

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***

**RESPONDING AND CROSS-MOTION
MOTION RECORD**

October 19, 2020

AIRD & BERLIS LLP
Brookfield Place, 181 Bay Street,
Suite 1800
Toronto, Ontario M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724
Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of Canada

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**

INDEX

	TAB
Notice of Cross-Motion	1
Draft Order	2
Affidavit of Jerry Tsao, sworn October 19, 2020	3
Exhibit “A” – First Report of the Proposal Trustee dated September 4, 2020	A
Exhibit “B” – RBC Documents	B
Exhibit “C” – Email to the Debtor dated July 27, 2020	C
Exhibit “D” – Demand Letter and BIA Notice dated July 29, 2020	D
Exhibit “E” – First Stay Extension Agreement	E
Exhibit “F” – Order and Endorsement of The Honourable Mr. Justice Hainey dated September 8, 2020	F
Exhibit “G” – Different Position Email and Subsequent Emails	G
Exhibit “H” – Emails re Deferral of Lease Payments	H
Exhibit “I” – Email to Brendan Bissell dated October 7, 2020	I
Exhibit “J” – Statement of Affairs	J
Service List	4

TAB 1

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***

NOTICE OF CROSS-MOTION

(returnable October 22, 2020)

Royal Bank of Canada (“**RBC**”), will make a cross-motion to a Judge presiding over the Commercial List (the “**Court**”) on Thursday, October 22, 2020 at 3:00 p.m, or as soon after that time as the motion can be heard, by judicial videoconference due to the COVID-19 emergency via the conference coordinates provided in the motion record of Canadian Union Promotions Inc. (the “**Debtor**”).

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

THIS CROSS-MOTION IS FOR an Order, including, amongst other things:

- (a) if necessary, abridging the time for service and filing of this notice of cross-motion and the corresponding responding and cross-motion record or, in the alternative, dispensing with same;
- (b) dismissing the Debtor’s motion in its entirety;
- (c) declaring terminated the 30-day statutory period in this proceeding specified by subsection 50.4(8) of the BIA (plus any extension thereof granted under subsection 50.4(9) of the BIA) (the “**Stay Period**”), which Stay Period is presently set to expire at 11:59 p.m. on October 22, 2020; and
- (d) such further and other relief as counsel may request and this Court may deem just.

THE GROUNDS FOR THE CROSS-MOTION ARE:

- (a) for the reasons set out in the Tsao Affidavit (as defined below), the Debtor will not be able to make a viable proposal to its creditors (and has not provided any evidence that it intends to make a viable proposal to its creditors);
- (b) for the reasons set out in the Tsao Affidavit, the Debtor has not acted, and is not acting, in good faith or with due diligence;
- (c) for the reasons set out in the Tsao Affidavit, the Debtor's creditor body would be materially prejudiced by the relief sought by the Debtor, including, without limitation, because the Debtor's motion constitutes a request for the very relief that the Debtor previously agreed with its general secured creditor would not be sought;
- (d) at this stage, RBC would prefer the certainty of a bankruptcy over the continued risk and cost associated with a sale process in debtor-in-possession proceedings with a Debtor that RBC no longer trusts;
- (e) the other grounds set out in the affidavit of Jerry Tsao sworn October 19, 2020 (the "**Tsao Affidavit**");
- (f) section 50.4 of the BIA;
- (g) rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure* (Ontario); and
- (h) such further grounds as are required and this Court may permit.

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

- (a) the Tsao Affidavit;
- (b) the Debtor's motion record; and
- (c) such further grounds as are required and this Court may permit.

October 19, 2020

AIRD & BERLIS LLP
Barristers & Solicitors
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082 / Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724 / Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of 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)
Proceedings commenced at Toronto

NOTICE OF CROSS-MOTION

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724
Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of Canada

TAB 2

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

BETWEEN:

**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

THIS MOTION, made by Canadian Union Promotions Inc. (the “**Debtor**”) for an Order, in substance: (a) extending from October 22, 2020 to December 7, 2020 the time for Crowe Soberman Inc., in its capacity as the Debtor’s proposal trustee (in such capacity, the “**Proposal Trustee**”), to file with the Official Receiver, on behalf of the Debtor, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”); (b) approving a sale process (the “**Sale Process**”) and authorizing the Trustee to carry out the Sale Process; (c) approving the “stalking horse” asset purchase agreement dated October 16, 2020 (the “**Stalking Horse APA**”) between the Debtor and Younion Travels Inc., as purchaser, for the purpose of constituting a stalking horse bid under the Sale Process; (d) approving the Break Fee set out in Section 6.4 of the Stalking Horse APA; (e) granting a charge in favour of the Proposal Trustee and its counsel over the assets of the Debtor for fees and disbursements in the amount of \$50,000; and (f) sealing confidential exhibits “D” and “F” to the Affidavit of Shy Jacoby sworn October 16, 2020 (the “**October Jacoby Affidavit**”), and **THIS CROSS-MOTION**, made by Royal Bank of Canada (“**RBC**”) for an Order, in substance: (a) dismissing the Debtor’s motion in its entirety; and (b) declaring terminated the 30-day statutory period in this proceeding specified by subsection 50.4(8) of the BIA (plus any extension thereof granted under subsection 50.4(9) of the BIA) (the “**Stay Period**”), were heard this day by judicial videoconference via Zoom due to the COVID-19 emergency.

ON READING the Affidavit of Shy Jacoby sworn September 4, 2020 and the exhibits thereto, the First Report of the Proposal Trustee dated September 4, 2020 and the appendices thereto, the October Jacoby Affidavit and the exhibits thereto, the affidavit of Jerry Tsao sworn October 19, 2020 and the exhibits thereto, the Second Report of the Proposal Trustee and the appendices thereto, the Debtor's factum dated October 16, 2020 and RBC's factum dated October 19, 2020, and on hearing the submissions of counsel for the Debtor, counsel for RBC and counsel for the Proposal Trustee and such other counsel as are indicated on the counsel slip, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Damian Lu sworn October 20, 2020, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the RBC's notice of cross-motion and corresponding responding and cross-motion record is hereby abridged and validated so that this cross-motion is properly returnable today and hereby dispenses with further service thereof.

DISMISSAL OF DEBTOR'S MOTION

2. **THIS COURT ORDERS** that the Debtor's motion be and is hereby dismissed in its entirety.

TERMINATION OF STAY PERIOD

3. **THIS COURT ORDERS AND DECLARES** that the Stay Period be and is hereby terminated, effective immediately, such that, for greater certainty, the Debtor is deemed by section 50.4(11) of the BIA to have made an assignment in bankruptcy effective immediately.

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)**

Proceedings commenced at Toronto

ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724
Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of Canada

TAB 3

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***

AFFIDAVIT OF JERRY TSAO
(sworn October 19, 2020)

I, JERRY TSAO, of the City of Toronto, in the Province of Ontario, **MAKE OATH**
AND SAY AS FOLLOWS:

1. I am a Manager in the Special Loans and Advisory Services Department (the “**Special Loans Group**”) of Royal Bank of Canada (“**RBC**”). RBC is a secured creditor of Canadian Union Promotions Inc. (the “**Debtor**”), and I am responsible for the management of the Debtor’s accounts and credit facilities with RBC. As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

PURPOSE

2. I am swearing this Affidavit in opposition to the Debtor’s motion, in which the Debtor seeks, amongst other things:

(a) an extension of time for Crowe Soberman Inc. (“**CSI**”), in its capacity of the Debtor’s proposal trustee (in such capacity, the “**Proposal Trustee**”), to file, on the Debtor’s behalf, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”);

- (b) approval of a marketing and sale process for the Debtor's assets, inclusive of the approval of a \$250,000 stalking horse bid from (and \$7,500 break-fee for) an entity related to the Debtor; and
- (c) approval of a super-priority administration charge in favour of the Proposal Trustee and its counsel, equal to 20% of the quantum of the stalking horse bid and 200% of the quantum of the stalking horse bid's deposit.

3. I am also swearing this Affidavit in support of RBC's cross-motion for an Order pursuant to subsection 50.4(11) of the BIA, declaring terminated the 30-day statutory period specified by subsection 50.4(8) of the BIA (plus any extension thereof granted under subsection 50.4(9) of the BIA) (the "**Stay Period**"), which Stay Period is presently set to expire at 11:59 p.m. on October 22, 2020.

4. I have reviewed the Debtor's motion record, including the Affidavit of Shy Jacoby sworn October 16, 2020 (the "**October Jacoby Affidavit**"), and have a very different understanding of many of the events and issues than does Mr. Jacoby. My Affidavit is limited in scope in that it addresses only the material that I believe would be helpful to the Court in adjudicating the two competing motions. To the extent that my Affidavit does not address certain statements in the Debtor's motion record, my silence should not be interpreted as my agreement with Mr. Jacoby on such issues.

BACKGROUND

5. To the best of my knowledge, RBC is the Debtor's only arm's-length general secured creditor. This is reflected in the Proposal Trustee's First Report dated September 4, 2020 (the "**First Report**"). A copy of the First Report is attached as **Exhibit "A"** to this Affidavit. I

understand from RBC's counsel, and verily believe, that the Proposal Trustee's Second Report has not yet been served as of the time of swearing this Affidavit.

6. Copies of RBC's credit agreement with the Debtor dated April 6, 2018 (as amended thereafter), together with the corresponding general security agreement, master lease agreement and leasing schedules (collectively, the "**RBC Documents**"), are attached as **Exhibit "B"** to this Affidavit. Certain of the RBC Documents were omitted from the Debtor's motion record, including, most notably, the most recent amendment to the credit agreement dated September 5, 2019 and accepted September 16, 2019 (the "**Most Recent Amendment**"). Registrations in respect of RBC's security have been duly made pursuant to the *Personal Property Security Act* (Ontario).

7. As set out in the RBC Documents, the Debtor is required to conduct its day-to-day banking with RBC. Since the Debtor commenced this BIA proceeding on August 8, 2020, the balance in the Debtor's bank account with RBC has fluctuated between \$798.12 and \$86,327.30. As at the opening of business on October 16, 2020, the Debtor has a balance of \$31,406.04 in its bank account with RBC.

8. In contrast, since the Debtor commenced this BIA proceeding on August 8, 2020, the Debtor's known liabilities to RBC have at all times been in excess of \$1.1 million. As at the opening of business on October 16, 2020, these known liabilities consist of a total of \$1,152,916.56 of principal and interest (excluding recovery costs and accruing interest), as follows:

- (a) \$651,410.41 in respect of a \$650,000.00 demand operating facility;
- (b) \$215,869.79 in respect of credit cards with maximum borrowings of \$200,000; and
- (c) \$285,636.36 in respect of four leasing facilities (inclusive of HST).

9. The Debtor has been experiencing financial difficulties for some time now. It is undisputed that the Debtor lost a major client in 2019 and has been unable to recover a corresponding receivable in excess of \$1.2 million (the “**Lost A/R**”). The Debtor’s materials do not explain why the client was lost or what steps, if any, have been taken to pursue the Lost A/R. The Debtor also claims in its materials that it has 50 clients, but its most recent aged accounts receivable reporting to RBC reflects six active clients.

