R. Graham Phoenix
gphoenix@loonix.com

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication shall be conclusively deemed to have been given, if given by personal delivery, on the day of actual delivery thereof if delivered during normal business hours of the recipient on a Business Day and, if given by electronic communication, on the day following the transmittal thereof if transmitted during normal business hours of the recipient on a Business Day and on the second Business Day following the delivery or transmittal thereof if not so delivered or transmitted.

8.3 Time of Essence.

Time shall be of the essence for every provision hereof.

8.4 Expenses.

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, subject to any rights either party may have to have any such fees included in any security held by that party against the assets of the Vendor.

8.5 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

8.6 Further Assurances.

During the thirty (30) day period after the Closing Date, each party shall from time to time execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may, either before or after the Closing, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.7 Entire Agreement.

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.

8.8 Amendments.

This Agreement may only be amended, modified or supplemented by a written agreement signed by the parties.

8.9 Waiver.

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the party to be bound thereby.

8.10 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 Benefit of Agreement.

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.12 Severability.

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

8.13 Counterparts.

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

8.14 Assignment and Enurement

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the forgoing, the Purchaser shall have the right to assign, in whole or in part, its rights to acquire the Purchased Assets hereunder to any affiliate of the Purchaser provided that such assignment shall not release the Purchaser from its obligations under this Agreement.

[signature page follows]

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Dated as of the date first set out above.

YOUNION TRAVELS INC.

Per: 

Name: Shy Jacoby

Title: President

I have the authority to bind the corporation

Accepted this 16th day of October, 2020.

CANADIAN UNION PROMOTIONS INC.

Per: 

Name: Tim Hirasawa

Title: Chief Financial Officer

I have the authority to bind the corporation

**CROWE SOBERMAN INC. in its capacity as
the trustee of the proposal of Canadian Union
Promotions Inc. and not in its personal capacity**

Per: _____

Name: Hans Rizarri

Title: President

I have the authority to bind the corporation

**Schedule “A”
[Draft Sale Process Order]**

Estate No. 31-2663507

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

THE HONOURABLE MR.)	THURSDAY, THE 22 ND
)	
JUSTICE McEWEN)	DAY OF OCTOBER, 2020

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**ORDER
(Approval of Sale Process)**

THIS MOTION, made by Canadian Union Promotions Inc. (“CUP”), pursuant to Section 65.13 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”), for an order, among other things, **(i)** approving a “stalking horse” sale process substantially on the terms set out in Schedule “A” hereto (the “**Sale Process**”), **(ii)** approving the “stalking horse” asset purchase agreement (the “**Stalking Horse APA**”) entered into on October 16, 2020 between the CUP and Younion Travel, Inc., (the “**Purchaser**”), for the purpose of constituting a stalking horse bid under the Sale Process, and **(iii)** approving the break fee (the “**Break Fee**”) set out in Section 6.4 of the Stalking Horse APA, was heard this day via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of CUP, the second report of Crowe Soberman Inc., in its capacity as proposal trustee of CUP (the “**Trustee**”), dated October ■, 2020 (the “**Second Report**”) and the Appendices thereto, as well as the affidavits of Shy sworn September 4 and October 16, 2020 and the Exhibits thereto, and on hearing the submissions of counsel for CUP,

counsel for the Proposal Trustee and counsel for Royal Bank of Canada, no one else appearing although duly served as appears from the Affidavit of Service of ■ sworn October ■, 2020, filed:

SERVICE

1. **THIS COURT ORDERS** that the timing and method of service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated and this Motion is properly returnable today.

2. **THIS COURT ORDERS** that CUP, the Trustee and/or their lawyers are at liberty to serve or distribute this Order and 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 CUP' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of section 3(c) of the *Electronic Commerce Protection Regulations*, SOR/2013-221.

APPROVAL OF SALE PROCESS AND STALKING HORSE APA

3. **THIS COURT ORDERS** that the Sale Process is hereby approved and the Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable (subject to the terms of the Sale Process) to carry out the Sale Process, subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sale Process.

4. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by CUP of the Stalking Horse APA be and is hereby ratified, authorized and approved.

5. **THIS COURT ORDERS** that the Break Fee set out in Section 6.4 of the Stalking Horse APA is approved and that the Stalking Horse APA is hereby approved solely for the purposes of standing as the Stalking Horse Bid in the Sale Process, provided that if the Purchaser is the successful bidder under the Sale Process, implementation of the transaction contemplated by the Stalking Horse APA will be subject to the Court's approval upon further motion by CUP.

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6. **THIS COURT ORDERS** that CUP and the Trustee their respective employees, advisors, agents or other representatives (“**Representatives**”) shall have no personal or corporate liability in connection with the Sale Process.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Trustee, CUP and their Representatives are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their Representatives, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in CUP’s records pertaining to CUP’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the Sale Process (a “**Sale**”). Each Bidder or Representative 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 for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Trustee, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Trustee. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction(s) contemplated in the Winning Bid(s) (as defined in the Sale Process), shall be entitled to use the personal information provided to it that is related to the assets acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by CUP, and shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Trustee.

EXTENSION OF TIME TO FILE A PROPOSAL

8. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which CUP may file a proposal be and is hereby extended to October 22, 2020.

ADMINISTRATION CHARGE

9. **THIS COURT ORDERS** that an Administration Charge over the property of CUP securing the professional fees and disbursements of the Proposal Trustee and its counsel, in the amount of \$50,000 be and hereby is granted and approved.

10. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the property and such Administration Charge shall rank first in priority on the property of CUP.

GENERAL

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist CUP, the Trustee, the Purchaser and their respective 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 CUP and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist CUP and the Trustee and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of CUP, the Trustee and the Purchaser shall be at liberty and are 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.

13. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

Schedule “A” – Sale Process

1. Definitions. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Stalking Horse APA.
2. Advertisement. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall advertise for sale the Purchased Assets in The **National Post (National Edition)** and distribute a teaser document to potential interested parties.
3. Due Diligence. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall make available to prospective purchasers (collectively, the “**Prospective Purchasers**”), upon receipt of an executed confidentiality agreement from a Prospective Purchaser, access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers. The Purchaser may have access to the data room.
4. Bid Deadline. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite 1100 Toronto, ON M4T 2T5, attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00pm (Toronto time) on November 23, 2020 (the “**Bid Deadline**”).
5. Qualified Bid. The Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase substantially all of the Purchased Assets which is substantially the same or better than the Agreement, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - i. the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - ii. the offer must be submitted in writing and include a blackline of the offer to the Agreement, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - iii. the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer;
 - iv. the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;

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- v. the offer must be on terms no less favourable and no more burdensome or conditional than the Agreement and shall not contain any provisions for a break fee or expense reimbursement;
 - vi. the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Agreement;
 - vii. the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources; and
 - viii. the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and **\$5,000**.
6. Auction. Only if the Trustee receives one or more Qualified Bids by the Bid Deadline, the Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Purchaser to attend an auction (the "**Auction**"). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Trustee or virtually by videoconference facility established by the Trustee.
 7. Conduct of the Auction. The Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Trustee determines to facilitate the Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Trustee in its sole discretion.
 8. Winning Bid. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the "**Winning Bid**"), subject to Court approval.
 9. Court Approval of the Winning Bid. The Vendor shall make a motion to the Court to obtain approval of the Winning Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
 10. Court Approval of Agreement if no Qualified Bid. If no Qualified Bid is received by the Bid Deadline (other than the Agreement), the Auction will not be held. Accordingly, the Agreement will be the Winning Bid and the Vendor shall seek, as expeditiously as possible, approval of the Court to consummate the Transaction contemplated by the Agreement, but in no event longer than ten (10) Business Days following the expiry of the Bid Deadline.

11. Return of Deposits. The deposits submitted with all Qualified Bids (except the Winning Bid), shall be held in escrow by the Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Winning Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Winning Bid, the Trustee shall return the deposit submitted with such bid to the bidder that submitted the Winning Bid (the "**Winning Bidder**") forthwith. If the Winning Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Winning Bid, the Trustee shall not have any obligation to return the deposit submitted with the Winning Bid and such deposit shall be retained by the Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
12. Modifications. Subject to the Sale Process Order, the Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in TORONTO**

**ORDER
(Approval of Sale Process)**

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto (ON) M5G 1V2

R. Brendan Bissell – LSUC #: 40354V
Tel: (416) 597-6489
Fax: (416) 597-3370

Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)

Lawyers for Canadian Union Promotions Inc

Schedule "B"
[Draft Approval and Vesting Order]

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	■DAY, THE ■
)	
JUSTICE)	DAY OF NOVEMBER, 2020

**IN THE MATTER OF THE NOTICE OF INTENTION TO
 MAKE A PROPOSAL OF CANADIAN UNION
 PROMOTIONS INC., A CORPORATION INCORPORATED
 UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

APPROVAL AND VESTING ORDER

THIS MOTION, made by Canadian Union Promotions Inc. ("**CUP**") for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**APA**") between CUP and Yunion Travel Inc. (the "**Purchaser**"), dated October 16, 2020 and appended to the report (the "**Report**") of Crowe Soberman Inc. in its capacity as proposal trustee (the "**Trustee**") dated [DATE], and vesting in the Purchaser CUP's right, title and interest in and to the Purchased Assets (as defined in the APA) was heard this day at 330 via Zoom videoconference due to the COVID-19 pandemic..

ON READING the Motion Record of CUP and the Report and on hearing the submissions of counsel for CUP, counsel for the Purchaser and counsel for the Trustee, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE], filed:

14. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meaning given to them in the APA.

15. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by CUP is hereby ratified, with such minor amendments as CUP and the Trustee may deem necessary. CUP and the Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

16. **THIS COURT ORDERS** that CUP is hereby authorized and directed to perform its obligations under the APA and any ancillary documents related thereto.

17. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Trustee's Certificate**"), all of CUP's right, title and interest in and to the Purchased Assets described in the APA (including those assets listed in Schedule "B" hereto) and the proceeds thereof (including for greater certainty, any funds received by the Purchaser on account of any Accounts Receivable but not the Purchase Price proceeds) shall vest in the Purchaser free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts, constructive trusts, deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, claims (including, without limitation, any claim based on any theory that the Purchaser is a successor or continuation of CUP or CUP's business), demands, guarantees, restrictions, contractual commitments, right or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice McEwen dated October 22, 2020 and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**" which term shall not include the Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets..

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18. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

19. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof.

20. **THIS COURT ORDERS** that the Trustee may rely on the written notice from CUP regarding fulfillment of conditions to closing under the APA and shall incur no liability with respect to the delivery of the Trustee's Certificate.

21. **THIS COURT ORDERS** that, provided that the APA has not been terminated, any proposal filed by CUP pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") shall not derogate or otherwise affect any right or obligation of CUP or the Purchaser under the APA unless otherwise agreed by CUP and the Purchaser.

22. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, CUP is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in CUP's records pertaining to CUP's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by CUP.

23. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;

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- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of CUP and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of CUP;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of CUP and shall not be void or voidable by creditors of CUP, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSIGNMENT OF CONTRACTS

24. **THIS COURT ORDERS** that upon delivery of the Trustee's Certificate, (i) all of the rights and obligations of CUP under the Contracts listed in Schedule "C" hereto (collectively, the "**Assigned Contracts**") shall be assigned to the Purchaser pursuant to Section 84.1 of the APA and pursuant to Section 84.1 of the BIA; and (ii) CUP's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances.

25. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of CUP, the commencement of these proceedings under the BIA or any failure of CUP to perform a non-monetary obligation under the Assigned Contracts.

26. **THIS COURT ORDERS** that the Cure Costs for the Assigned Contracts, if any, shall be in the amounts set out in Schedule "C" hereto and that upon Closing, the Purchaser shall pay any Cure Costs as set out therein with respect to each applicable Assigned Contract, in full and final satisfaction of any Cure Costs owing to the counterparty to the applicable Assigned Contract, by no later than the day that is ten (10) business days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

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27. **THIS COURT ORDERS AND DIRECTS** CUP to send a copy of this Order to all of the counterparties to the Assigned Contracts.

SEALING

28. **THIS COURT ORDERS** that the Appendix “■” to the Second Report be sealed from the public record until the closing of the Transaction or further Order of this Court.

GENERAL

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

Schedule A – Form of Trustee’s Certificate

Estate No. 31-2663507

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

- A. Canadian Union Promotions commenced these proceedings by filing a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), on August 8, 2020 (the “**NOI**”).
- B. Crowe Soberman Inc. was named proposal trustee (the “**Proposal Trustee**”) under the NOI.
- C. Pursuant to an Order of the Court dated November ●, 2020, the Court approved the asset purchase agreement made as of ●, 2019 (the “**APA**”) between CUP and Yunion Travel, Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of CUP’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the cash consideration under Section 3.3 of the APA; (ii) that the conditions to Closing as set out in the APA been satisfied or waived by CUP and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.
- D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE PROPOSAL TRUSTEE CERTIFIES the following:

- 2 -

1. CUP and the Purchaser have each delivered written notice to the Proposal Trustee that all applicable conditions under the APA have been satisfied and/or waived, as applicable;
 2. The Proposal Trustee has received the cash consideration under Section 3.3 of the APA; and
 3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
- This Certificate was delivered by the Proposal Trustee at _____ on _____, 2020.

**Crowe Soberman Inc. in its capacity
as Proposal Trustee in the proposal
proceedings of Canadian Union
Promotions Inc., and not in its
personal or corporate capacity**

Per: _____

Name:

Title:

Schedule B – Purchased Assets**CLIENT CONTRACTS**

- Service Contracts

Client Name

1. CUPE 4400
2. CUPE 1734
3. CUPE 1750
4. CUPE 3903
5. CUPE 4156
6. CUPE 2361
7. CUPE 2730
8. CUPE 2191
9. CUPE AC Component
10. CUPE AT Component
11. CUPE 218
12. ETFO Toronto
13. ETFO Peel
14. ETFO OT
15. UNIFOR 707
16. ERFPP
17. CFLPA
18. CFAU
19. CUASA
20. OECTASA
21. USW 5296
22. NSGEU

Schedule C – Assigned Contracts

OBLIGATIONS

- Leases:

Add Capital	27057 · Lease Payable - Add Capital Corp#16739
Add Capital	27058 · Lease payable-Add Capital#16755
AXIOM	27062 · Lease Payable-AXIOM # CAUNI 1
RBC	27034 · Lease Payable-RBC-Lease#35636
RBC	27035 · Lease Payable-RBC-Lease#36647
RBC	27036 · Lease Payable-RBC-Lease#37511
RBC	27042 · Lease Payable-RBC-Lease#39760
Dell	27033 · Lease Payable--Dell-Lease#6030244-006
Dell	27044 · Lease Payable- Dell-Lease#6030244-007
Dell	27050 · Lease Payable- - Dell #6030244-008
Dell	27054 · Lease Payable- - Dell #6030244-009
Grenke	27031 · Lease Payable--Grenke Lease#151-564
Grenke	27041 · Lease Payable--Grenke #151-001541
Grenke	27045 · Lease Payable-- Grenke #151-002178
Grenke	27049 · Lease Payable- - Grenke #151002298
Grenke	27052 · Lease Payable-Grenke#151002624
Grenke	27053 · Lease Payable-Grenke#151-002941
Grenke	27059 · Lease Payable--Grenke#151-003229
Grenke	27060 · Lease Payable--Grenke#151-03157
Indcom	27056 · Lease Payable-Indcom#14826
Gould	27055 · Lease Payable-Gould#09369
National	27040 · Lease Payable--National #2864851
LBC Capital	27061 · Lease Payable- - LBC Capital #53399
LBC Capital	27063 · Lease Payable- -LBC Capital #54923

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in TORONTO**

APPROVAL AND VESTING ORDER

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto (ON) M5G 1V2

R. Brendan Bissell – LSUC #: 40354V
Tel: (416) 597-6489
Fax: (416) 597-3370

Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)

Lawyers for Canadian Union Promotions Inc

**Schedule “C”
Assumed Contracts**

[Purchaser to advise if any by no later than ■, 2020.]

CLIENT CONTRACTS

- **Service Contracts**

Client Name

1. CUPE 4400
2. CUPE 1734
3. CUPE 1750
4. CUPE 3903
5. CUPE 4156
6. CUPE 2361
7. CUPE 2730
8. CUPE 2191
9. CUPE AC Component
10. CUPE AT Component
11. CUPE 218
12. ETFO Toronto
13. ETFO Peel
14. ETFO OT
15. UNIFOR 707
16. ERF
17. CFLPA
18. CFAU
19. CUASA
20. OECTASA
21. USW 5296
22. NSGEU

**Schedule “D”
Assumed Liabilities**

[Purchaser to advise if any by no later than ■, 2020.]

OBLIGATIONS

• Leases:

Add Capital	27057 · Lease Payable - Add Capital Corp#16739
Add Capital	27058 · Lease payable-Add Capital#16755
AXIOM	27062 · Lease Payable-AXIOM # CAUNI 1
RBC	27034 · Lease Payable-RBC-Lease#35636
RBC	27035 · Lease Payable-RBC-Lease#36647
RBC	27036 · Lease Payable-RBC-Lease#37511
RBC	27042 · Lease Payable-RBC-Lease#39760
Dell	27033 · Lease Payable--Dell-Lease#6030244-006
Dell	27044 · Lease Payable- Dell-Lease#6030244-007
Dell	27050 · Lease Payable- - Dell #6030244-008
Dell	27054 · Lease Payable- - Dell #6030244-009
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Grenke	27059 · Lease Payable--Grenke#151-003229
Grenke	27060 · Lease Payable--Grenke#151-03157
Indcom	27056 · Lease Payable-Indcom#14826
Gould	27055 · Lease Payable-Gould#09369
National	27040 · Lease Payable--National #2864851
LBC Capital	27061 · Lease Payable- - LBC Capital #53399
LBC Capital	27063 · Lease Payable- -LBC Capital #54923

**Schedule “E”
Permitted Encumbrances**

None.

Schedule “F”
Allocation of Purchase Price

Exact allocation of Purchase Price subject to further discussion
among the Vendor and, the Purchaser.

Schedule "G"

Sale Process

1. Definitions. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement.
2. Advertisement. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall advertise for sale the Purchased Assets in The **National Post (National Edition)** and distribute a teaser document to potential interested parties.
3. Due Diligence. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall make available to prospective purchasers (collectively, the "**Prospective Purchasers**"), upon receipt of an executed confidentiality agreement from a Prospective Purchaser, access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers. The Purchaser may have access to the data room.
4. Bid Deadline. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite 1100 Toronto, ON M4T 2T5, attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00pm (Toronto time) on November 23, 2020 (the "**Bid Deadline**").
5. Qualified Bid. The Trustee in its sole discretion shall determine whether any offers are "**Qualified Bids**". A Qualified Bid shall mean an offer to purchase substantially all of the Purchased Assets which is substantially the same or better than the Agreement, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - i. the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror's chief officer or other appropriate senior executive's approval of the contemplated transaction must be submitted with the offer;
 - ii. the offer must be submitted in writing and include a blackline of the offer to the Agreement, reflecting the Prospective Purchaser's proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - iii. the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer;
 - iv. the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;

- v. the offer must be on terms no less favourable and no more burdensome or conditional than the Agreement and shall not contain any provisions for a break fee or expense reimbursement;
 - vi. the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Agreement;
 - vii. the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources; and
 - viii. the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and **\$5,000**.
6. Auction. Only if the Trustee receives one or more Qualified Bids by the Bid Deadline, the Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Purchaser to attend an auction (the "**Auction**"). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Trustee or virtually by videoconference facility established by the Trustee.
7. Conduct of the Auction. The Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Trustee determines to facilitate the Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Trustee in its sole discretion.
8. Winning Bid. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the "**Winning Bid**"), subject to Court approval.
9. Court Approval of the Winning Bid. The Vendor shall make a motion to the Court to obtain approval of the Winning Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
10. Court Approval of Agreement if no Qualified Bid. If no Qualified Bid is received by the Bid Deadline (other than the Agreement), the Auction will not be held. Accordingly, the Agreement will be the Winning Bid and the Vendor shall seek, as expeditiously as possible, approval of the Court to consummate the Transaction contemplated by the Agreement, but in no event longer than ten (10) Business Days following the expiry of the Bid Deadline.

11. Return of Deposits. The deposits submitted with all Qualified Bids (except the Winning Bid), shall be held in escrow by the Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Winning Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Winning Bid, the Trustee shall return the deposit submitted with such bid to the bidder that submitted the Winning Bid (the "**Winning Bidder**") forthwith. If the Winning Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Winning Bid, the Trustee shall not have any obligation to return the deposit submitted with the Winning Bid and such deposit shall be retained by the Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
12. Modifications. Subject to the Sale Process Order, the Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

Tab G

This is **Exhibit “G”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020



A Commissioner, etc.