10. The Proposal Trustee confirms in the First Report that the Debtor’s failure to collect the Lost A/R has had a detrimental effect on the Debtor’s cash flow. To put this in perspective, the Lost A/R: (i) roughly mirrors the amount that the Debtor owes RBC; (ii) is roughly five times higher than the \$250,000 purchase price for the Debtor’s entire operations under the proposed stalking horse bid; and (iii) is roughly 38 times higher than the Debtor’s bank account balance.

11. As a result of the Debtor’s financial difficulties, the Debtor was transferred to the Special Loans Group in the fall of 2019, being approximately one year ago.

12. By April 30, 2020, the Debtor was to have submitted to RBC the annual reporting that is required under the RBC Documents within 120 days from the Debtor’s financial year end of December 31. RBC approved a one-month extension to May 31, 2020, but the annual reporting was still late (June 11, 2020), incomplete and deficient, in that, amongst other things:

- (a) the Debtor failed to provide a signed compliance certificate for the most recent financial year end of December 31, 2019, certifying compliance with the RBC Documents, including, without limitation, the requisite financial covenants; and
- (b) the Debtor failed to maintain the requisite Debt Service Ratio (as defined in the RBC Documents) as at December 31, 2019.

13. After discovering the above, and after the Debtor also stopped making credit card payments for over three months and maxed-out two of four credit cards (all four of which credit cards are now maxed-out), I wrote to the Debtor's principal on July 27, 2020 to confirm these defaults, advise that RBC would be making formal demand for repayment and invite a call to discuss next steps. A copy of this email is attached as **Exhibit "C"** to this Affidavit.

14. RBC made formal demand on the Debtor on July 29, 2020 for payment of the demand facility and credit card indebtedness, which demand was accompanied by a Notice of Intention to Enforce Security pursuant to subsection 244(1) of the BIA (collectively, the "**Demand & BIA Notice**"). A copy of the Demand & BIA Notice is attached as **Exhibit "D"** to this Affidavit.

15. Rather than electing to enter into forbearance arrangements with RBC, the Debtor elected to commence the within BIA proceedings on August 8, 2020.

EVENTS SUBSEQUENT TO THE COMMENCEMENT OF THESE PROCEEDINGS

16. As discussed below, one 45-day extension to the Stay Period was already sought and obtained by the Debtor, with RBC's support (the "**First Stay Extension**").

17. RBC is not prepared to support, and in fact strongly opposes, any further extension to the Stay Period (and all other relief being sought on the Debtor's motion), for the following reasons:

- (a) the Debtor has not acted, and is not acting, in good faith or with due diligence;
- (b) the Debtor will not be able to make a viable proposal to its creditors; and
- (c) RBC, which is by all accounts the fulcrum creditor in these proceedings, would be materially prejudiced if the Stay Period is extended for a second time (and further prejudiced by the additional relief being sought by the Debtor's motion).

The Debtor Has Not Acted, and Is Not Acting, in Good Faith

18. Between August 28, 2020 and September 1, 2020, RBC and the Debtor negotiated the basis upon which RBC would support the First Stay Extension. A copy of the email chain reflecting the results of these negotiations is attached as **Exhibit “E”** to this Affidavit (the “**First Stay Extension Agreement**”).

19. As set out in the First Stay Extension Agreement, RBC agreed to support one stay extension if, amongst other things, “*no request is made at any time for the granting of any prior-ranking Court charges to RBC’s position.*”

20. The First Stay Extension Agreement was also conditional on the dual understandings that: (i) “*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 (ii) “*RBC does not intend to support any further stay extension request beyond the one 45-day request.*”

21. In response, and as also set out in the First Stay Extension Agreement, the Debtor’s counsel confirmed that RBC’s position “*matches the request*” made by the Debtor.

22. Relying on the terms of the First Stay Extension Agreement, RBC supported the First Stay Extension, which was granted by The Honourable Mr. Justice Hainey on September 8, 2020. Copies of His Honour’s Order and endorsement are attached as **Exhibit “F”** to this Affidavit.

23. After having secured RBC’s support for the First Stay Extension, and after having obtained the First Stay Extension and its benefits, the Debtor is now seeking to withdraw from the very commitments upon which such support and benefits were obtained.

24. As the Debtor’s counsel stated in an email dated October 5, 2020, the Debtor is now “*asking for a different position*,” namely, for the Court to grant the very things that: (i) the Debtor agreed it would not seek; and/or (ii) RBC advised it would not support. A copy of this email (the “**Different Position Email**”) is attached as **Exhibit “G”** to this Affidavit, together with RBC’s response thereto and subsequent emails exchanged on the matter.

25. Specifically, the Debtor is now asking for a super-priority Court-ordered administration charge (which the Debtor previously agreed it would not seek) as a purported necessary precondition to allow the Stay Period to be extended for a second time (which RBC advised it would not support), all for the purpose of permitting a marketing and sale process in which a related party to the Debtor wishes to be the stalking horse bidder so that it can walk-away from most of the Debtor’s debt (or pocket a break-fee), all at RBC’s exclusive risk and expense.

26. The October Jacoby Affidavit goes into some detail about the purported efforts of the Debtor and the Proposal Trustee to seek refinancing to repay the indebtedness owing to RBC and the supposed “go-forward” necessity of the proposed super-priority administration charge. But none of this information was provided to RBC prior to the service of the Debtor’s motion record, factum and compendium, all of which were served on Friday, October 16 at 5:57 p.m.

27. RBC was not even advised that the Debtor would be seeking a super-priority administration charge, and learned about it for the first time in the Debtor’s motion materials.

28. This disclosure was withheld from RBC until the last moment, despite the Different Position Email advising that the Debtor wishes “*to be as transparent as possible with the bank*” and that “[i]f there is a need to fund proposal trustee fees for a sales process through a charge, [which the Debtor previously agreed it would not seek,] ... I will discuss and let you know.”

29. RBC is extremely concerned by the Debtor's repeated lack of transparency and overall conduct in this proposal proceeding. Not only does the Debtor's motion essentially constitute the very thing that the Debtor previously agreed it would not do, but the Debtor's motion materials – and the October Jacoby Affidavit in particular – contain numerous falsehoods and misrepresentations about: (i) the Debtor's relationship with RBC; and (ii) the purported justification for the relief that the Debtor is now improperly seeking.

(i) The Debtor's Improper Characterization of Its Relationship with RBC

30. The October Jacoby Affidavit misrepresents the facts about all three categories of lending facilities that the Debtor has with RBC – the demand operating loan, the credit cards and the leases – and improperly tries to assign blame to RBC for the Debtor's failure to keep these facilities in good standing.

31. The October Jacoby Affidavit advises at paragraphs 11 and 13 that the Debtor's loan structure with RBC “*includes a revolving demand facility that was initially \$650,000 and later increased to \$850,000*,” and that “*In the fall of 2019, ... [the Debtor] worked with RBC special loans to reduce the amount of the operating line from \$850,000 to \$650,000*.”

32. In fact, the RBC Documents appended to the Debtor's motion materials (and also reattached as part of Exhibit “B” to my Affidavit) clearly reflect that the demand operating facility was initially \$400,000 on July 24, 2018 (not \$650,000) and later increased to \$650,000 on December 7, 2018. The Most Recent Amendment that was omitted from the Debtor's motion materials (but is included as part of Exhibit “B” to my Affidavit) further reflects that the demand operating facility was then temporarily increased for 14 days on September 16, 2019 to \$900,000, before reducing to \$650,000.00 on September 30, 2019.

33. Other than 14 days in September 2019, the maximum authorized ceiling under the demand operating facility was always \$650,000 or less (not \$650,000 or more as stated in the October Jacoby Affidavit), and the Debtor's ongoing failure to stay within its borrowing limits (particularly after the September 30, 2019 deadline) was one of the factors that led to the Debtor's transfer to the Special Loans Group in the fall of 2019.

34. It is therefore also incorrect for the Debtor to claim, as the October Jacoby Affidavit does at paragraphs 11 and 17, that this facility is "*revolving*" and "*has remained current in principal and interest.*" Even now, this facility is overdrawn and has been capped (i.e., does not revolve).

35. The October Jacoby Affidavit also incorrectly advises at paragraph 14 that "*The advice from RBC about being over on the Visa cards was news to [the Debtor].*" In fact, the RBC Documents clearly reflect that the credit card facilities are capped at \$200,000. The Debtor is responsible for managing and monitoring its own credit card spending and payments to ensure that it does not exceed its credit card limits. In the Debtor's case, the Debtor simply stopped making payments for months on end, and the Debtor's default should therefore not come as "*news*" to the Debtor.

36. The October Jacoby Affidavit also incorrectly states at paragraph 27 that the failure to take monies from the Debtor's account to make the regular leasing payments was "*not as a result of anything that [the Debtor] did.*" This too is false.

37. The Debtor requested a deferral of all lease payments under the Debtor's four leasing facilities with RBC. The Debtor's request was made on March 24, 2020 and was granted by the Special Loans Group on March 26, 2020. At the time, the Debtor was advised that lease payments for the four respective leases would be deferred for approximately six months, and that

payments would be required to resume on October 4, 8, 14 and 28, 2020, respectively. A copy of the email chain reflecting the deferral request, acceptance and terms is attached as **Exhibit “H”** to this Affidavit.

38. On October 7, 2020, the Debtor was advised that it “*must resume making the regular monthly payments, retroactive to the beginning of October, on each of its four leases with RBC*,” but it has not done so. A copy of this email is attached as **Exhibit “I”** to this Affidavit.

39. As set out on the face of the RBC Documents, the Debtor’s four monthly lease obligations to RBC total \$24,261.40. Of this amount, \$17,830.68 has already come due in October 2020 and has not been paid, despite: (i) the Debtor’s ongoing use of the equipment and its corresponding depreciation; and (ii) the general requirement that post-filing obligations be paid.

40. In addition to the Debtor’s specific misrepresentations and conduct identified above, the general theme throughout the Debtor’s motion materials is that RBC is somehow to blame for the Debtor’s misfortunes (i.e., the Debtor’s factum states that RBC “*was the one who precipitated the insolvency event.*”) This is false. The Debtor was transferred to the Special Loans Group in the fall of 2019 *because* of the Debtor’s financial problems, not the other way around, and I believe that the Debtor is acting in bad faith when it suggests otherwise to try and push through a sale process for the exclusive benefit of the Debtor’s related purchaser group.

(ii) The Improper Purpose for the Debtor’s Proposed Relief

41. It is disingenuous to suggest, as Mr. Jacoby does at paragraph 47 of the October Jacoby Affidavit, that a super-priority administration charge is required “*to ensure payment of [the*

Proposal Trustee's] fees, and that similar fees would be incurred by any other licensed insolvency trustee whether acting in trustee in bankruptcy or as a receiver for RBC." The fact is that RBC, as secured creditor, would be entitled under a bankruptcy to deal with its collateral, in which case RBC could avoid CSI's fees, both as Proposal Trustee and bankruptcy trustee. It was precisely for this reason that RBC's support for the First Stay Extension was conditional upon there being no request made "*at any time*" for the granting of a prior-ranking charge to RBC's position, as RBC's preferred realization strategy beyond the First Stay Extension is to repossess and liquidate collateral of material value, including, without limitation, RBC's leased equipment.

42. It is also questionable for the Debtor to take the position, as it did in the Different Position Email, 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).*" This statement was made in the Different Position Email without any support being provided to RBC; however, the Debtor's motion materials now give reason to be concerned about what the Debtor means by a "*viable*" way to take out RBC, and what options the Debtor has deliberately not pursued because of: (i) the competing interests of the related purchaser group; and (ii) Mr. Jacoby's unwillingness to put any "*skin in the game*" to support any of the risk that his proposed sale process creates.

43. For example, paragraph 32(h) of the October Jacoby Affidavit advises that an offer was in fact made by a third-party (the "**Third-Party Offer**"), but was rejected by the Debtor because of "*a high commitment fee, a high rate of interest above 18% per annum, and a requirement for collateral security and/or guarantees.*" According to Mr. Jacoby, "*such a high rate of interest would be untenable beyond a very short period of time.*" Mr. Jacoby also comments that "*there are no guarantees for RBC's current facilities.*" These observations lead Mr. Jacoby to conclude that the "*prudence*" of the Third-Party Offer is "*doubtful.*"

44. It strikes me that what Mr. Jacoby is really saying is that the Third-Party Offer is not prudent for him personally, given the risk that the Debtor would default after a short period of time and that Mr. Jacoby would then face liability for any shortfall. While that is a legitimate concern for Mr. Jacoby to have and a legitimate reason for not accepting the Third-Party Offer, I believe it is completely inappropriate for Mr. Jacoby to expect RBC to continue to assume risks of a similar nature that Mr. Jacoby is not prepared to assume, particularly because it was already agreed in the First Stay Extension Agreement that RBC would not assume such risks.

45. Before RBC became aware of the Third-Party Offer and the proposed super-priority charge by reading about them for the first time in the Debtor's motion materials, RBC offered not to rely on the terms of the First Stay Extension Agreement (and therefore support further Stay Period extensions) if Mr. Jacoby or someone else were prepared to give a secured guarantee to RBC. Like the Third-Party Offer, RBC's offer was also rejected by the Debtor (even though it involved no increased interest rate or commitment fee), with Mr. Jacoby noting at paragraph 45 of the October Jacoby Affidavit that "*[the Debtor] and its principals are not, however, prepared to grant RBC more security or collateral than it took when it made the loan.*"

46. It strikes me, therefore, that when the Debtor says it has been unable to find a "viable" way to take out or otherwise deal with RBC, the Debtor really means a way in which no one other than RBC assumes any risk.

47. It also strikes me that when paragraph 41 of the October Jacoby Affidavit describes the Debtor's proposed stalking horse process as being "*a way*" to protect the Debtor's employees and contractors from a bankruptcy, the Debtor acknowledges that there are other ways to avoid a bankruptcy, and therefore other ways to protect the Debtor's employees and contractors. It's just

that these other ways involve the Debtor and its principals assuming some of the risk, which apparently they are not prepared to do.

48. In this regard, I believe it is telling that the Debtor's proposed stalking horse transaction apparently came to life when the Debtor "*approached some of the existing shareholders and friends of [the Debtor] (who we had approached about a possible loan or equity injection to repay RBC) about making an offer for [the Debtor's] assets and business.*" Paragraphs 28(g) and 37 of the October Jacoby Affidavit advise that these same shareholders and friends, who now comprise the stalking horse purchaser, were unable or unwilling to lend money to the Debtor because "*[t]he timeframe and current circumstances of [the Debtor]'s position in special loans at RBC while undergoing revenue shrinkage due to the pandemic did not permit any successful agreements to be reached.*"

49. I firmly believe that the proposed stalking horse process is nothing more than an opportunistic attempt by the Debtor group to put its interests ahead of its creditors.

50. The purported rationale put forward at paragraph 36 of the October Jacoby Affidavit for proceeding with a sale process instead of a liquidation is that "*the business of [the Debtor] is likely worth more than its hard assets,*" but this rationale is undermined by: (i) the Debtor's own appraisal of the operating business (Confidential Exhibit "F" to the October Jacoby Affidavit); and (ii) the proposed assumption by the stalking horse purchaser of the Debtor's leased equipment from RBC (\$285,636.36 at October 16, 2020, being more than the purchase price for the Debtor's business of \$250,000).

51. In addition to the Debtor's four leases with RBC, the stalking horse bidder proposes to assume 20 additional personal property leases with eight other leasing institutions. The stalking

horse agreement does not disclose the balances owing under these 20 other leases, but the Debtor's initial statement of affairs signed by Mr. Jacoby on August 8, 2020 (the "**Initial Statement of Affairs**") reflects the following balances for the non-RBC leases:

- (a) \$91,245 owing to Add Capital Corporation under two leases;
- (b) \$25,666 owing to Axiom under one lease;
- (c) \$32,307 owing to CWB National Leasing Inc. under one lease;
- (d) \$34,123 owing to Dell Financial Services Canada Ltd. under four leases;
- (e) at least \$220,819 owing to Grenke under at least five leases (with the stalking horse purchase agreement reflecting eight leases with Grenke);
- (f) \$28,389 owing to Gould Leasing Ltd. under one lease;
- (g) \$29,803 owing to IndCom Transportation Leasing Inc. under one lease;
- (h) \$19,906 owing to LBC Capital under one lease; and
- (i) \$40,949 owing to LBC Capital under a second lease.

52. In total, the outstanding balance reflected in the Initial Statement of Affairs for the non-RBC leases totals at least \$523,207, such that, with the RBC leases, the stalking horse purchaser proposes to assume approximately \$800,000 of leasing equipment obligations. A copy of the Initial Statement of Affairs is attached as **Exhibit "J"** to this Affidavit.

53. Similarly, the Debtor's most recent annual financial statements at December 31, 2019 reflect "*Property and equipment, net*" of \$1,420,605. A copy of these financial statements is attached to the First Report (Exhibit "A" to this Affidavit).

54. When these hard asset figures are compared with the confidential business operations appraisal results, I believe that there is very good reason to question Mr. Jacoby's belief that "*the business of [the Debtor] is likely worth more than its hard assets.*"

55. The Debtor is of course entitled to its own opinion as to whether a sale process or a liquidation would yield a better recovery on the indebtedness owing to RBC. However, given the acknowledgments by the Debtor that all the net proceeds under either process would be insufficient to repay RBC, the decision as to which process would be most beneficial should rightly belong to RBC, and not to the Debtor.

56. At this stage, given the totality of the circumstances outlined above, RBC would prefer the certainty of a bankruptcy over the continued risk and cost associated with a sale process in debtor-in-possession proceedings with a Debtor that RBC no longer trusts.

The Debtor Will Not Be Able to Make a Viable Proposal to Its Creditors

57. As a result of the Debtor's conduct in these proposal proceedings, and RBC's ranking as general secured creditor with a clear veto position, I can say with absolute certainty that RBC has lost confidence in the Debtor, and that there is no hope of the Debtor being able to put forward a proposal that would be accepted by its creditors.

58. Moreover, nowhere in the October Jacoby Affidavit does Mr. Jacoby even state that the Debtor has any intention of putting forward a proposal to its creditors, much less that any such proposal would have any chance of acceptance. This is in sharp contrast to Mr. Jacoby's evidence when the Debtor sought the First Stay Extension.

59. It strikes me that what the Debtor is attempting to do with its proposed stalking horse sale process is to achieve indirectly what it knows it cannot do directly – that is, forcing the Debtor's creditors to accept a compromise on the Debtor's terms. It is of little comfort to RBC when Mr. Jacoby says at paragraph 40 of the October Jacoby Affidavit that he believes the stalking horse bid represents "*an appropriate level of recovery for the creditors.*" With the greatest of respect to Mr. Jacoby, that is a decision belonging to the creditors and the Court, not Mr. Jacoby.

The Debtor's Proposed Relief Is Materially Prejudicial to the Veto-Holding Fulcrum Creditor

60. The proposed second Stay Period extension and associated relief, including, most notably, the proposed super-priority charge to fund the proposed stalking horse sale process, are extremely prejudicial to RBC's position as the Debtor's veto-holding creditor, in that, amongst other things:

- (a) the proposed super-priority charge is inconsistent with RBC's desired realization strategy, and is the precise thing that RBC was assured by the Debtor would not be sought at any time, in exchange for RBC having agreed to the First Stay Extension;
- (b) the proposed super-priority charge would rank in front of RBC's security, whereas RBC's security would otherwise prime the existing insolvency professionals in a bankruptcy scenario;
- (c) the proposed super-priority charge is double the amount of the deposit under the proposed stalking horse process, such that RBC is being asked to assume increased risk for a stalking horse process that RBC does not want and that is not designed to benefit RBC;

(d) there is no evidence that the proposed stalking horse bidder even has sufficient economic resources to close the stalking horse bid, representing a further risk that RBC is being asked to assume;

(e) there is no evidence that the proposed stalking horse bidder has sufficient economic resources to assume the leases with RBC (much less any of the other leases), the financial obligations in respect of which exceed the purchase price under the proposed stalking horse bid;

(f) the Debtor's proposed relief would mean that the liquidation value of the Debtor's hard assets would continue to deteriorate; and

(g) most important, the proposed relief would preclude RBC from proceeding with what it believes is the pathway of maximal realization, being the liquidation of the Debtor's assets (which belief is entirely consistent with the results of the Debtor's own appraisal of the operating business).

61. This Affidavit is made in opposition to the Debtor's motion, and in support of RBC's cross-motion to terminate the Stay Period, and for no other or improper purpose whatsoever.

SWORN remotely via videoconference)
by Jerry Tsao stated as located)
at the City of Toronto, in the Province)
of Ontario, before me at the City of)
Toronto, in the Province of Ontario,)
this 19th day of October, 2020.)
)
)



JERRY TSAO

Commissioner for taking affidavits, etc.

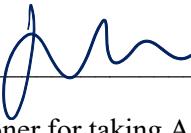
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

**Court File No. 31-2663507
Estate File 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.**

**FIRST REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN UNION PROMOTIONS INC.**

September 4, 2020

TABLE OF CONTENTS

I. TERMS OF REFERENCE.....	2
II. GENERAL BACKGROUND INFORMATION OF THE COMPANY.....	2
III. THE NOI PROCEEDINGS.....	4
IV. EXTENSION OF THE STAY PERIOD TO OCTOBER 22, 2020.....	5
V. CONCLUSION AND RECOMMENDATIONS.....	6

APPENDICES

APPENDIX "A"- CERTIFICATE OF FILING THE NOTICE TO MAKE A PROPOSAL

APPENDIX "B"- 2019 FINANCIAL STATEMENTS

APPENDIX "C"- CASH FLOW PROJECTIONS

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN UNION PROMOTIONS INC.

FIRST REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN UNION PROMOTIONS INC.

September 4, 2020

1. This report (the “**First Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by Canadian Union Promotions Inc. (“**CUP**” or the “**Company**”).
2. On August 8th, 2020 (the “**Filing Date**”), the Company filed an NOI and Crowe was appointed as Proposal Trustee. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy for the Company is attached hereto as **Appendix “A”**.
3. The purpose of this First Report is to provide the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and stakeholders with information pertaining to the following:
 - a. a limited summary of certain background information about the Company;
 - b. the restructuring steps to be undertaken by the Company during these proceedings; and
 - c. the Company’s request for an extension of the stay initiated on the Filing Date (the “**Stay Period**”) to October 22, 2020.