Brendan Bissell

From: Brendan Bissell
Sent: Monday, October 05, 2020 3:06 PM
To: Ian Aversa
Cc: Jeremy Nemers
Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

Hi Ian: Thanks for your email. I do acknowledge that those are your current instructions and your client's position. I will be asking for a different position, but you are being clear that you will need to tell me that the position is changing before that is the case.

As I mentioned when we spoke, my client is looking to do something here that may represent something better for all parties, including the bank. My client accepts that the equity and debt markets are not currently in a position where there is going to be a viable way to take out RBC (whether by Oct. 22 or later), and that unless RBC's position on repayment changes then the only option left is for the company to sell its assets. That said, however, the company's belief is that a going concern sale is likely to generate much higher revenues (all of which would go to the bank as the ranking secured creditor, unless there is a need to fund proposal trustee fees for a sales process through a charge, which I will discuss and let you know about if so) than a liquidation, particularly since the company remains cash flow positive even in the pandemic. Being essentially a services company with few assets with much equity (the main assets are leased by RBC), a bankruptcy and forced liquidation is likely to lead to substantial losses on RBC's loan.

The management of the company is interested in submitting a stalking horse offer (accepting that any offer needs to go through a public sales process) and the company is arranging for a CBV to prepare a report on both the liquidation and going concern values of the company so that bank (and the court) can have a sense of the appropriateness of an offer. As you and I discussed, with the uncertainty of the pandemic on business operations, any idea I could personally offer on value right now would be really little more than an informed guess, so a CBV report will be a better indication of value, which my client is prepared to share with the bank (on the obvious understanding that it be kept confidential and that the bank will not be a bidder, which it of course cannot be under its regulatory framework).

I will also lastly note the other point that I mentioned when we spoke – namely that the handling of the claim that the company has against the Power Worker's Union for ~\$1.2M is something that the company is prepared to discuss with the bank. The company has not yet started proceedings on that, but only because it wants to get the input of the bank on that. Counsel has been engaged to do so if desired (Sean Dewart, because his firm is active in the union space and having a "pro-union" firm go after the PWU is considered better to avoid political issues). Whether that claim would be part of what is purchased in a stalking horse offer is also something that can be discussed. That claim may merit special attention because a recovery of even 75% of the amount at issue would be enough to repay the bank in full.

I expect that whether the bank might be prepared to consider something like this will depend on at least two things that we do not yet know: (1) the CBV valuation, and (2) the amount that a stalking horse offer would be. I will get those to you as soon as possible, likely in a week, but in the interim if you or the bank have any other questions please let me know. The reason for sending this email is an attempt to be as transparent as possible with the bank, both because the bank has to date been cooperative to date (for which my client and I are appreciative) and also because my client and I think that the economics of the situation support this approach.

Regards,
 Brendan

R. Brendan Bissell



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:416-597-6489) | Fax [416 597 3370](tel:416-597-3370) | Mobile: [416 992 4979](tel:416-992-4979) | www.gsnh.com

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:416-597-9922) | jones@gsnh.com

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From: Ian Aversa <iaversa@airdberlis.com>
Sent: October 5, 2020 2:36 PM
To: Brendan Bissell <bissell@gsnh.com>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

Hi Brendan,

Further to our call today, our instructions remain as set out in my email to you below (which, again, are consistent with our past discussions and correspondence, including our submissions to the Court), namely, that our client, RBC, is not prepared to support a further extension by the Company and expects payout of all credit facilities (including leases) by the end of the NOI period on October 22.

Thanks.

Ian Aversa

T 416.865.3082
M 416.509.3822
F 416.863.1515
E iaversa@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com



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From: Ian Aversa
Sent: October-04-20 9:28 PM
To: Brendan Bissell <bissell@gsnh.com>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

Today was my daughter's second birthday. I couldn't make it work. Can you give some times that work for you tomorrow.

On Oct 4, 2020, at 12:55 PM, Brendan Bissell <bissell@gsnh.com> wrote:

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Ian: Couldn't make your window last night. What's your time like today for a call (c 10-15 minutes I'm guessing)?

R. Brendan Bissell

Office: [\(416\) 597-6489](tel:4165976489) | Mobile: [\(416\) 992-4979](tel:4169924979)

Sent from my iPhone

On Oct 3, 2020, at 4:02 PM, Ian Aversa <iaversa@airdberlis.com> wrote:

I will be available a few hours from now

On Oct 3, 2020, at 2:06 PM, Brendan Bissell <bissell@gsnh.com> wrote:

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Hi Ian: Just tried you but got voicemail. I'm more or less just running errands this afternoon, so give me a should if/when convenient on this?

Regards,
Brendan

R. Brendan Bissell

<<http://gsnh.com>>

<image001.jpg>

Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct 416 597 6489 | Fax 416 597 3370 | Mobile: 416 992 4979 |

www.gsnh.com<<http://www.gsnh.com>>

Assistant | Karen Jones | 416 597 9922 ext. 101 | jones@gsnh.com<<mailto:jones@gsnh.com>>

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From: Brendan Bissell

Sent: October 2, 2020 9:26 PM

To: Ian Aversa <iaversa@airdberlis.com>

Cc: Jeremy Nemers <jnemers@airdberlis.com>

Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

Thanks, Ian. Sorry, have a thing with my family tonight. Will call tomorrow.

R. Brendan Bissell

Office: (416) 597-6489<[tel:\(416\)%20597-6489](tel:(416)%20597-6489)> | Mobile: (416) 992-4979<[tel:\(416\)%20992-4979](tel:(416)%20992-4979)>

Sent from my iPhone

On Oct 2, 2020, at 8:21 PM, Ian Aversa

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If you want to discuss further, you can call my cell anytime. 416.509.3822. Thanks.

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I will advise the Bank to disregard the email below from Mahak Goel.

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I do, however, want to discuss this matter with you when you have a moment over the next few days, because I think I have a clearer idea of where this is going and want to go over that with RBC (through you) so that options for how it proceeds can take into account RBC's preferences to the extent possible, and so that ample time is given to answer any questions.

We will need to be back in court on or before Oct 22, which is now only 20 days away, so that will creep up on us quickly.

Regards,
Brendan

R. Brendan Bissell

<<http://gsnh.com/>>

<image002.jpg><<http://gsnh.com/>>

Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct 416 597 6489 | Fax 416 597 3370 | Mobile: 416 992 4979 |

www.gsnh.com<<http://www.gsnh.com/><<http://www.gsnh.com/%3chttp://www.gsnh.com/>>>

Assistant | Karen Jones | 416 597 9922 ext. 101 |

jones@gsnh.com<<mailto:jones@gsnh.com><<mailto:jones@gsnh.com/%3cmailto:jones@gsnh.com>

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From: Ian Aversa <iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com>>>

Sent: Thursday, October 01, 2020 12:13 PM

To: Brendan Bissell <bissell@gsnh.com<<mailto:bissell@gsnh.com>>>

Cc: Jeremy Nemers <jnemers@airdberlis.com<<mailto:jnemers@airdberlis.com>>>

Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

Thanks. Look forward to hearing from you.

Ian Aversa

T 416.865.3082

M 416.509.3822

F 416.863.1515

E iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com>%3c<mailto:iaversa@airdberlis.com>>>>>

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<image003.png>

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 To: Ian Aversa
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 Cc: Jeremy Nemers
 <jnemers@airdberlis.com<<mailto:jnemers@airdberlis.com><<mailto:jnemers@airdberlis.com>%3c<mailto:jnemers@airdberlis.com>>>>>>>
 Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

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Apologies for the oversight, Ian. Let me take that up with the company and get back to you.

R. Brendan Bissell

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Hi Brendan,

Following up on our email below, which has gone unanswered.

Can we please hear from you.

Thanks.

Ian Aversa

T 416.865.3082

M 416.509.3822

F 416.863.1515

E iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>>

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Toronto, Canada M5J 2T9 | [airdberlis.com](http://www.airdberlis.com)<<http://www.airdberlis.com/>>

<image001.png>

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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Jeremy Nemers

Sent: September-22-20 1:03 PM

To: Brendan Bissell

<bissell@gsnh.com<<mailto:bissell@gsnh.com><<mailto:bissell@gsnh.com%3cmailto:bissell@gsnh.com>>>>>>>

Cc: Ian Aversa

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>>>>

Subject: Fwd: CANADIAN UNION PROMOTIONS SRF 197977416

Hi Brendan,

RBC has received the below email, which has now been forwarded to our client at Special Loans. As you know, your client has four outstanding leases (not two), and is required to payout all credit facilities (in addition to the leases) by the end of the NOI period on October 22. Can you please confirm whether the below request is because of an imminent intention to payout the bank on these two leases well-prior to the October 22 deadline, with an additional payout on all other facilities to follow, and if so, the timing of both?

Moving forward, we would also ask that communications be exchanged through counsel instead of through the bank.

Thanks,

Jeremy

Sent from my iPhone

Begin forwarded message:

From: Mahak Goel [<mailto:mahak@unionmarketing.ca>]
 Sent: Wednesday, September 16, 2020 3:43 PM
 To: EFSC Lease Docs Central
leasedocscentral@rbc.com<<mailto:leasedocscentral@rbc.com><<mailto:leasedocscentral@rbc.com>
[m%3cmmailto:leasedocscentral@rbc.com](mailto:leasedocscentral@rbc.com)>>>
 Subject: RBC Leasing - #35636 RBC Leasing - #36647

Hello

We would like to execute the buyout for the following leases. Can you please confirm the buyout amount.

RBC Leasing - #35636

RBC Leasing - #36647

Best Regards,
 Mahak Goel CPA, CMA
 Director of Finance

17 Belfield Road
 Etobicoke, ON M9W 1E8
 Phone : 416 628 4287 Ext. 315
 Fax: 905 856 4274
www.unionmarketing.ca<<http://www.cupromotions.ca><<http://www.unionmarketing.ca>%3c<http://www.cupromotions.ca>>>
mahak@unionmarketing.ca<<mailto:elena@cupromotions.ca>>ting.ca<<http://ting.ca><<mailto:mahak@unionmarketing.ca>%3c<mailto:elena@cupromotions.ca>%3c<http://ting.ca>>>

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.