I. TERMS OF REFERENCE

4. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.
5. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management and employees (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada Handbook (the "**CPA Handbook**") and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

II. GENERAL BACKGROUND INFORMATION ON THE COMPANY

6. CUP was incorporated under the Canada Business Corporations Act on November 9, 2007. The Company is in the business of providing customized software solutions, various marketing services, and print and promotional products to union associations. The Company's head office and operations are located at 17 Belfield Road, Etobicoke, Ontario.
7. The directors of CUP consist of Kevin Flynn, Cosmo Manella, Rosario Marchese, Shy Jacoby, Ken Georgetti, Elena Jacoby, and David Gibbins.
8. CUP is a private company and is primarily owned by Shy Jacoby (and family members).

Overview of Operations

9. 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). Currently the Company has 17 employees and 3 contractors.

10. We understand that in 2014 CUP developed a comprehensive software platform specifically tailored to address the special needs of unions and their members with regard to management, duties, and communications. This platform enabled the Company to service larger, national-level union clients, as well as smaller and medium size union clients who operate regionally or as a union local.

11. We understand that from the years 2014 to 2018, CUP experienced sizeable growth which resulted in the Company hiring more people and acquiring new clients.

The Company's Financial Position

12. Sales, gross profit and net income significantly declined in fiscal 2019. Overall, there was an operating loss in the amount of \$810,850 in fiscal 2019, compared to an operating gain in the amount of \$167,756 in fiscal 2018.

13. The Company's financial statements for the fiscal year ending December 31, 2019 were issued by Ernst & Young LLP. A copy of the Financial Statements is attached hereto as **Appendix "B"**.

Causes of Insolvency

14. The Proposal Trustee has been advised that in 2019, CUP experienced financial difficulty as a result of the loss of a major client, the Power Workers Union. As well, we were advised that the Company has an overdue accounts receivable balance outstanding from the Power Workers Union of more than \$1.2 million. The Company's inability to collect on the accounts receivable balance has had a detrimental effect on the Company's cash flow.

15. Additional details of the Company's causes of insolvency are detailed in the affidavit of Shy Jacoby sworn September 3, 2020 in support of the Company's September 7, 2020 motion (the "**Jacoby Affidavit**") and are, therefore, not repeated herein.

The Company's Creditors

16. As detailed in the Jacoby Affidavit, CUP has a banking relationship with Royal Bank of Canada ("RBC") and maintain their operating accounts at RBC. In 2018, CUP secured a comprehensive loan facility with RBC. We understand 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 the Company of a general security agreement in favour of RBC.
17. In the fall of 2019, RBC placed CUP into special loans. In July 2020, CUP was notified by RBC that they were in default under the RBC loan facility as a result of borrowing ratios exceeding those allowed as of December 31, 2019, CUP's last financial year-end. RBC also advised that the Company's Visa cards had exceeded their maximum balances.
18. On July 29, 2020, RBC served CUP with a demand letter and a notice pursuant to section 244 of the BIA Notice of Intention to Enforce Security, as it related to the Company's indebtedness currently estimated in the amount of approximately \$850,000.
19. In addition to the indebtedness owing to RBC, the Company has a secured loan owing to a related company in the amount of approximately \$120,000, equipment leases outstanding in the amount of approximately \$750,000 and unsecured obligations totaling approximately \$1.25 million to various service providers.

III. THE NOI PROCEEDINGS

20. Due to the financial challenges experienced by the Company, it was determined that it is in the best interest of all stakeholders for the Company to explore restructuring options. CUP continues to operate as a going concern. It is CUP's intention to repay its secured debt to RBC through refinancing and/or investment and to continue its operations in the normal course with the assistance of the Company's advisors, and under the supervision of the Proposal Trustee.

IV. EXTENSION OF THE STAY PERIOD TO OCTOBER 22, 2020

21. The current stay of proceedings will expire on September 7, 2020 (effectively September 8, 2020 on account of the Labour Day holiday). Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the BIA to October 22, 2020 (the “**Stay Extension**”).

22. The Company with the assistance of the Proposal Trustee has prepared Cash Flow Projections. A copy of the Cash Flow Projections is attached hereto as **Appendix “C”**, which is summarized below:

Canadian Union Promotions Inc.
Cash Flow Projections
For the Period September 4 to December 4, 2020

Cash-in

Accounts Receivable Collections	1,146,178
CRA Covid-19 wage subsidy	135,000
	A 1,281,178

Cash-out

Advertising and promotion	12,000
Legal & Trustee	18,800
Insurance	46,125
Interest and bank charges	63,971
HST	14,297
WSIB and EHT	5,600
Occupancy costs	72,188
Office and general	43,811
Professional fees	3,193
Salaries and benefits	521,495
A/P Vendor payments	43,295
Leases	147,260
Loan Payment	40,000
Cost of goods sold	267,138
	B 1,299,171

Net Cash Flow

C=A-B (17,993)

Opening Cash Balance

D 46,329

Closing Cash Balance

C+D 28,336

23. The Cash Flow Projections indicate that the Company will have sufficient liquidity to fund both operating costs and the costs of these Proposal proceedings, for the duration of the Stay Extension, if granted.
24. The Proposal Trustee supports the Company's request for the Stay Extension for the following reasons:
 - a. More time is required to finalize and execute a restructuring plan and to refinance RBC;
 - b. The Company is acting in good faith and with due diligence;
 - c. It is the Proposal Trustee's view that the Stay Extension will not materially prejudice any creditors; and
 - d. The Company will likely be able to make a viable proposal to their creditors if their request for an extension is granted.

V. CONCLUSION AND RECOMMENDATIONS

25. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Order sought by the Company, extending the Stay Period to October 22, 2020.

All of which is respectfully submitted this 4th day of September 2020.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal of
Canadian Union Promotions Inc.

Per


Hans Rizanni, CIRP, LIT

Appendix “A”



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 aforesigned 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 aforesigned insolvent person are stayed as of the date of filing of the Notice of Intention.

Appendix “B”

Canadian Union Promotions Inc.

Financial statements

**Unaudited – See independent practitioner's
review engagement report**

December 31, 2019



Independent practitioner's review engagement report

To the Shareholders of
Canadian Union Promotions Inc.

We have reviewed the accompanying financial statements of **Canadian Union Promotions Inc.** that comprise the balance sheet as at December 31, 2019, and the statements of retained earnings (deficit), income (loss) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **Canadian Union Promotions Inc.** as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Ernst & Young LLP

Chartered Professional Accountants
 Licensed Public Accountants

Toronto, Canada
 June 8, 2020

Canadian Union Promotions Inc.

Balance sheet

As at December 31

Unaudited – See independent practitioner's
review engagement report

	2019	2018
	\$	\$
Assets		
Current		
Accounts receivable <i>[note 12]</i>	1,782,506	1,329,624
Income tax recoverable	300,000	197,000
Security and other deposits	250,065	242,058
Total current assets	2,332,571	1,768,682
Property and equipment, net <i>[note 3]</i>	1,420,605	1,410,459
	3,753,176	3,179,141
Liabilities and shareholders' equity		
Current		
Bank indebtedness <i>[note 4]</i>	703,202	140,182
Accounts payable and accrued liabilities	345,471	506,038
Government remittances payable	319,723	265,284
Current portion of obligations under capital leases <i>[note 5]</i>	426,141	402,351
Current portion of loan payable <i>[note 6]</i>	346,603	144,000
Total current liabilities	2,141,140	1,457,855
Obligations under capital leases <i>[note 5]</i>	303,565	413,775
Loan payable <i>[note 6]</i>	582,861	554,979
Due to shareholders <i>[note 7]</i>	53,503	7,477
Total liabilities	3,081,069	2,434,086
Commitments <i>[note 8]</i>		
Shareholders' equity		
Share capital <i>[note 9]</i>	1,135,515	400,997
Contributed surplus <i>[note 9]</i>	22,880	25,300
Retained earnings (deficit)	(486,288)	318,758
Total shareholders' equity	672,107	745,055
	3,753,176	3,179,141

See accompanying notes

Canadian Union Promotions Inc.**Statement of retained earnings (deficit)**

Year ended December 31

Unaudited – See independent practitioner's
review engagement report

	2019	2018
	\$	\$
Retained earnings, beginning of year	318,758	304,850
Net income (loss) for the year	(805,046)	13,908
Retained earnings (deficit), end of year	(486,288)	318,758

See accompanying notes

Canadian Union Promotions Inc.

Statement of income (loss)

Year ended December 31

Unaudited – See independent practitioner's
review engagement report

	2019	2018
	\$	\$
Sales		
Cost of sales	5,093,654	7,734,607
Gross profit	1,788,793	3,650,432
	3,304,861	4,084,175
 Expenses		
Advertising and promotion	110,206	103,116
Amortization	537,302	244,871
Automobile	68,100	133,201
Computer	14,957	18,703
Consulting fees	4,500	274,119
Insurance	150,297	135,417
Interest and bank charges <i>[notes 4, 5, 6 and 10]</i>	241,478	233,433
Investment tax credits	(303,667)	(319,000)
Management salaries	619,728	854,881
Occupancy costs	364,762	313,323
Office and general	118,498	201,955
Professional fees	109,714	102,466
Salaries and benefits <i>[note 9]</i>	2,001,576	1,537,201
Telephone	35,011	26,441
Travel	43,249	56,292
	4,115,711	3,916,419
Income (loss) before the following	(810,850)	167,756
Other expenses (income)		
Write-off of leasehold improvements	-	43,907
Gain on settlement of obligations under capital leases	(5,804)	-
	(5,804)	43,907
Income (loss) before income taxes	(805,046)	123,849
Provision for income taxes <i>[note 11]</i>	-	109,941
Net income (loss) for the year	(805,046)	13,908

See accompanying notes

Canadian Union Promotions Inc.

Statement of cash flows

Year ended December 31

Unaudited – See independent practitioner's
review engagement report

	2019	2018
	\$	\$
Operating activities		
Net income (loss) for the year	(805,046)	13,908
Add items not involving cash		
Amortization	537,302	244,871
Impairment of leasehold improvements	-	43,907
Stock-based compensation expense <i>[note 9]</i>	200,000	25,300
	<hr/>	<hr/>
	(67,744)	327,986
Changes in non-cash working capital balances related to operations		
Accounts receivable	(452,882)	111,700
Income tax recoverable	(103,000)	(46,968)
Security and other deposits	(8,007)	(118,590)
Accounts payable and accrued liabilities	(160,567)	204,660
Government remittances payable	54,439	18,925
Income taxes payable	-	(7,497)
	<hr/>	<hr/>
Cash provided by (used in) operating activities	(670,017)	162,230
	<hr/>	<hr/>
	(737,761)	490,216
Financing activities		
Bank indebtedness, net	563,020	140,182
Repayment of obligations under capital leases	(514,947)	(292,181)
Proceeds from loan payable	386,715	814,479
Repayment of loan payable	(156,230)	(865,501)
Repayment of due to shareholders	-	(35,879)
Advances from shareholder	46,026	-
Issuance of shares	532,098	-
Cash provided by (used in) financing activities	856,682	(238,900)
Investing activities		
Additions to property and equipment	(118,921)	(383,088)
Cash used in investing activities	(118,921)	(383,088)
Net increase (decrease) in cash during the year	-	(131,772)
Cash, beginning of year	-	131,772
Cash, end of year	-	-

See accompanying notes

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's
review engagement report

1. Nature of operations

Canadian Union Promotions Inc. [the "Company"] was incorporated under the *Canada Business Corporations Act* on November 9, 2007, and is in the business of providing customized software solutions, various marketing services and print and promotional products to union associations.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises ["ASPE"].

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, which is when a contract or equivalent is signed by both parties, delivery has occurred or services have been rendered, the fee is fixed or determinable and ultimate collection is reasonably assured at the time of performance.

The Company offers a retainer program to its customers under contracts providing ongoing services by monthly or annual subscriptions. Revenue from these subscriptions is recognized over the subscription period on the straight-line basis.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on the greater of cost less salvage value over the life of the asset and cost less residual value over the useful life of the asset, using the following rates and methods:

On the declining balance method

Machinery and equipment	20%–30%
Furniture and fixtures	20%
Computers	33%
Leasehold improvements	20%
Vehicles	30%

Long-lived assets

Long-lived assets, which comprise property and equipment, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the undiscounted future cash flows expected from use and residual value is less than the carrying amount, the long-lived asset is considered impaired. An impairment loss is measured as the amount by which the carrying value of the long-lived asset exceeds its fair value.

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's review engagement report

Financial instruments

The Company initially records a financial instrument at its fair value, except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

The Company recognizes its transaction costs in net income (loss) in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Subsequently, the Company measures all financial instruments at amortized cost.

Income taxes

The Company follows the taxes payable method, whereby only the cost or benefit of current income taxes for the year is reported, as determined in accordance with the rules established by taxation authorities.

Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be materially different from the recorded amount upon assessment by Canada Revenue Agency.

Use of estimates

The preparation of the financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Significant estimates and assumptions that are made by management are used for, but not limited to, the estimated useful lives of long-lived assets, the recoverability of such assets by their estimated future undiscounted cash flows and the valuation of accounts receivable.

Leases

A lease arrangement that transfers substantially all benefits and risks incidental to ownership of a lease asset is accounted for at inception of the lease as an acquisition of an asset and a corresponding obligation under capital lease. Obligations under capital lease are reduced by scheduled rental payments net of imputed interest. A lease that does not transfer substantially all the benefits and risks incidental to ownership of property is accounted for as an operating lease. Rental payments are included in the statement of income on a straight-line basis over the non-cancellable lease term. Any difference between contractual and straight-line rent, at inception of the lease term, is recorded as deferred rent and subsequently adjusted to rent expense over the lease term.

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's review engagement report

Impairment of financial assets

As at the end of each year, the Company assesses, for all its financial assets, whether there is an indication of impairment. When there is an indication of impairment, a write-down is recognized as a charge to income by reducing the carrying amount of the asset to the highest of the following three amounts:

- [i] the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to the asset;
- [ii] the amount that could be realized by selling the asset as at the balance sheet date;
- [iii] the amount the Company expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

A previously recognized write-down may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal of write-down is recognized in net income (loss) in the period the reversal occurs.

Shares issued in tax planning arrangement

Shares issued in a tax planning arrangement are classified as equity at their stated amount. When redemption is demanded by the holder, the Company reclassifies the shares as a liability and measures at their redemption amount. Any adjustment between stated and redemption amounts is recognized as a charge to retained earnings. The Company discloses information only for those classes of shares that have been issued.

Share issuance costs

Transaction costs incurred in issuing equity instruments are presented as a deduction from shareholders' equity.

Stock-based compensation

The Company has a stock option plan described in note 9. Stock options are recorded at their fair value over their vesting period as stock-based compensation expense, and adjustments for forfeitures are made as they occur. On the exercise of stock options, capital stock is credited for consideration received and for the fair value of amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's
review engagement report

3. Property and equipment

	2019		2018	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Machinery and equipment, under capital leases	1,454,163	713,655	740,508	901,233
Furniture and fixtures	114,434	58,204	56,230	70,288
Computers, under capital leases	544,543	248,568	295,975	156,199
Leasehold improvements	320,353	88,583	231,770	282,739
Vehicles	119,084	22,962	96,122	-
	2,552,577	1,131,972	1,420,605	1,410,459

During the year, the Company acquired assets under capital leases in the amount of \$428,527 [2018 – \$295,414].

4. Bank indebtedness

On December 6, 2018, the Company signed an amended demand operating facility with its bank to a maximum amount of \$650,000 to finance working capital requirements. The facility bears interest at the bank's prime rate plus 1.95% per annum. The facility is secured by a general security agreement constituting a first-ranking security interest on all personal property of the Company and postponement and assignment of shareholder loan and priority agreement between the bank and the Company. As at December 31, 2019, the Company has drawn approximately \$630,000 [2018 - \$69,900] against its operating facility.

The amount drawn down as at December 31, 2019 was \$630,000 [2018 – \$74,073], excluding outstanding cheques.

Interest expense for the year amounted to \$72,950 [2018 – \$10,848].

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's
review engagement report

5. Obligations under capital leases

Minimum lease payments, exclusive of occupancy and escalation charges, under capital leases, which expire in 2023, are as follows:

	Capital leases
	\$
2020	482,601
2021	251,826
2022	75,881
2023	6,722
	<u>817,030</u>
Less amount representing interest [average rate – 14.55%]	87,324
Less current portion	426,141
	<u>513,465</u>
	<u>303,565</u>

Interest incurred during the year on obligations under capital leases amounted to \$80,061 [2018 – \$59,387].

The obligations under capital leases are secured by specific equipment as described in note 3.

6. Loan payable

	2019	2018
	\$	\$
Vehicle loan non-interest bearing, repayable in monthly instalments of \$1,393 and maturing in August 2026. The vehicle loan is secured by the underlying financed assets with a carrying value approximating the value of the loan	111,467	-
Loan payable to a company under common control unsecured, bearing interest at 11% per annum, repayable in monthly instalments of \$13,500 and maturing in January 2023	554,979	698,979
Loan payable unsecured, bearing interest at 17.5% per annum, repayable in blended monthly instalments of \$9,424 and maturing in November 2021	183,018	-
Loan payable unsecured, bearing interest at 12% per annum, repayable interest only on a monthly basis and maturing in March 2020	80,000	-
	<u>929,464</u>	<u>698,979</u>
Less current portion	<u>346,603</u>	<u>144,000</u>
	<u>582,861</u>	<u>554,979</u>

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's
review engagement report

Principal repayments on long-term debt due in each of the next five years are as follows:

	\$
2020	346,603
2021	291,854
2022	214,720
2023	31,699
2024	16,720
2025 and thereafter	<u>27,868</u>

Interest incurred during the year on long-term debt amounted to \$73,824 [2018 – \$76,833].

7. Due to shareholders

Advances from shareholders are non-interest bearing, are unsecured and have no specified terms of repayment. The shareholders have waived their right to demand repayment in the next year, and accordingly, the advances have been classified as non-current.

8. Commitments

Future minimum lease payments required under automobile leases are as follows:

	\$
2020	27,129
2021	<u>17,976</u>

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's review engagement report

9. Share capital and stock options

Authorized

Unlimited Class A common shares, voting, dividends at the discretion of the Board of Directors

Unlimited Class B common shares, voting, dividends at the discretion of the Board of Directors

Unlimited Class A special shares, non-voting, non-cumulative cash dividends up to a maximum of 0.5% of the "Class A Redemption Amount", redeemable at \$600 per share

Unlimited Class B special shares, voting, non-participating, redeemable at the subscription amount

Issued

	2019	2018
	\$	\$
6,920,253 Class A common shares [2018 – 4,905,000]	1,515,690	459,004
7,000,000 Class B common shares	7	7
1,000 Class A special shares	100	100
Less: share issuance costs	(58,114)	(58,114)
Less share loan receivable	(322,168)	-
	<hr/> 1,135,515	<hr/> 400,997

During the year 95,000 warrants were exercised into common shares at \$0.85 per warrant. As at December 31, 2019, there were no warrants outstanding.

During the year, the Company issued 898,253 Class A common shares for a cash consideration of \$441,347 and a loan receivable in the amount of \$322,168.

Stock options

The Company has created a stock option plan that is applicable for eligible participants of the Company for the purchases of common shares and shall be limited to 10% of the fully diluted issued and outstanding share capital of the Company. Options are granted with an exercise price equal to the fair value of the Company's common shares on the grant date, and these shares' expiry and vesting dates will be fixed by the Board at the time the particular share option is granted, provided the date shall not be later than the tenth anniversary of the date of grant.

During the year, the Company issued 1,000,000 stock options with an aggregate exercise price of \$1 in lieu of accrued bonuses in the amount of \$200,000. Immediately upon grant, the options were exercised and accordingly, the Company recognized compensation expense in the amount of \$200,000, which was credited to capital stock.

During the year, 22,000 options were exercised at a price of \$0.45 per option. As at December 31, 2019, the total number of options outstanding is 208,000 which can be exercised at a price of \$0.45 per option.

Canadian Union Promotions Inc.

Notes to financial statements

December 31, 2019

Unaudited – See independent practitioner's review engagement report

10. Related party transaction

During the year the Company, in the normal course of business, was charged rent and interest in the amount of \$250,833 [2018 – \$125,417] and \$69,628 [2018 – \$76,833] by a company under common control. This transaction has been measured at the exchange amount.

11. Income taxes

Significant components of the provision for income taxes are as follows:

	2019	2018
	\$	\$
Combined basic federal and provincial income taxes		
at statutory rates	(213,331)	32,820
Adjustments to income taxes resulting from		
Amortization for accounting in excess of claim for tax purposes	116,031	64,361
Small business deduction	-	(65,000)
Non-deductible expenses for tax purpose	87,162	130,327
SR&ED allowance claimed in excess of amount booked	830	(31,578)
Lease rental deducted for tax purposes	(136,324)	(77,428)
Non-capital losses carried back	149,174	-
Other	(3,542)	56,439
Provision for income taxes	-	109,941

12. Financial instruments and risk management

The following table shows the carrying amounts of the indicated financial instruments:

	2019	2018
	\$	\$
Financial assets measured at amortized cost		
Accounts receivable	1,782,531	1,329,624

Risk and uncertainties

The Company is exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and the capital base is adequate in relation to these risks.

Canadian Union Promotions Inc.**Notes to financial statements**

December 31, 2019

Unaudited – See independent practitioner's
review engagement report

The principal financial risks to which the Company is exposed are described below:

Credit risk

The Company is exposed to credit risk in the event of non-payment by its customers for their accounts receivable. The Company believes there is minimal risk associated with these amounts, as they are receivable from union associations.

Liquidity risk

The Company is exposed to minimal liquidity risk, as it does not anticipate any significant difficulties in meeting its financial liabilities.

Interest rate risk

The Company is exposed to interest rate risk with respect to its loan payable, which bears a fixed rate of interest.

13. Subsequent events

Subsequent to year-end, the outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods.