Tab H

This is **Exhibit “H”** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020

A handwritten signature in blue ink, consisting of stylized, cursive letters that appear to read 'R. S. R.' followed by a horizontal line.

A Commissioner, etc.

Brendan Bissell

From: Jeremy Nemers <jnemers@airdberlis.com>
Sent: Wednesday, October 07, 2020 10:31 AM
To: Brendan Bissell
Cc: Ian Aversa
Subject: RE: CANADIAN UNION PROMOTIONS
Attachments: Re: Canadian Union Promotions and RBC

Hi Brendan,

The position of our respective clients was very clear, as reflected in the attached email exchange from September 1, 2020. RBC made it clear that it would only support one stay extension (which has now been granted) if, amongst other things, *"the intention is to see RBC's position be paid out in full by no later than the end of the 45-day stay extension period,"* and on the further express understanding that *"RBC does not intend to support any further stay extension request beyond the one 45-day request."* You responded that RBC's position *"matches the request"* made by your client.

Simply put, your client secured RBC's support for the first stay extension on the above terms, and your client is now seeking to withdraw from the very commitments upon which such support was granted. Such conduct is disappointing, and falls short of the good faith threshold for a debtor in creditor protection. This is in addition to your client's failure to provide any update to RBC as to what efforts, if any, your client has taken during the 45-day extension to obtain replacement financing.

RBC is not prepared to consider any further stay extension based on the status quo. At this stage, if your client is seeking additional time to repay RBC in full before a deemed bankruptcy occurs, RBC will require that its security position be improved as follows:

- a) your client must resume making the regular monthly payments, retroactive to the beginning of October, on each of its four leases with RBC (and sign the corresponding lease amendment/extension agreements);
- b) someone on your client's behalf must provide a \$1 million written guarantee and postponement of claim, on RBC's standard paper, supported by a corresponding \$1 million collateral charge on real property and certificate of independent legal advice, all to RBC's satisfaction; and
- c) the foregoing must be reflected in a credit amending and forbearance agreement to be entered into amongst our respective clients and the proposed guarantor, which, subject to RBC's standard terms and conditions for an agreement of such nature (which my firm would draft), would provide for a forbearance period equal to the lesser of six months, the end of the NOI proceedings and the occurrence of an intervening event under the forbearance agreement.

Please let us know if there is any appetite for the foregoing. In any event, absent the foregoing being finalized by the close of business on Tuesday, October 13, 2020, RBC will oppose any proposed continuation of the debtor's NOI proceedings.

Thanks, and regards,

Jeremy Nemers
Aird & Berlis LLP

T 416.865.7724
 E jnemers@airdberlis.com

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From: Brendan Bissell [<mailto:bissell@gsnh.com>]
Sent: October 5, 2020 3:06 PM
To: Ian Aversa <iaversa@airdberlis.com>
Cc: Jeremy Nemers <jnemers@airdberlis.com>
Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Hi Ian: Thanks for your email. I do acknowledge that those are your current instructions and your client's position. I will be asking for a different position, but you are being clear that you will need to tell me that the position is changing before that is the case.

As I mentioned when we spoke, my client is looking to do something here that may represent something better for all parties, including the bank. My client accepts that the equity and debt markets are not currently in a position where there is going to be a viable way to take out RBC (whether by Oct. 22 or later), and that unless RBC's position on repayment changes then the only option left is for the company to sell its assets. That said, however, the company's belief is that a going concern sale is likely to generate much higher revenues (all of which would go to the bank as the ranking secured creditor, unless there is a need to fund proposal trustee fees for a sales process through a charge, which I will discuss and let you know about if so) than a liquidation, particularly since the company remains cash flow positive even in the pandemic. Being essentially a services company with few assets with much equity (the main assets are leased by RBC), a bankruptcy and forced liquidation is likely to lead to substantial losses on RBC's loan.

The management of the company is interested in submitting a stalking horse offer (accepting that any offer needs to go through a public sales process) and the company is arranging for a CBV to prepare a report on both the liquidation and going concern values of the company so that bank (and the court) can have a sense of the appropriateness of an offer. As you and I discussed, with the uncertainty of the pandemic on business operations, any idea I could personally offer on value right now would be really little more than an informed guess, so a CBV report will be a better indication of value, which my client is prepared to share with the bank (on the obvious understanding that it be kept confidential and that the bank will not be a bidder, which it of course cannot be under its regulatory framework).

I will also lastly note the other point that I mentioned when we spoke – namely that the handling of the claim that the company has against the Power Worker's Union for ~\$1.2M is something that the company is prepared to discuss with the bank. The company has not yet started proceedings on that, but only because it wants to get the input of the bank on that. Counsel has been engaged to do so if desired (Sean Dewart, because his firm is active in the union space and having a "pro-union" firm go after the PWU is considered better to avoid political issues). Whether that claim would be part of what is purchased in a stalking horse offer is also something that can be discussed. That claim may merit special attention because a recovery of even 75% of the amount at issue would be enough to repay the bank in full.

I expect that whether the bank might be prepared to consider something like this will depend on at least two things that we do not yet know: (1) the CBV valuation, and (2) the amount that a stalking horse offer would be. I will get those to you as soon as possible, likely in a week, but in the interim if you or the bank have any other questions please let me know. The reason for sending this email is an attempt to be as transparent as possible with the bank, both because the bank has to date been cooperative to date (for which my client and I are appreciative) and also because my client and I think that the economics of the situation support this approach.

Regards,
 Brendan

R. Brendan Bissell



Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct [416 597 6489](tel:416-597-6489) | Fax [416 597 3370](tel:416-597-3370) | Mobile: [416 992 4979](tel:416-992-4979) | www.gsnh.com

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:416-597-9922) | jones@gsnh.com

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From: Ian Aversa <iaversa@airdberlis.com>

Sent: October 5, 2020 2:36 PM

To: Brendan Bissell <bissell@gsnh.com>

Cc: Jeremy Nemers <jnemers@airdberlis.com>

Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

Hi Brendan,

Further to our call today, our instructions remain as set out in my email to you below (which, again, are consistent with our past discussions and correspondence, including our submissions to the Court), namely, that our client, RBC, is not prepared to support a further extension by the Company and expects payout of all credit facilities (including leases) by the end of the NOI period on October 22.

Thanks.

Ian Aversa

T 416.865.3082

M 416.509.3822

F 416.863.1515

E iaversa@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com



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From: Ian Aversa

Sent: October-04-20 9:28 PM

To: Brendan Bissell <bissell@gsnh.com>

Cc: Jeremy Nemers <jnemers@airdberlis.com>

Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

Today was my daughter's second birthday. I couldn't make it work. Can you give some times that work for you tomorrow.

On Oct 4, 2020, at 12:55 PM, Brendan Bissell <bissell@gsnh.com> wrote:

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Ian: Couldn't make your window last night. What's your time like today for a call (c 10-15 minutes I'm guessing)?

R. Brendan Bissell
Office: [\(416\) 597-6489](tel:4165976489) | Mobile: [\(416\) 992-4979](tel:4169924979)
Sent from my iPhone

On Oct 3, 2020, at 4:02 PM, Ian Aversa <iaversa@airdberlis.com> wrote:

I will be available a few hours from now

On Oct 3, 2020, at 2:06 PM, Brendan Bissell <bissell@gsnh.com> wrote:

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Hi Ian: Just tried you but got voicemail. I'm more or less just running errands this afternoon, so give me a should if/when convenient on this?

Regards,
Brendan

R. Brendan Bissell
<<http://gsnh.com>>
<image001.jpg>
Suite 1600 | 480 University Avenue | Toronto ON | M5G 1V2

Direct 416 597 6489 | Fax 416 597 3370 | Mobile: 416 992 4979 |
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 Cc: Jeremy Nemers <jnemers@airdberlis.com>
 Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

Thanks, Ian. Sorry, have a thing with my family tonight. Will call tomorrow.

R. Brendan Bissell

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R. Brendan Bissell

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Thanks.

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wrote:

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We will need to be back in court on or before Oct 22, which is now only 20 days away, so that will creep up on us quickly.

Regards,
Brendan

R. Brendan Bissell

<<http://gsnh.com/>>

<image002.jpg><<http://gsnh.com/>>

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Assistant | Karen Jones | 416 597 9922 ext. 101 |

jones@gsnh.com<<mailto:jones@gsnh.com><<mailto:jones@gsnh.com/%3cmmailto:jones@gsnh.com>

>>

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Sent: Thursday, October 01, 2020 12:13 PM

To: Brendan Bissell <bissell@gsnh.com<<mailto:bissell@gsnh.com>>>

Cc: Jeremy Nemers <jnemers@airdberlis.com<<mailto:jnemers@airdberlis.com>>>

Subject: RE: CANADIAN UNION PROMOTIONS SRF 197977416

Thanks. Look forward to hearing from you.

Ian Aversa

T 416.865.3082

M 416.509.3822

F 416.863.1515

E iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>

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From: Brendan Bissell [<mailto:bissell@gsnh.com>]

Sent: September-30-20 9:35 PM

To: Ian Aversa

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>

Cc: Jeremy Nemers

<jnemers@airdberlis.com<<mailto:jnemers@airdberlis.com><<mailto:jnemers@airdberlis.com%3cmailto:jnemers@airdberlis.com>>>>

Subject: Re: CANADIAN UNION PROMOTIONS SRF 197977416

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Apologies for the oversight, Ian. Let me take that up with the company and get back to you.

R. Brendan Bissell

Office: (416) 597-6489<[tel:\(416\)%20597-6489](tel:(416)%20597-6489)> | Mobile: (416) 992-4979<[tel:\(416\)%20992-4979](tel:(416)%20992-4979)>

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Hi Brendan,

Following up on our email below, which has gone unanswered.

Can we please hear from you.

Thanks.

Ian Aversa

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M 416.509.3822

F 416.863.1515

E iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>>

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | [airdberlis.com](http://www.airdberlis.com)<<http://www.airdberlis.com/>>

<image001.png>

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.

If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Jeremy Nemers

Sent: September-22-20 1:03 PM

To: Brendan Bissell

<bissell@gsnh.com<<mailto:bissell@gsnh.com><<mailto:bissell@gsnh.com%3cmailto:bissell@gsnh.com>>>>>

Cc: Ian Aversa

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com%3cmailto:iaversa@airdberlis.com>>>>>

Subject: Fwd: CANADIAN UNION PROMOTIONS SRF 197977416

Hi Brendan,

RBC has received the below email, which has now been forwarded to our client at Special Loans. As you know, your client has four outstanding leases (not two), and is required to payout all credit facilities (in addition to the leases) by the end of the NOI period on October 22. Can you please confirm whether the below request is because of an imminent intention to payout the

bank on these two leases well-prior to the October 22 deadline, with an additional payout on all other facilities to follow, and if so, the timing of both?