Appendix “C”

Canadian Union Promotions 14 Week Frcst															TOTALS
Opening Balance	46,329	15,314	3,619	23,770	38,251	27,204	102,036	57,733	39,408	43,998	91,522	102,484	37,804	34,992	46,329
Closing Balance	15,314	3,619	23,770	38,251	27,204	102,036	57,733	39,408	43,998	91,522	102,484	37,804	34,992	28,336	Total
<u>Receivables:</u>															
Accounts Receivable Collections	68,500	27,861	188,287	104,509	139,093	136,708	109,797	881	107,500	114,708	-	53,624	50,000	89,708	1,146,178
Other Cash-in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CRA Covid-19 wage subsidy	-	45,000	-	-	-	45,000	-	-	-	-	45,000	-	-	-	135,000
Total Receivable	68,500	72,861	188,287	104,509	139,093	136,708	109,797	881	107,500	114,708	45,000	53,624	50,000	89,708	1,281,178
<u>Payables:</u>															
Advertising and promotion	-	3,000	-	-	3,000	-	-	-	1,500	1,500	-	-	1,500	1,500	12,000
Automobile	-	-	2,007	811	1,401	-	2,007	811	1,401	-	-	2,007	2,212	-	12,655
Computer	-	1,000	-	-	1,000	-	-	-	1,000	-	-	-	1,000	-	4,000
Consulting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal & Trustee	6,300	-	2,500	-	5,000	-	-	-	-	2,500	2,500	-	-	-	18,800
Insurance	11,495	-	-	48	11,495	-	-	48	-	11,495	-	-	48	11,495	46,125
Interest and bank charges	2,700	600	13,924	-	5,900	600	13,924	-	3,000	3,500	-	13,924	3,000	2,900	63,971
HST	6,297	-	-	-	2,500	-	-	-	-	2,500	500	-	-	2,500	14,297
WSIB and EHT	-	-	1,400	-	1,400	-	-	-	1,400	-	-	-	1,400	-	5,600
Occupancy costs	-	-	24,063	-	-	-	24,063	-	-	-	-	24,063	-	-	72,188
Office and general	889	-	-	4,167	119	-	-	3,867	300	119	-	3,867	300	119	13,747
Professional fees	1,596	-	1,596	-	-	-	-	-	-	-	-	-	-	-	3,193
Salaries and benefits	52,981	26,329	57,770	57,603	47,280	-	69,883	-	69,883	-	22,603	47,280	22,603	47,280	521,495
Telephone	309	-	-	3,200	-	-	-	3,200	-	-	-	-	3,200	-	9,909
Travel	500	-	500	-	500	-	500	-	500	-	500	-	500	-	3,500
A/P Vendor payments	6,483	968	3,892	6,177	7,533	1,500	3,640	5,065	877	1,691	-	3,779	-	1,691	43,295
Leases	2,465	3,161	7,597	1,021	19,263	12,276	7,585	6,214	8,050	28,880	7,935	5,885	8,050	28,880	147,260
Loan Payment	2,500	-	2,500	-	-	-	17,500	-	-	-	-	17,500	-	-	40,000
COGS	5,000	49,500	50,388	17,000	43,750	47,500	15,000	-	15,000	15,000	-	-	9,000	-	267,138
Total Payable	(99,515)	(84,557)	(168,136)	(90,027)	(150,141)	(61,876)	(154,100)	(19,206)	(102,910)	(67,184)	(34,038)	(118,304)	(52,812)	(96,364)	(1,299,171)
Net Cash	(31,015)	(11,696)	20,152	14,481	(11,048)	74,832	(44,303)	(18,325)	4,590	47,524	10,962	(64,680)	(2,812)	(6,656)	(17,993)
Closing Bank Balance	15,314	3,619	23,770	38,251	27,204	102,036	57,733	39,408	43,998	91,522	102,484	37,804	34,992	28,336	28,336

Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc



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.

Canadian Union Promotions Inc.

April 6, 2018

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.

Canadian Union Promotions Inc.

April 6, 2018

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

Canadian Union Promotions Inc.

April 6, 2018

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 May 6, 2018, after which date it will be null and void, unless extended in writing by the Bank.

July 31 *AN*

ROYAL BANK OF CANADA

Per:

Name: Mike Cussen

Title: Vice President, Business Credit



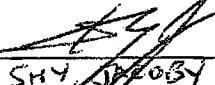
Canadian Union Promotions Inc.

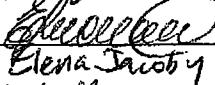
April 6, 2018

/na

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

CANADIAN UNION PROMOTIONS INC.

Per: 
Name: Shirley 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 Covairty 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.

Canadian Union Promotions Inc.

April 6, 2018

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

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

Canadian Union Promotions Inc.

April 6, 2018

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

Canadian Union Promotions Inc.

April 6, 2018

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 constating 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

Canadian Union Promotions Inc.

April 6, 2018

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 COVARIETY 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 Covariety Dashboard") via the Internet and using RBC Covariety 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 Covariety 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 Covariety 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.



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

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: Shay Jacobson
Title: CEO

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower



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

September 5, 2019

Private and Confidential

CANADIAN UNION PROMOTIONS INC.
 17 Belfield Road
 Etobicoke, Ontario
 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. The Credit Facilities section is amended as follows:

a) the description of Facility #1 is amended and restated as follows:

Facility #1: \$900,000.00 revolving demand facility reducing to \$650,000.00 on September 30, 2019, by way of:

b) the Availability section for Facility #1 is amended by the addition of the following:

The amount available under this facility is temporarily increased for the period commencing August 23, 2019 and ending September 30, 2019 (the "Reduction Date"). This temporary increase is for the above referenced period only. On the Reduction Date (and provided that the Bank has not cancelled this facility or issued a demand for repayment), the amount available under this facility shall reduce to \$650,000.00 and the Borrower shall make all payments necessary to ensure that outstanding Borrowings under this facility do not exceed the amount available at any time and from time to time.

[®] Registered Trademark of Royal Bank of Canada

2. Under the Terms and Conditions, the following is added:

CONFIDENTIALITY

This Agreement and all of its terms are confidential ("Confidential Information"). The Borrower shall keep the Confidential Information confidential and will not disclose the Confidential Information, or any part thereof, to any Person. Without limiting the generality of the foregoing, the Borrower shall not issue any press release or make any other public announcement or filing with respect to the Confidential Information without the Bank's prior written consent.

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 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;

- 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 October 5, 2019, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per: _____
Title: Vice President



RBC Contact: Amy Ng

/am

Agreed to and accepted this 16 day of Sep, 2019.

CANADIAN UNION PROMOTIONS INC.

Per: _____
Name: SHY JACOB
Title: PRESIDENT

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower



**Royal Bank of Canada
General Security Agreement**

SRF: 197977416
Borrower: CANADIAN UNION PROMOTIONS INC.

260 EAST BEAVER CREEK RD
2ND FLR
RICHMOND HILL
ONTARIO
L4B 3M3
CA

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

Please do not write in this area



RBC197977416001012000924

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

Please do not write in this area



RBC197977416002012000924

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

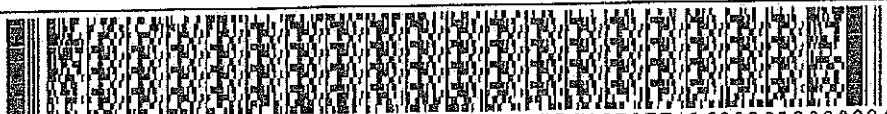
(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

Please do not write in this area



RBC197977416003012000924

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if

Please do not write in this area



RBC197977416004012000924

Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral, Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriate in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the

Please do not write in this area



RBC197977416005012000924

representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any

Please do not write in this area



RBC197977416006012000924

Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC, Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

Please do not write in this area



RBC197977416007012000924

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to

Please do not write in this area



RBC197977416008012000924

RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR CANADIAN UNION PROMOTIONS INC.			
ADDRESS OF BUSINESS DEBTOR 2 - 35 SILTON RD	CITY WOODBRIDGE	PROVINCE ONTARIO	POSTAL CODE L4L7Z8

IN WITNESS WHEREOF Debtor has executed this 16th day March, 2017

CANADIAN UNION PROMOTIONS INC.

Omid Razavi
WITNESSES

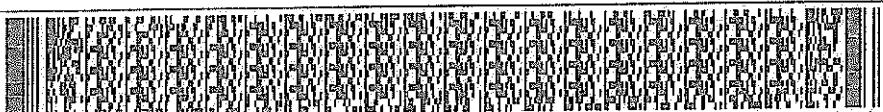
Shy Jacob (src)

Seal

Seal

WITNESSES

Please do not write in this area



RBC197977416009012000924

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

Please do not write in this area



SCHEDULE "B"**1. Locations of Debtor's Business Operations**

2 - 35 SILTON RD,
WOODBRIDGE
ONTARIO
CA
L4L7Z8

2. Locations of Records relating to Collateral

2 - 35 SILTON RD,
WOODBRIDGE
ONTARIO
CA
L4L7Z8

3. Locations of Collateral

2 - 35 SILTON RD,
WOODBRIDGE
ONTARIO
CA
L4L7Z8

Please do not write in this area



RBC197977416011012000924

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

Please do not write in this area



RBC197977416012012000924



Revised 04/16
Royal Bank of Canada
Master Lease Agreement
 (PPSA - S)

This lease agreement (the "Lease Agreement") made as of the 14th day of September, 2017 between

ROYAL BANK OF CANADA ("Lessor")

and

Canadian Union Promotions Inc. ("Lessee")

Address:
 5575 North Service Rd,
 Suite 300,
 Burlington, Ontario
 L7L 6M1

Address:
 2-35 Silton Road
 Woodbridge, Ontario
 L4L 7Z8

Lessor and Lessee agree as follows:

1. Leasing of Equipment

- 1.1 Lessor may, from time to time, at its option, on the request of Lessee, acquire equipment for leasing to the Lessee ("Equipment"), pursuant to the terms of this Lease Agreement and the relevant supplemental agreement ("Leasing Schedule").
- 1.2 Neither the Lessor, nor the Lessee on behalf of Lessor, will order or acquire any Equipment unless Lessee has executed such documents and agreements as Lessor may require. Lessee will advise Lessor promptly of any Equipment ordered or acquired by Lessee on behalf of Lessor pursuant to this Lease Agreement.
- 1.3 Lessee will provide Lessor with a copy of the invoice for each item of Equipment to be purchased pursuant to this Lease Agreement, addressed to Lessor. A Leasing Schedule for that Equipment shall be entered into before payment is made for the Equipment.
- 1.4 Lessee shall conduct such acceptance testing of any Equipment to be purchased pursuant to this Lease Agreement as may be appropriate in the circumstances, and promptly upon successful completion of that acceptance testing shall sign the relevant Leasing Schedule for the Equipment, and return one executed Leasing Schedule to the Lessor.
- 1.5 Lessor shall have no responsibility under any purchase order or any purchase or license agreement or any Leasing Schedule if Lessee does not accept the Equipment and sign and deliver to Lessor the Leasing Schedule(s) and acceptance certificate for that Equipment. Any agreement with the seller of the Equipment will include a provision to this effect.
- 1.6 Each Leasing Schedule shall constitute a separate Lease of the Equipment described in the Leasing Schedule but incorporating the terms of this Lease Agreement. In the event of a conflict between the terms of this Lease Agreement and any Leasing Schedule with respect to any Lease, the terms of the Leasing Schedule shall govern.
- 1.7 Terms not otherwise defined herein shall have the same meaning ascribed under the Leasing Schedule.

2. Payment of Equipment Cost

- 2.1 Lessor will pay the agreed cost to be funded by Lessor for the Equipment acquired pursuant to this Lease Agreement on the later of: (i) the due date for payment, and (ii) delivery of the signed Leasing Schedule.