Moving forward, we would also ask that communications be exchanged through counsel instead of through the bank.

Thanks,

Jeremy

Sent from my iPhone

Begin forwarded message:

From: Mahak Goel [<mailto:mahak@unionmarketing.ca>]
 Sent: Wednesday, September 16, 2020 3:43 PM
 To: EFSC Lease Docs Central
leasedocscentral@rbc.com<<mailto:leasedocscentral@rbc.com><<mailto:leasedocscentral@rbc.com>
[m%3cmmailto:leasedocscentral@rbc.com](mailto:leasedocscentral@rbc.com)>>>
 Subject: RBC Leasing - #35636 RBC Leasing - #36647

Hello

We would like to execute the buyout for the following leases. Can you please confirm the buyout amount.

RBC Leasing - #35636

RBC Leasing - #36647

Best Regards,
 Mahak Goel CPA, CMA
 Director of Finance

17 Belfield Road
 Etobicoke, ON M9W 1E8
 Phone : 416 628 4287 Ext. 315
 Fax: 905 856 4274

www.unionmarketing.ca<<http://www.cupromotions.ca><<http://www.unionmarketing.ca>%3c<http://www.cupromotions.ca>/>>
mahak@unionmarketing.ca<<mailto:elena@cupromotions.ca>>ting.ca<<http://ting.ca><<mailto:mahak@unionmarketing.ca>%3c<mailto:elena@cupromotions.ca>%3c<http://ting.ca>/>>

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.

Tab I

This is **Exhibit "I"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 16th day of October, 2020

A handwritten signature in blue ink, appearing to be 'R. S. R.', is written across the middle of the box.

A Commissioner, etc.

Canadian Union Promotions 13 Week Frst														
Opening Balance	18,839	7,467	22,285	42,131	14,668	53,054	83,323	2,048	453	20,646	17,190	18,413	82,081	18,839
Closing Balance	7,467	22,285	42,131	14,668	53,054	83,323	2,048	453	20,646	17,190	18,413	82,081	82,081	18,839
Week Ending	9-Oct-20	16-Oct-20	23-Oct-20	30-Oct-20	6-Nov-20	13-Nov-20	20-Nov-20	27-Nov-20	4-Dec-20	11-Dec-20	18-Dec-20	25-Dec-20	1-Jan-21	Total
Receivables:														
Accounts Receivable Collections	27,485	202,082	57,500	50,000	114,211	61,774	52,799	50,000	129,632	45,030	131,264	110,000	-	1,031,776
Other Cash-in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CRA Covid-19 wage subsidy	46,933	-	-	-	-	45,000	-	-	-	-	-	-	-	91,933
Total Receivable	74,418	202,082	57,500	50,000	114,211	106,774	52,799	50,000	129,632	45,030	131,264	110,000	-	707,784
Payables:														
Advertising and promotion	-	-	-	1,500	-	-	-	1,500	-	-	-	1,500	-	4,500
Automobile	806	2,007	-	2,207	-	-	2,007	2,207	-	-	2,007	-	2,207	13,446
Computer	-	-	-	1,000	-	-	-	1,000	-	-	-	-	1,000	3,000
Consulting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal & Trustee	5,000	5,000	4,874	-	2,500	2,500	-	-	-	2,500	2,500	-	-	24,874
Insurance	5,552	-	48	-	11,619	-	-	48	11,619	-	-	48	9,712	38,646
Interest and bank charges	626	13,924	-	3,000	3,500	-	13,924	3,000	2,900	609	4,500	3,000	2,500	51,482
HST	445	1,000	-	1,000	2,500	-	1,000	-	2,500	-	1,000	-	1,000	10,445
WSIB and EHT	-	-	-	1,400	-	-	-	1,400	-	-	-	1,400	-	4,200
Occupancy costs	-	24,063	-	(26,875)	-	-	24,063	-	-	-	24,063	-	-	45,313
Office and general	-	-	4,326	300	119	-	3,867	300	62	-	3,867	300	-	13,142
Professional fees	-	1,232	1,960	-	-	18,279	-	-	-	-	-	-	-	21,472
Salaries and benefits	32,960	80,610	-	69,883	-	22,603	47,280	22,603	47,280	22,603	47,280	22,603	47,280	462,985
Telephone	-	3,200	-	-	-	-	3,200	-	-	-	3,200	-	-	9,600
Travel	-	500	-	500	-	-	500	-	500	-	500	-	500	3,000
A/P Vendor payments	918	2,642	5,231	499	5,717	1,783	9,849	468	941	1,166	3,640	-	5,738	38,589
Leases	33,700	29,803	6,214	8,050	29,872	1,339	5,885	9,070	18,636	11,608	4,984	2,481	8,050	169,692
Loan Payment	-	17,500	-	-	-	-	17,500	-	-	-	17,500	-	-	52,500
COGS	5,784	5,784	15,000	15,000	20,000	30,000	5,000	10,000	25,000	10,000	15,000	15,000	-	171,568
Total Payable	(85,790)	(187,264)	(37,654)	(77,463)	(75,826)	(76,505)	(134,074)	(51,596)	(109,438)	(48,486)	(130,040)	(46,333)	(77,986)	(726,171)
Net Cash	(11,373)	14,818	19,846	(27,463)	38,386	30,269	(81,275)	(1,596)	20,193	(3,456)	1,223	63,667	(77,986)	(18,387)
Closing Bank Balance	7,467	22,285	42,131	14,668	53,054	83,323	2,048	453	20,646	17,190	18,413	82,081	4,095	453

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

AFFIDAVIT OF SHY JACOBY
(sworn October 16, 2020)

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V6

R. Brendan Bissell - LSUC #: 40354V
Tel: (416) 597-6489
Fax: (416) 597-3370

**Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)**

Lawyers for Canadian Union Promotions Inc.

Tab 3

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

**AFFIDAVIT OF SHY JACOBY
(sworn September 4, 2020)**

I, Shy Jacoby, of the Town of Maple, Ontario, **MAKE OATH AND SAY:**

1. The affidavit is in support of a motion by Canadian Union Promotions Inc. (“**CUP**”) for an order extending from September 7, 2020 (effectively September 8, 2020 on account of the Labour Day holiday) to October 22, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”).
2. I am the founder, the president, and a director of CUP, and as such have knowledge of the matters attested herein. Where this affidavit is on information and belief, I have stated the source of that information and believe it true. In preparing this affidavit, I consulted with legal, financial and other advisors of CUP and other members of CUP’s management.

I. OVERVIEW OF CUP

3. CUP was incorporated on November 7, 2007, as appears from a corporation profile report for CUP, **Exhibit “A”**.
4. CUP’s business is to offer physical and software products and services that assist trade unions, notably in their marketing, management and communications. CUP started off offering promotional materials such as shirts, pens and banners. It then expanded its activities to the creation of various software solutions specifically tailored for unions, including a membership management and grievance platform, as well as a comprehensive

communications platform, a mobile application, website services, and a members' portal, in addition to providing managed (expert) services and support.

5. CUP has approximately 50 clients, ranging from small, local unions (representing from 250 to 50,000 workers) to provincial unions (representing from 20,000 to 150,000 workers). CUP works for example with the Ontario Public Service Employees Union, which represents approximately 150,000 workers.
6. As of today, CUP has 17 employees and 3 contractors. It is a private company primarily owned by myself and family members.

II. CAUSES OF INSOLVENCY

7. Around 2014, after years of experience working with union clients, learning about their needs and collecting their feedback, I identified an opportunity for CUP to grow by developing a scalable, comprehensive software platform specifically tailored to address the special needs of unions and their members with regard to, among other things, management, duties, and communications. Such platform would also allow CUP to both continue to service larger, national-level union clients, but also the smaller and medium size union clients who operate either regionally or as a union local.
8. The development of such a platform began around 2014. From this time, CUP has been growing, hiring more people, acquiring new clients and perfecting its software. CUP's plan was to launch a final product in early 2020 and initiate a large-scale marketing initiative.
9. In the middle of 2018, as part of its growth, CUP secured its first comprehensive loan facility with what was intended to become a long-time financial partner, the Royal Bank of Canada ("**RBC**"). The loan structure includes a revolving demand facility that was initially \$650,000 and later increased to \$850,000, a Visa facility, and the execution by CUP of a general security agreement in favour of RBC. A copy of the loan documentation is collectively attached as **Exhibit "B"**.

10. In 2019, CUP experienced a setback in the loss of the Power Workers Union as a major client, which CUP believes was the result of a change in leadership at that union. In addition, the new leadership of that union has withheld payment of an account payable to CUP of more than \$1 million, which sets back CUP's financial situation.
11. In the fall of 2019, RBC placed CUP into special loans. CUP worked with RBC special loans to reduce the amount of the operating line from \$850,000 to \$650,000.
12. By the end of 2019, CUP had gained considerable momentum, and was potentially months away from a product release after years of work and investment. But in early 2020, the effects of the COVID-19 worldwide pandemic reached Canada. As union offices dramatically reduced their attendance and activities, the demand for CUP's services likewise diminished, and the economic situation forced CUP to temporarily downsize its operations. Further, the COVID-19 restrictions eroded most if not all hopes for a short-term launch of the new software product.
13. During this COVID crisis, CUP has been proactively streamlining its expenses in an effort to limit its losses. Among other things, the company cut its management's compensation by deferring executive salaries from January through August, negotiated lease payment deferrals through October, and restructured the rent for CUP's leased premises. CUP also applied for and was approved into the federal government's temporary wage subsidy program. Thanks to those efforts, CUP remains cashflow positive, as appears from a 13-week cashflow statement for the weeks starting August 21, 2020 to November 13, 2020, **Exhibit "C"**.
14. Moreover, despite the decline in revenues occasioned by the COVID-19 pandemic, CUP's line of credit with RBC has remained current in principal and interest. In fact, in the course of 2019, CUP had reduced its maximum borrowing ability under the RBC facility by \$200,000.
15. However, according to RBC, CUP did go in default under the RBC loan facility in the summer of 2020 when its borrowing ratios exceeded those allowed as of

December 31, 2019, CUP's last financial year-end. RBC also advised that the Visa cards had exceeded their maximum balances.