3. Rental

- 3.1 Lessee shall pay to Lessor the rental payable, as set out in the Leasing Schedule. The first Installment is payable on the Commencement Date of the Term and the last of such installments is payable on the Termination Date of Term, all as shown on the relevant Leasing Schedule.

4. Rent Payment

© Registered trademark of Royal Bank of Canada

- 4.1 The Total Rental Installments shall be paid at the office of Lessor, at the address set out on page 1 of this Lease Agreement, or at such other place in Canada as Lessor may from time to time designate by notice.

5. Ownership

- 5.1 Title to, ownership of, and property in, the Equipment shall at all times be and remain solely and exclusively in the Lessor, subject only to the rights of Lessee to use the Equipment pursuant to the provisions of this Lease, and to purchase the same pursuant to any option granted in the relevant Leasing Schedule.

6. Personal Property

- 6.1 Notwithstanding any purposes for which the Equipment may be used or that it may become in any manner affixed or attached to or embedded in or permanently rested upon land or any structure thereon, it shall remain moveable personal property, and subject to all of the rights of Lessor under the Lease to which it is subject.
- 6.2 Lessee agrees to use all reasonable commercial efforts to obtain a waiver, if required by and in a form satisfactory to Lessor, from any landlord, mortgagee, hypothecary creditor or other encumbrancers or any person having any interest in the land or structure referred to in Section 6.1 hereof consenting to this Lease Agreement and any relevant Leasing Schedule, and to the exercise by Lessor of its rights thereunder and hereunder and declaring that such encumbrances do not affect the Equipment.
- 6.3 Solely for the purpose of, and to the extent reasonably necessary to protect the interest of the Lessor as to its title and first priority interest in the Equipment, and without election or admission that this Agreement or any Leasing Schedule is a finance lease, the Lessee grants a security interest in any interest of the Lessee in the Equipment to the Lessor.

7. Licence

- 7.1 Lessee agrees that Lessor:

- (a) may at any time and from time to time, if an Event of Default (s.18) has occurred and is continuing, enter upon any lands and premises where any Equipment is located with all such force as may be reasonably required, to dismantle, detach and remove the Equipment or render it unusable;
- (b) shall not be liable for any damage done to those lands or premises in exercising those rights, save only such damage as may be caused by the gross negligence or willful act of Lessor or its agents or servants; and
- (c) may, at its election, register, by way of caveat or otherwise, against those lands and premises its rights under the Lease.

8. Exclusion of Warranties

- 8.1 Lessee acknowledges that the Equipment will be personally chosen and selected by Lessee and that it will be of a make,

size, design and capacity specified by Lessee for the purpose intended by Lessee.

8.2 Lessee confirms that Lessor does not make or give any representation or warranty, express or implied, as to the Equipment, its condition, fitness or suitability for any particular use intended by Lessee.

8.3 Lessee shall bear the risk of any theft, loss or destruction of or damage to any item of Equipment. Lessee acknowledges that none of these events will in any way affect its obligations, which will continue in full force and effect, except to the extent of any proceeds of any insurance maintained by Lessee that are actually received by Lessor.

8.4 Lessee shall not exert or claim against Lessor any defense, write-off, set-off, claim or counterclaim to which Lessee may be entitled against the supplier(s), and no such right shall affect the Lessor's obligations.

9. Maintenance and Use

9.1 Lessee will, at its own expense:

- (a) keep the Equipment in good operating condition and repair including, without limitation, the repair of any damage to the Equipment, whatever the cost, except for the repair of ordinary wear and tear, provided that Lessee will repair ordinary wear and tear if such repair is required to maintain the Equipment in good operating condition and repair; and
- (b) comply in all respects with all recommendations, or requirements of the supplier(s) or manufacturer(s) regarding the Equipment, as may be necessary to preserve all warranties.

9.2 Any parts or anything else that are, as part of Lessee's maintenance and repair of the Equipment, placed in or upon the Equipment shall form part of the Equipment, become property of the Lessor, and be free of all adverse claims.

10. Inspection

10.1 Lessor and its agents shall have the right to inspect the Equipment at any reasonable time upon reasonable notice to Lessee, and Lessee shall afford all reasonable facilities required by the Lessor or its agents for the purpose of inspection, and for that purpose may enter any premises where the Equipment is located.

11. Insurance

11.1 As and from the earlier of the date upon which Lessor acquires ownership of, or title to, the Equipment or the date on which Lessee takes possession or control of the Equipment, and thereafter throughout the term of each relevant Leasing Schedule, Lessee shall, at its sole expense:

- (a) place and maintain all risks property insurance on the Equipment, in amounts satisfactory to Lessor, consistent with Lessee's normal and usual practice for insuring equipment of the same general classification. This property damage insurance shall specifically state by its wording or by endorsement that it:
 - i) includes Lessor (as owner) as an additional named insured,
 - ii) includes a loss payable clause in favour of Lessor,
 - iii) includes a waiver of subrogation clause in favour of Lessor;
- (b) place and maintain comprehensive general liability insurance, and automobile liability insurance in the case of leased licensed motor vehicles, with limits of liability satisfactory to Lessor for injury to or death of any one or more persons or damage to property. Said insurance shall specifically state by its wording or by endorsement that it:
 - i) extends to cover the liabilities of the Lessee from the use or possession of the Equipment;
 - ii) includes Lessor as an additional named insured, and

iii) includes a cross liability provision that the policy shall insure each person, firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each, but the inclusion therein of more than one insured shall not operate to increase the limits of the insurers' liability.

11.2 Lessee shall supply Lessor with a certificate of insurance or other evidence satisfactory to Lessor evidencing the foregoing coverage and evidence of its renewal or replacement from time to time; so long as any Leasing Schedule remains in force and effect.

12. Taxes

12.1 Lessee shall pay punctually all sales taxes, licence fees, business taxes, levies and assessments of every nature and kind whatsoever which be or become payable at any time or from time to time upon, or in respect of, the Equipment, and any payments to be made under this Lease Agreement or any Leasing Schedule, except for income taxes payable by Lessor.

13. Adverse Claims

13.1 Lessee shall keep the Equipment free and clear of all adverse claims. Lessee may contest any adverse claim provided that Lessee:

- a) gives Lessor notice of the adverse claim;
- b) provides Lessor with an indemnity and collateral security, both satisfactory to Lessor; and
- c) contests the adverse claim with all due dispatch.

14. Laws and Regulations

14.1 Lessee shall comply with all laws, by-laws and regulations relating to the ownership, possession, operation and maintenance of the Equipment including, without limiting the generality of the foregoing, laws, by-laws or regulations dealing with the protection of the environment, health and safety. Lessee will obtain and maintain all necessary licenses, permits and permissions required for the use of the Equipment.

15. Alterations

15.1 All alterations, additions or improvements made by Lessee to the Equipment shall be at Lessee's expense and shall belong to and become the property of Lessor and be subject to all the provisions of this Leasing Agreement and the relevant Leasing Schedule.

16. Loss of Equipment

16.1 Lessee shall bear the risks of (i) any total loss, or loss that amounts, in the sole opinion of the Lessor, to a total loss of the Equipment through theft, damage, destruction, or even by superior force and (ii) any expropriation or other compulsory taking or use of the Equipment by any government or other authority ("Loss of Equipment"). If a Loss of Equipment occurs, Lessee shall pay to Lessor an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:

- i) five percent (5%);
- ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
- iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America).

16.2 Upon such payment, Lessor shall convey on an "as is", "where is" basis, subject to the rights of the insurer, all its right, title and interest in the Equipment and any claim for proceeds of loss of equipment, in which case the Lease shall terminate with respect to that Equipment, and no further rental payment shall be payable thereafter with respect to that Equipment. All Federal and Provincial sales or transfer taxes, licence fees and similar assessments connected with the transfer of Lessor's right, title and interest to the Equipment to Lessee shall be paid by Lessee.

17. Lessee's Acknowledgements - Foreseeable Damages

17.1 Lessee hereby acknowledges that Lessor:

- (a) has or will acquire the Equipment at the request and direction of Lessee and for the purpose of leasing same to Lessee under a Leasing Schedule; and
- (b) intends to treat the lease of Equipment to the Lessee as a true lease and to claim over the term of the lease all available tax benefits.

Lessee acknowledges that if an Event of Default occurs, Lessor's return on its investment may be adversely affected. In that case Lessor may, in addition to its immediate loss of interest on its investments, sustain and claim from Lessee other foreseeable damages which cannot be quantified on the date of execution of this Lease Agreement or any Leasing Schedule. Those damages may include, without limitation, loss of fiscal benefits for the remainder of the term of any lease of any Equipment or increased tax liabilities or both, unanticipated increased administrative costs, amortized but unrecovered setup costs, fees and disbursements as well as additional or increased monetary liabilities towards any third party lender, under or by reason of such Event of Default and the premature termination of the lease of any Equipment and the funding thereof.

18. Events of Default

18.1 Any of the following is an "Event of Default":

- (a) Failure by Lessee to pay any Total Rental Installment or other amount pursuant to any Leasing Schedule.
- (b) Failure by Lessee to perform any of its obligations under Sections 11 or 14 of this Lease.
- (c) Failure of Lessee to perform any of its other obligations within 15 days of notice from Lessor as to the failure and requiring it to be rectified.
- (d) The bankruptcy or insolvency of Lessee, the filing against Lessee of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by Lessee, the appointment of a receiver or trustee for Lessee or for any assets of Lessee or the institution by or against Lessee of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise, or the institution by or against Lessee of any formal or informal proceedings for the dissolution or liquidation of, settlement of, claim against or winding up of affairs of Lessee.
- (e) The amalgamation of Lessee with another corporation or corporations, or continuation of Lessee under a statute other than the statute under which it exists at the date of execution of this Lease Agreement.
- (f) If any adverse claim becomes enforceable against Lessee affecting or against any Equipment.
- (g) Failure of the Lessee to perform any obligation it may have under any agreement with Royal Bank of Canada or any of its subsidiaries.
- (h) A change that is, in the opinion of Lessor, a material adverse change in the business, financial condition or ownership of Lessee or Equipment.

19. Lessor's Remedies on Default

19.1 If an Event of Default occurs, Lessor may, without notice to Lessee, take possession of all Equipment, and for that purpose may enter any premises where any of the Equipment is located. Lessor may sell, lease or otherwise dispose of Equipment for such consideration and upon such terms and conditions as it considers reasonable. This includes, without limitation, the right in the name of and as the irrevocably appointed agent and attorney of Lessee, to lease any item of the Equipment to any other person upon such terms and conditions, for such rental and for such period of time as Lessor may deem reasonable, without terminating or being deemed to have terminated the relevant Leasing Schedule, and to receive that rental and hold and apply it against any amount owing by Lessee to Lessor under the Lease. All of these rights are without prejudice to Lessor's other rights and recourses against Lessee, at law or in equity.

19.2 If an Event of Default occurs, then whether or not Lessor has taken possession of any Equipment, Lessee shall pay to Lessor on demand an amount determined as follows:

- a) an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:
 - i) five percent (5%);
 - ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
 - iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America); plus.
- b) the amount of any damages described in Section 17.1 suffered or sustained by Lessor and not recovered pursuant to Section 19.2 (a); plus
- c) the amount of any Total Rental Instalments or payments of interim rental due as of the date of Event of Default and unpaid, and any other amount due on that date and unpaid under the Lease; plus
- d) any cost of disposition of the Equipment; less
- e) the amount of any security deposits under that Leasing Schedule and any proceeds of the disposal of the Equipment actually received by Lessor.