16. The advice from RBC about being over on the Visa cards was news to CUP. When Elena Jacoby contacted Visa card services to discuss what RBC told CUP about the Visa cards, she was told that Visa had ceased notifications during the first few months of the COVID-19 restrictions.
17. Despite further communications with RBC special loans, on July 29, 2020, RBC's lawyers served CUP with a demand letter and a notice pursuant to section 244 of the BIA, copies of which are attached as **Exhibit "D"**, demanding an immediate payment of \$832,297.65 in principal and interests, plus costs and expenses, and reserving the right to put CUP into receivership.
18. For those reasons, and following consultations with the Trustee as well as legal and other advisors, it was determined that CUP was insolvent, and that the best option available to it was to effect a financial restructuring through the notice of intention process of the BIA, allowing the company to continue as a going concern which is to the benefit of all its stakeholders.
19. Accordingly, on August 8, 2020, the Trustee filed with the Official Receiver, on behalf of CUP, a notice of intention to make a proposal to creditors, a copy of which is attached as **Exhibit "E"**.

III. EXTENSION OF TIME TO FILE A PROPOSAL

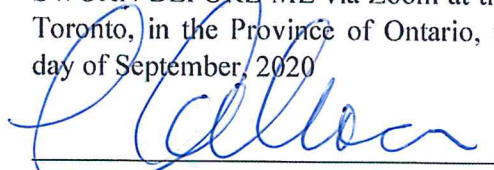
20. As recounted above, CUP has been acting in good faith and with due diligence through the COVID crisis and has continued to do so since the filing of its notice of intention.
21. Among other things, since such filing, CUP has, and continues to:
 - i. operate its business and serve its clients to the best of its ability while complying with social distancing and personal protection measures and best practices,

- ii. follow-through with the expense limitation measures described above,
 - iii. actively work with the Trustee to evaluate its financial position and restructuring options, including to build the Exhibit “C” 13-week cashflow and other financial models,
 - iv. keep communication channels opened with RBC, notably to inform them of CUP’s objective to replace RBC by an alternative lender, as further described below, and to show openness in sharing information to facilitate the transition, and
 - v. with the assistance of the Trustee, work towards locating and negotiate with lenders to replace RBC going forward.
22. As of the date hereof, the main focus of CUP’s restructuring efforts is to obtain the financing of an acceptable exit for RBC and to locate an alternative lender with which to build a constructive relationship going forward.
23. I believe that, once the above is secured and assuming no material adverse change, CUP will be in a position to pay make a proposal to its creditors wherein unsecured claims should be paid a substantial amount of the pre-filing debts owing.
24. At this stage, CUP is not considering a sale of assets or its business. CUP is however evaluating whether and how to monetize its \$1,000,000+ account receivable from the Power Workers Union discussed above, including through litigation funding.
25. CUP is managing its business from its revenues and is paying its professional advisors through cash on hand. It accordingly does not seek any “debtor-in-possession financing” or the creation of any administration or other charge priming RBC’s or any creditor’s rights.
26. I believe that, following the one time event of restructuring expenses, the notice of intention process and a proposal to creditors will allow CUP to remain a going concern, to the benefit of all its stakeholders including its employees, shareholders and creditors. I believe that since CUP is essentially a services company with few hard assets, its prospects through

[6]

continued operation will likely afford greater recovery to creditors than any receivership/liquidation scenario.

SWORN BEFORE ME via Zoom at the City of
Toronto, in the Province of Ontario, this 4
day of September, 2020



Commissioner for taking affidavits
(present at Toronto at the time of swearing)

Christine Kellavan



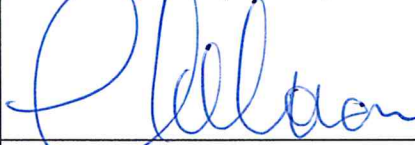
Shay Jacoby

(present at _____ at the time of swearing)

etobicoke, ON

Tab A

This is **Exhibit "A"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 4th day of September, 2020

A handwritten signature in blue ink, appearing to read "Shy Jacoby", is written over the text of the affidavit.

A Commissioner, etc.



Government
of Canada

Gouvernement
du Canada

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#) → [Corporations Canada](#)
→ [Search for a Federal Corporation](#)

Federal Corporation Information - 445215-1

[Order copies of corporate documents](#)

i Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

Corporation Number

445215-1

Business Number (BN)

834153355RC0001

Corporate Name

CANADIAN UNION PROMOTIONS INC.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2007-11-09

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

[PDF Readers](#)

Registered Office Address

199 Bay Street
Suite 5300, Commerce Court West
Toronto ON M5L 1B9
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors**Minimum** 1**Maximum** 10

Shy Jacoby
41 Gamla Road
Maple ON L6A 0W5
Canada

Kevin Flynn
92 Mississaga Street
Oakville ON L6L 3A4
Canada

Cosmo Mannella
68 Hunting Ridge
Toronto ON M9R 1B9
Canada

Rosario Marchese
21 Kirkland Blvd.
Toronto ON M6A 1E5
Canada

Ken Georgetti
3791 Edinburgh Street
Burnaby BC V5C 1R4
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the

corporation or contact [Corporations Canada](#). We will inform the corporation of its [reporting obligations](#).

Annual Filings

Anniversary Date (MM-DD)

11-09

Date of Last Annual Meeting

2018-09-20

Annual Filing Period (MM-DD)

11-09 to 01-08

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2020 - Not due

2019 - Filed

2018 - Filed

Corporate History

Corporate Name History

2007-11-09 to Present

CANADIAN UNION PROMOTIONS INC.

Certificates and Filings**Certificate of Incorporation**

2007-11-09

Certificate of Dissolution

2011-12-10

Certificate of Revival

2012-05-22

Certificate of Amendment *

2014-12-24

Amendment details: Other

Certificate of Amendment *

2016-05-02

Amendment details: Other

Certificate of Amendment *

2016-06-22

Amendment details: Other

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

[Order copies of corporate documents](#)

[Start New Search](#)

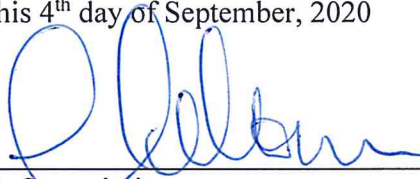
[Return to Search Results](#)

Date Modified:

2020-08-19

Tab B

This is **Exhibit "B"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 4th day of September, 2020

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

A Commissioner, etc.



Royal Bank of Canada
 Commercial Financial Services
 260 East Beaver Creek Rd, 2nd Flr
 Richmond Hill, ON L4B 3M3

December 6, 2018

Private and Confidential

CANADIAN UNION PROMOTIONS INC.

17 Belfield Road
 Etobicoke, ON
 M9W 1E8

We refer to the agreement dated April 6, 2018 and any amendments thereto, between Canadian Union Promotions Inc., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Agreement").

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or events of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

1. Under the Credit Facilities section, Facility #1 is amended by deleting "\$400,000.00" and by substituting "\$650,000.00".
2. The Other Facilities section paragraph 1) is amended by deleting "\$100,000.00" and by substituting "\$200,000.00"
3. Under the Terms and Conditions, the first sentence of the Amendments and Waivers section is amended and restated as follows:

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

[®] Registered Trademark of Royal Bank of Canada

Canadian Union Promotions Inc.

December 6, 2018

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

CONDITIONS PRECEDENT

The effectiveness of this amending agreement is conditional upon receipt of:

- a) a duly executed copy of this amending agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

Canadian Union Promotions Inc.

December 6, 2018

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

COUNTERPART EXECUTION

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until January 6, 2019, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: _____
Name: Mike Cussen
Title: Vice President, Business Credit

/rsb

Agreed to and accepted this 7th day of December 2018.

CANADIAN UNION PROMOTIONS INC.

Per: _____
Name: Shy Jacoby
Title: CEO

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower



Royal Bank of Canada
 Commercial Financial Services
 260 East Beaver Creek Road-2nd Floor
 Richmond Hill, Ontario L4B 3M3

April 6, 2018

Private and Confidential

CANADIAN UNION PROMOTIONS INC.

17 Belfield Road
 Etobicoke, Ontario
 M9W 1E8

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement amends and restates without novation the existing agreement dated September 11, 2017 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

BORROWER: Canadian Union Promotions Inc. (the "Borrower")

CREDIT FACILITIES

Facility #1: \$400,000.00 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.95%

b) RBUSBR based loans in US currency ("RBUSBR Loans")

Revolve in increments of:	\$5,000.00	Minimum retained balance:	\$0.00
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 1.95%

c) Letters of Guarantee ("LGs")

Fees to be advised on a transaction-by-transaction basis. Fees and drawings to be charged to Borrower's accounts. Minimum fee of \$100.00.
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AVAILABILITY

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, and regardless of the maturities of any outstanding instruments or contracts, Borrowings under this facility are repayable on demand.

GENERAL ACCOUNT

The Borrower shall establish current accounts with the Bank in each of Canadian currency and US currency (each a "**General Account**") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of each General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility; and
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "**Other Facilities**"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- a) VISA Business to a maximum amount of \$100,000.00 available in Canadian currency and US currency; and
- b) All Leases outstanding at any time and from time to time.

FEES**One Time Fee:**

Payable upon acceptance of this Agreement or as agreed upon between the Borrower and the Bank.

Monthly Fee:

Payable in arrears on the same day of each month.

Application / Arrangement Fee: \$150.00

Management Fee: \$400.00

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including without limitation any amounts outstanding under any Leases, (collectively, the "**Security**"), shall include:

- a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- b) Postponement and assignment of claim on the Bank's form 918 signed by Shy Jacoby.

FINANCIAL COVENANTS

In the event that the Borrower changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

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Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility the Borrower covenants and agrees with the Bank that the Borrower will:

- a) maintain, to be measured as at the end of each fiscal year:
 - i. Debt Service Coverage, of not less than 1.25:1.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) annually Compliance Certificate, substantially in the form of Schedule "H" signed by an authorized signing officer of the Borrower, within 120 days of each fiscal year end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- b) quarterly company prepared financial statements for the Borrower, within 30 days of each fiscal quarter end;
- c) annual review engagement financial statements for the Borrower, within 120 days of each fiscal year end;
- d) annual forecasted balance sheet and income and cash flow statements for the Borrower, prepared on a quarterly basis for the next following fiscal year, within 120 days of each fiscal year end;
- e) quarterly aged list of accounts receivable and aged list of accounts payable for the Borrower, within 30 days of each fiscal quarter end;
- f) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank;
- f) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan

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Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

GOVERNING LAW JURISDICTION

Province of Ontario.

ACCEPTANCE

This Agreement is open for acceptance until July 31 AN 2018, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: 

Name: Mike Cussen

Title: Vice President, Business Credit

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/na

We acknowledge and accept the terms and conditions of this Agreement
on this 24th day of JULY, 2018.

CANADIAN UNION PROMOTIONS INC.

Per: 

Name: SHY JACOBY

Title: President

Per: 

Name: Elena Jacoby

Title: Controller

I/We have the authority to bind the Borrower

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Compliance Certificate
- RBC Covarity Dashboard Terms and Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("Reducing Term Loan/Facility"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("Renewal Letter") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

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GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or

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protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the

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courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

ELECTRONIC IMAGING

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the

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Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constituting documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings and/or Leases outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when

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converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility, excluding Leases, and all such usages outstanding at any time are **"Borrowings"**;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

"Cash Taxes" means, for any fiscal period, any amounts paid in respect of income taxes;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Corporate Distributions" means any payments to any shareholder, director or officer, or to any associate or holder of subordinated debt, or to any shareholder, director or officer of any associate or holder of subordinated debt, including, without limitation, bonuses, dividends, interest, salaries or repayment of debt or making of loans to any such Person, but excluding salaries to officers or other employees in the ordinary course of business;

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA, less Cash Taxes and, to the extent not deducted in determining net income, less Corporate Distributions, to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

"EBITDA" means, for any fiscal period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for, the period;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

Schedule A

"Funded Debt" means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Interest Expense" means, for any fiscal period, the aggregate cost of advances of credit outstanding during that period including, without limitation, interest charges, capitalized interest, the interest component of capital leases, fees payable in respect of letters of credit and letters of guarantee and discounts incurred and fees payable in respect of bankers' acceptances;

"Lease" means an advance of credit by the Bank to the Borrower by way of a Master Lease Agreement, Master Leasing Agreement, Leasing Schedule, Equipment Lease, Conditional Sales Contract, or pursuant to an Interim Funding Agreement or an Agency Agreement, in each case issued to the Borrower;

"Letter of Guarantee" or "LG" means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of providing security to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"Policy" means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

"Postponed Debt" means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and "Royal Bank Prime" each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"RBUSBR" and "Royal Bank US Base Rate" each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

Schedule A

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

"US" means United States of America.

Schedule "B"**CALCULATION AND PAYMENT OF INTEREST AND FEES****LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS AND RBUSBR LOANS

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

LETTER OF GUARANTEE FEES

The Borrower shall pay LG fees in advance on a quarterly basis calculated on the face amount of the LG issued and based on the number of days in the upcoming quarter or remaining term thereof and a year of 365 days. LG fees are non-refundable.

Schedule "D"

ADDITIONAL BORROWING CONDITIONS

LGs:

Borrowings made by way of LGs will be subject to the following terms and conditions:

- a) each LG shall expire on a Business Day and shall have a term of not more than 365 days;
- b) at least 2 Business Days prior to the issue of an LG, the Borrower shall execute a duly authorized application with respect to such LG and each LG shall be governed by the terms and conditions of the relevant application for such contract;
- c) an LG may not be revoked prior to its expiry date unless the consent of the beneficiary of the LG has been obtained;
- d) any LG issued under a term facility must have an expiry date on or before the Maturity Date of the term facility, unless otherwise agreed by the Bank; and
- e) if there is any inconsistency at any time between the terms of this Agreement and the terms of the application for LG, the terms of the application for LG shall govern.

Schedule "H"

COMPLIANCE CERTIFICATE

I, _____, representing the Borrower hereby certify as of
fiscal year ending _____:

1. I am familiar with and have examined the provisions of the Agreement dated April 6, 2018 and any amendments thereto, between Canadian Union Promotions Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of this Agreement and there is no reason to believe that during the next fiscal year of the Borrower, any such event or circumstance will occur.
4. The ratio of Debt Service Coverage is _____:1, being not less than the minimum required ratio of 1.25:1.
5. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this _____ day of _____, 20____.

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Schedule "J"

RBC COVARTY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

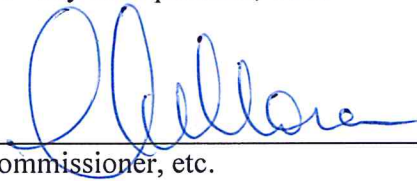
"Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"Security Device" means a combination of a User ID and Password.

"Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

Tab C

This is **Exhibit "C"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 4th day of September, 2020

A handwritten signature in blue ink, appearing to read "J. H. Miller", is written over a horizontal line.

A Commissioner, etc.

Canadian Union Promotions (2019-2020)

Week Ending	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	23-Oct-20	30-Oct-20	06-Nov-20	13-Nov-20	Total
Opening Balance	715	13,931	81,568	20,943	10,056	113,845	55,592	35,677	31,230	27,582	9,257	20,102	33,717	715
Closing Balance	13,931	81,568	20,943	10,056	113,845	55,592	35,677	31,230	27,582	9,257	20,102	33,717	2,179	
Receivables:														
Accounts Receivable Collections	81,453	55,000	69,000	16,539	249,914	509	101,593	26,708	96,197	881	107,500	14,708	-	829,003
CRA Covid-19 wage subsidy	-	47,515	-	-	-	45,000	-	-	45,000	-	-	45,000	-	182,515
Total Receivable	81,453	102,515	69,000	16,539	249,914	45,509	101,593	26,708	141,197	881	107,500	59,708	-	1,002,518
Payables:														
Advertising and promotion	-	3,000	-	-	-	-	3,000	-	-	-	3,000	-	-	9,000
Automobile	613	2,212	-	-	2,007	811	1,401	-	2,007	811	1,401	-	-	11,262
Computer	-	1,000	-	-	-	-	1,000	-	-	-	1,000	-	-	3,000
Legal & Trustee	-	-	6,300	-	2,500	-	5,000	-	-	-	-	-	-	13,800
Insurance	48	-	11,495	-	-	48	11,495	-	-	48	-	11,495	-	34,630
Interest and bank charges	-	2,500	2,700	600	13,924	-	5,700	600	13,924	-	3,000	3,100	-	46,047
HST	-	-	2,500	-	-	-	2,500	-	-	-	-	2,500	500	8,000
WSIB and EHT	-	-	1,400	-	-	-	1,400	-	-	-	1,400	-	-	4,200
Occupancy costs	-	-	24,063	-	24,063	-	-	-	24,063	-	-	-	-	72,186
Office and general	45	300	589	-	1,596	4,167	119	-	3,867	-	300	119	-	9,506
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	31,472
Salaries and benefits	27,681	16,015	51,083	22,603	39,525	57,603	39,525	18,279	62,128	-	62,128	-	22,603	400,894
Telephone	3,268	309	-	-	-	3,200	-	-	-	-	-	-	-	9,977
Travel	-	500	-	-	500	-	500	-	500	-	500	-	500	3,000
AP Vendor payments	3,500	920	5,936	1,062	1,526	5,912	1,605	-	2,140	5,065	877	-	-	28,542
Leases	5,194	3,123	2,465	3,161	7,597	1,021	19,263	12,276	7,585	6,214	8,050	28,880	7,935	112,762
Loan Payment	2,500	-	-	-	2,500	-	-	-	17,500	-	-	-	-	22,500
COGS	25,388	5,000	9,500	-	50,388	30,000	30,000	-	15,000	-	15,000	-	-	180,275
Total Payable	(68,237)	(34,879)	(129,625)	(27,426)	(146,125)	(102,762)	(122,508)	(31,156)	(144,845)	(19,206)	(96,655)	(46,094)	(31,538)	(1,001,054)
Net Cash	13,216	67,636	(60,625)	(10,887)	103,790	(57,253)	(20,915)	(4,447)	(3,648)	(18,325)	10,845	13,615	(31,538)	1,464
Closing Bank Balance	13,931	81,568	20,943	10,056	113,845	56,592	35,677	31,230	27,582	9,257	20,102	33,717	2,179	2,179

CERTIFICATION

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Canadian Union Promotions Inc.'s financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 50.4(2)(e) and 50(6)(e) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 16th day of August, 2020.

Per: Shy Jacoby, authorized representative

Dated this 16th day of August 2020.

CROWE SOBERMAN INC.

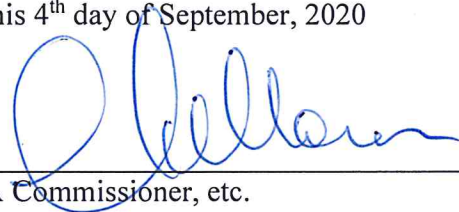
Licensed Insolvency Trustee

Acting in re: Proposals Canadian Union Inc.

Per: Hans Riazmi, CA, CPA, LIT, CIRP

Tab D

This is **Exhibit "D"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 4th day of September, 2020

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

A Commissioner, etc.

AIRD BERLIS

Ian Aversa
 Direct: 416.865.3082
 Email: iaversa@airdberlis.com

July 29, 2020

DELIVERED BY REGISTERED MAIL

Canadian Union Promotions Inc.

199 Bay Street, Suite 5300
 Commerce Court West
 Toronto, ON M5L 1B9

Canadian Union Promotions Inc.

35 Siltan Road
 Vaughan, ON L4L 7Z8

Attention: Shy Jacoby

Dear Sir:

**Re: Royal Bank of Canada ("RBC") loans to Canadian Union Promotions Inc.
 (the "Debtor")**

We are the lawyers for RBC in connection with its lending arrangements with the Debtor.

The Debtor is indebted to RBC with respect to certain credit facilities (the "**Credit Facilities**") made available by RBC to the Debtor pursuant to and under the terms of, amongst other things, a credit agreement between RBC, as lender, and the Debtor, as borrower, dated April 6, 2018 and accepted July 24, 2018, as amended by an amending agreement dated December 6, 2018 and accepted December 7, 2018 and an amending agreement dated September 5, 2019 and accepted September 16, 2019 (collectively, as may have been further amended, replaced, restated or supplemented from time to time, the "**Credit Agreement**").

The following amounts in connection with the non-leasing facilities are owing for principal and interest under the Credit Agreement as of July 29, 2020:

- a) \$615,199.23 in respect of a revolving demand facility; and
- b) \$217,098.42 in respect of a Visa facility.

The specifically-identified Credit Facilities enumerated above are payable on demand. In addition, one or more default under the Credit Agreement has also occurred, including, without limitation: (i) the failure by the Debtor to observe any covenant, term, condition or provision of the Credit Agreement or any other agreement delivered to RBC; and/or (ii) in the opinion of RBC, the occurrence of a material change in the financial condition or operation of the Debtor.

On behalf of RBC, without in any way prejudicing RBC from making future demand for any other amounts owing under the Credit Agreement (including, without limitation, in respect of any of the other Credit Facilities, including the leasing facilities) or any other document provided to RBC by the Debtor, as applicable, and without in any way prejudicing RBC from identifying and relying upon any other defaults under the Credit Agreement, we hereby make formal demand for

Page 2

payment of \$832,297.65 in principal and interest, plus accruing interest and any and all recovery costs and expenses (including, without limitation, RBC's legal and other professional fees) incurred by RBC (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

The Indebtedness is secured by, *inter alia*, a general security agreement between the Debtor and RBC dated March 16, 2017, which grants RBC, amongst other things, a security interest in any and all of the Debtor's property, assets and undertakings.

If payment of the Indebtedness is not received immediately, RBC shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of civil legal proceedings against the Debtor and/or steps to appoint an interim receiver, receiver or receiver and/or manager of the Debtor, in which case RBC will also be seeking all costs incurred in so doing.


On behalf of RBC, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**").

RBC hereby reserves its rights to initiate proceedings within the ten day period set out in the BIA Notice, if circumstances warrant such proceedings.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP



Ian Aversa
IA/srm
Encl.

cc: Client

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Registered Mail

TO: Canadian Union Promotions Inc.
199 Bay Street, Suite 5300
Commerce Court West
Toronto, ON M5L 1B9

Insolvent company / person

AND TO: Canadian Union Promotions Inc.
35 Siltan Road
Vaughan, ON L4L 7Z8

Insolvent company / person

TAKE NOTICE that:

1. Royal Bank of Canada ("**RBC**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Canadian Union Promotions Inc. (the "**Debtor**"), including, without limiting the generality of the foregoing, all of the equipment, accounts, proceeds, books and records, inventory and all other personal property of the Debtor.
2. The security that is to be enforced is in the form of, *inter alia*, a general security agreement between the Debtor and RBC dated March 16, 2017 (the "**Security**").
3. As at July 29, 2020, the total amount of the non-leasing indebtedness secured by the Security is the sum of \$832,297.65 in principal and interest, plus accruing interest and any and all recovery costs and expenses of RBC (including, without limitation, RBC's legal and other professional fees).
4. RBC will not have the right to enforce the Security until after the expiry of the ten day period following the date on which this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 29th day of July, 2020.

ROYAL BANK OF CANADA
by its lawyers, **Aird & Berlis LLP**

Per: _____

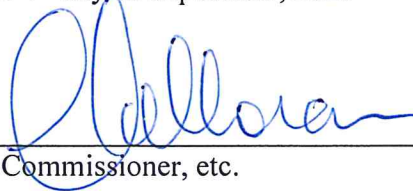

Ian Aversa
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

40922038.4

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

Tab E

This is **Exhibit "E"** to the affidavit of
Shy Jacoby sworn before me via Zoom
this 4th day of September, 2020



A Commissioner, etc.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2663507
Estate No. 31-2663507

In the Matter of the Notice of Intention to make a
proposal of:

CANADIAN UNION PROMOTIONS INC.

Insolvent Person

CROWE SOBERMAN INC.

Licensed Insolvency Trustee

Date of the Notice of Intention: August 08, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: August 10, 2020, 09:29

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

AFFIDAVIT OF SHY JACOBY
(Extension of Time to File Proposal)

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V6

R. Brendan Bissell - LSUC #: 40354V
Tel: (416) 597-6489
Fax: (416) 597-3370

**Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)**

Lawyers for Canadian Union Promotions Inc.

Tab 4

Estate No. 31-2663507

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

THE HONOURABLE MR.

)

THURSDAY, THE 22ND

JUSTICE McEWEN

)

DAY OF OCTOBER, 2020

)

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**ORDER
(Approval of Sale Process)**

THIS MOTION, made by Canadian Union Promotions Inc. (“CUP”), pursuant to Section 65.13 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”), for an order, among other things, **(i)** approving a “stalking horse” sale process substantially on the terms set out in Schedule “A” hereto (the “**Sale Process**”), **(ii)** approving the “stalking horse” asset purchase agreement (the “**Stalking Horse APA**”) entered into on October 16, 2020 between the CUP and Younion Travel, Inc., (the “**Purchaser**”), for the purpose of constituting a stalking horse bid under the Sale Process, and **(iii)** approving the break fee (the “**Break Fee**”) set out in Section 6.4 of the Stalking Horse APA, was heard this day via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of CUP, the second report of Crowe Soberman Inc., in its capacity as proposal trustee of CUP (the “**Trustee**”), dated October ■, 2020 (the “**Second Report**”) and the Appendices thereto, as well as the affidavits of Shy sworn September 4 and October 16, 2020 and the Exhibits thereto, and on hearing the submissions of counsel for CUP, counsel for the Proposal Trustee and counsel for Royal Bank of Canada, no one else appearing although duly served as appears from the Affidavit of Service of ■ sworn October ■, 2020, filed:

SERVICE

1. **THIS COURT ORDERS** that the timing and method of service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated and this Motion is properly returnable today.

2. **THIS COURT ORDERS** that CUP, the Trustee and/or their lawyers are at liberty to serve or distribute this Order and 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 CUP's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of section 3(c) of the *Electronic Commerce Protection Regulations*, SOR/2013-221.

APPROVAL OF SALE PROCESS AND STALKING HORSE APA

3. **THIS COURT ORDERS** that the Sale Process is hereby approved and the Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable (subject to the terms of the Sale Process) to carry out the Sale Process, subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sale Process.

4. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by CUP of the Stalking Horse APA be and is hereby ratified, authorized and approved.

5. **THIS COURT ORDERS** that the Break Fee set out in Section 6.4 of the Stalking Horse APA is approved and that the Stalking Horse APA is hereby approved solely for the purposes of standing as the Stalking Horse Bid in the Sale Process, provided that if the Purchaser is the successful bidder under the Sale Process, implementation of the transaction contemplated by the Stalking Horse APA will be subject to the Court's approval upon further motion by CUP.

6. **THIS COURT ORDERS** that CUP and the Trustee their respective employees, advisors, agents or other representatives ("**Representatives**") shall have no personal or corporate liability in connection with the Sale Process.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Trustee, CUP and their Representatives are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their Representatives, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in CUP’s records pertaining to CUP’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the Sale Process (a “**Sale**”). Each Bidder or Representative 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 for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Trustee, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Trustee. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction(s) contemplated in the Winning Bid(s) (as defined in the Sale Process), shall be entitled to use the personal information provided to it that is related to the assets acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by CUP, and shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Trustee.

EXTENSION OF TIME TO FILE A PROPOSAL

8. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which CUP may file a proposal be and is hereby extended to October 22, 2020.

ADMINISTRATION CHARGE

9. **THIS COURT ORDERS** that an Administration Charge over the property of CUP securing the professional fees and disbursements of the Proposal Trustee and its counsel, in the amount of \$50,000 be and hereby is granted and approved.

10. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the property and such Administration Charge shall rank first in priority on the property of CUP.

GENERAL

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist CUP, the Trustee, the Purchaser and their respective 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 CUP and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist CUP and the Trustee and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of CUP, the Trustee and the Purchaser shall be at liberty and are 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.

13. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

Schedule “A” – Sale Process

1. Definitions. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Stalking Horse APA.
2. Advertisement. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall advertise for sale the Purchased Assets in The **National Post (National Edition)** and distribute a teaser document to potential interested parties.
3. Due Diligence. Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall make available to prospective purchasers (collectively, the “**Prospective Purchasers**”), upon receipt of an executed confidentiality agreement from a Prospective Purchaser, access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers. The Purchaser may have access to the data room.
4. Bid Deadline. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite 1100 Toronto, ON M4T 2T5, attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00pm (Toronto time) on November 23, 2020 (the “**Bid Deadline**”).
5. Qualified Bid. The Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase substantially all of the Purchased Assets which is substantially the same or better than the Agreement, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - i. the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - ii. the offer must be submitted in writing and include a blackline of the offer to the Agreement, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - iii. the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer;
 - iv. the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;

- v. the offer must be on terms no less favourable and no more burdensome or conditional than the Agreement and shall not contain any provisions for a break fee or expense reimbursement;
 - vi. the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Agreement;
 - vii. the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources; and
 - viii. the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and **\$5,000**.
6. Auction. Only if the Trustee receives one or more Qualified Bids by the Bid Deadline, the Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Purchaser to attend an auction (the "**Auction**"). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Trustee or virtually by videoconference facility established by the Trustee.
 7. Conduct of the Auction. The Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Trustee determines to facilitate the Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Trustee in its sole discretion.
 8. Winning Bid. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the "**Winning Bid**"), subject to Court approval.
 9. Court Approval of the Winning Bid. The Vendor shall make a motion to the Court to obtain approval of the Winning Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
 10. Court Approval of Agreement if no Qualified Bid. If no Qualified Bid is received by the Bid Deadline (other than the Agreement), the Auction will not be held. Accordingly, the Agreement will be the Winning Bid and the Vendor shall seek, as expeditiously as possible, approval of the Court to consummate the Transaction contemplated by the Agreement, but in no event longer than ten (10) Business Days following the expiry of the Bid Deadline.

11. Return of Deposits. The deposits submitted with all Qualified Bids (except the Winning Bid), shall be held in escrow by the Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Winning Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Winning Bid, the Trustee shall return the deposit submitted with such bid to the bidder that submitted the Winning Bid (the "**Winning Bidder**") forthwith. If the Winning Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Winning Bid, the Trustee shall not have any obligation to return the deposit submitted with the Winning Bid and such deposit shall be retained by the Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
12. Modifications. Subject to the Sale Process Order, the Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in TORONTO**

**ORDER
(Approval of Sale Process)**

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Lawyers for Canadian Union Promotions Inc

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**MOTION RECORD
(Extension of Time to File a Proposal and
approval of stalking horse sales process)
(returnable October 22, 2020)**

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