19.3 If Lessor has leased Equipment pursuant to its rights under this Section 19 it may demand payment under Section 19.2, and account to Lessor for the proceeds of that lease as and when Lessor receives them.

19.4 If Lessor has not taken possession of the Equipment, and Lessee pays Lessor the amount determined under Section 19.2 hereof, then Lessor will convey all of its right, title and interest in all Equipment to Lessee, on the terms of Sections 21.5 and 21.6 hereof.

20. Lessor's Option to Terminate

20.1 Lessee agrees that neither this Lease Agreement nor any Leasing Schedule, nor any interest therein or in any Equipment, shall be assignable or transferable by operation of law and it is agreed and covenanted by and between the parties hereto that if any Event of Default shall occur or happen, then this Lease Agreement and any and all Leasing Schedules shall, at the option of the Lessor to be exercised by notice hereunder, immediately end and terminate and

neither this Lease Agreement nor any Leasing Schedule or any interest therein shall be an asset of Lessee after the exercise of that option; provided that no such termination shall terminate or affect any right or remedy which shall have arisen under the Lease prior to such termination.

21. Option to Purchase

- 21.1 If there is no Event of Default, Lessor hereby grants to Lessee an option to purchase whatever title Lessor may have to the Equipment for the purchase price and at the time or times set forth in the relevant Leasing Schedule.
- 21.2 This option to purchase may be exercised by Lessee by giving to Lessor notice of Lessee's intention to exercise such option, at least thirty (30) days prior to the date of intended purchase, describing the Equipment with respect to which such option is being exercised.
- 21.3 The intended purchase and sale shall be concluded on a date specified in the said notice falling on or after, the date stated in the relevant Leasing Schedule, but in any event not later than the termination date of the term pertaining to the Equipment being purchased.
- 21.4 Upon the exercise of this option, there shall be a binding agreement for the sale and purchase of the Equipment described in the notice on the terms and conditions provided herein. The purchase price shall be paid to Lessor at the time of the conclusion of the sale.
- 21.5 Upon this purchase, Lessor shall sell the Equipment so purchased free and clear of all interests of Lessor under this Lease Agreement and any Leasing Schedule and thereupon this Lease shall terminate with respect to the Equipment so purchased. The sale shall be on an "as-is where-is" basis and be without representation or warranty by Lessor except that it has the right to sell the Equipment to Lessee and that it has not given any security interest in the Equipment to any third party.
- 21.6 Lessee shall bear the cost of any taxes, licence or registration fees or other assessments or charges imposed on, or connected with, the transfer of title to and ownership of the Equipment.

22. Remedyng Defaults

- 22.1 If Lessee shall fail to perform or comply with any of its obligations under this Lease Agreement or any Leasing Schedule, Lessor at its discretion may do all such acts and make all such disbursements as may be necessary to cure the default and any costs incurred or disbursements made by Lessor incurring any such default shall be payable by Lessee on demand.

23. Indemnification

- 23.1 Lessee will indemnify Lessor and save Lessor harmless from and against all loss, costs, damage or expense of every nature and kind whatsoever sustained or suffered by Lessor, or for which the Lessor may be or become liable, resulting from:
 - (a) the execution of the Lease Agreement or any Leasing Schedule by Lessor or the purchase or ownership by Lessor of the Equipment;
 - (b) the non-acceptance by Lessee or the failure, refusal or neglect of Lessee to accept the Equipment;
 - (c) the moving, delivery, maintenance, repair, use, operation or possession of the Equipment by Lessee or the ownership thereof or other rights held therein by Lessor; or
 - (d) the failure of Lessee to comply with any of its obligations under the Lease Agreement or a Leasing Schedule; unless caused by the act or neglect of Lessor, its servants or agents.

24. Assignment of Warranties

® Registered trademark of Royal Bank of Canada

24.1 Lessor hereby assigns to Lessee the benefit of all warranties resulting from the sale entered into with the supplier for its use during the term of the Lease.

25. Patent Infringement

- 25.1 Lessee shall defend and hold Lessor free and harmless from any cost, loss, damage or expense suffered or incurred by Lessor in any suit, proceeding or otherwise so far as the same is based on any claim that the use or operation of the Equipment by Lessee infringes any patent or copyright.

26. Overdue Payment

- 26.1 Any overdue payment shall bear interest at the rate of Royal Bank Prime Interest Rate plus five per cent (5%) per annum calculated monthly whether before or after judgement, from the date it is due until paid.

27. Delivery at Termination

- 27.1 Lessee shall on the expiration or sooner termination of any Lease, surrender the Equipment to Lessor at a place in Canada designated by Lessor in good order and repair, ordinary wear and tear excepted.

- 27.2 In the event that with or without the consent of Lessor, Lessee remains in the possession of or uses the Equipment after the expiration of the term of the Lease pertaining thereto, all the provisions of the Lease shall apply thereto, including the payment of rental and all other payments required, unless and until the same has been surrendered pursuant to the terms of this section, or Lessor has relieved Lessee from its obligations under the Lease with respect to the Equipment.

28. Notice

- 28.1 Any notice required to be given hereunder shall be in writing and may be personally delivered or sent by facsimile or may be forwarded by registered mail. If any such notice is so mailed it shall be deemed to have been given by the sender and received by the party hereto to whom it has been addressed two business days after the due mailing thereof by prepaid registered mail addressed to the address shown on page 1 of this Lease Agreement or on the same business day if sent by delivery or facsimile.

- 28.2 Any person to whom a notice is required to be addressed may from time to time give notice of any change of address and in such event the foregoing addresses shall be deemed to have been changed accordingly.

29. Assignment and Sub-Letting

- 29.1 Lessee will not assign any Lease or sub-let any Equipment without the prior consent in writing of Lessor, such consent not to be unreasonably withheld. No assignment of the Lease or sub-letting of any Equipment shall relieve the Lessee of its obligations hereunder nor shall any subletting be for a term which extends beyond the expiration of the term of the Lease Agreement.

30. Corporate Waiver

- 30.1 Lessee waives its right to receive a copy of any financing statement or financing change statement registered by Lessor.

- 30.2 The Lessee hereby acknowledges that seizure or repossession of the Equipment referred to in any Lease shall not, by implication of law, extinguish the Lessee's indebtedness under any such Lease or other collateral security.

31. Limitation of Civil Rights - Saskatchewan

- 31.1 Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Lease Agreement or any Leasing Schedule.

32. Successors and Assigns

32.1 The Lease Agreement and each Leasing Schedule shall enure to the benefit of, and be binding upon Lessor and Lessee, their successor and permitted assigns and the sub-lessees of Lessee. Lessor shall be at liberty to assign and otherwise deal with its rights under any Lease.

33. Location of Equipment

33.1 Lessee shall not part with possession of the Equipment.

33.2 Lessee declares that the Equipment will be located at the "Place of Use" in the relevant Leasing Schedule. If the location changes, Lessee will promptly give to Lessor notice of the new location not later than five (5) days after the change.

34. Records

34.1 Lessee shall maintain a record describing each item of Equipment, all changes, replacements, modifications and alterations thereto and the cost thereof. The record described shall be available to Lessor, its representatives or agents for inspection and to copy.

35. Offset

35.1 Lessee hereby waives any and all existing and future claims and offsets against any payment due to Lessor hereunder and agrees to pay those amounts due hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

36. Remedies Cumulative

36.1 All rights and remedies of Lessor hereunder are cumulative and not alternative and may be exercised by Lessor separately or together, in any order, sequence or combination.

37. Time

37.1 Time is and shall be in all respects of the essence of any Lease.

38. Entire Transaction

38.1 This Lease Agreement and Leasing Schedules represent the entire transaction between the parties hereto relating to the subject matter.

38.2 No agreement purporting to amend or modify this Lease Agreement or any Leasing Schedule or any document, paper or written relating hereto or thereto, or connected herewith or therewith, shall be valid and binding upon the parties hereto unless in writing and signed and accepted in writing by both parties hereto.

39. No Merger in Judgment

39.1 The taking of any judgment under this Lease Agreement or any Leasing Schedule shall not operate as a merger of any term, condition or provision hereof or thereof.

40. Further Assurances/Copy of Agreement

40.1 Lessee shall give further assurances and do, execute and perform all such acts, deeds, documents and things as may

be reasonably required to enable Lessor to have the full benefit of all rights and remedies intended to be reserved or created hereby.

40.2 Lessee acknowledges receipt of a copy of this Lease Agreement.

41. Proper Law

41.1 This Lease Agreement and each Leasing Schedule hereto shall be governed, construed and enforced in accordance with the laws of the Province of Ontario.

42. Currency

42.1 All sums payable by Lessee to Lessor under this Lease Agreement or any Leasing Schedule hereto shall be paid in Canadian dollars, unless otherwise specified in the Leasing Schedule.

43. Language

43.1 This Lease Agreement and each Leasing Schedule are drawn up in the English language at the request of both parties.

Le présent contrat de location a été rédigé en langue anglaise à la demande des deux parties.

44. General

44.1 Any terms herein defined in the singular number shall have a corresponding meaning when used in the plural.

44.2 Any act or deed required to be observed, performed or done hereunder falling on a Saturday, Sunday or other statutory holiday shall be observed, performed or done on the business day next following but any delay hereby granted shall not extend to relieve either party from the due performance and fulfillment of its obligations hereunder.

45. Facsimile Language

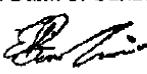
45.1 The Lessor will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to the Lessor by facsimile, and will produce them to the Lessor upon request. Lessor and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

46. Financial Information

46.1 Lessee will provide to the Lessor from time to time such information about Lessee and Lessee's business as the Lessor shall reasonably request, including, without limitation, bank and financing ratings, any financial statements prepared by or for Lessee regarding Lessee's business.

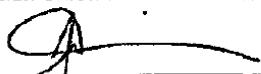
In witness whereof the parties hereto have executed this Lease Agreement on the 14th day of September, 2017 over the hands of their proper signing officers duly authorized in that behalf:

Royal Bank of Canada

per 
Eugene Basolini
Head, Equipment Finance Solution Centre

per _____

Canadian Union Promotions Inc.

per 
Tim MIRASAWA CFO
per 
Jim FENTON CEO

2017/09/19 4:51:14



Leasing Schedule

(PPSA - S)

Lessee # 197977416 Lease # 201000035636

Royal Bank of Canada, as Lessor, hereby leases to Canadian Union Promotions Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of September 14, 2017.

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
Camera Equipment including lens & battery packs				
1	2017 Konica Minolta Bizhub C-1085 Colour Printer	C1085	A5AX0110006163	
1	2017 Konica Minolta Bizhub 1052 Colour Printer	1052	A4EV011000091	
1	2017 Konica Minolta Bizhub C-1060 Colour Printer	C-1060	A50V011001382	
All Equipment further described on the attached Equipment Schedule				
2. Term	Term (in months)		36	
	Commencement Date of Term		September 14, 2017	
	Termination Date of Term		September 14, 2020	
3. Rental	Rental Installment, payable Monthly, in advance		\$4,915.49	
	GST/HST, if any		\$639.01	
	PST/QST, if any		\$0.00	
	Total Monthly Rental Installment		\$5,554.50	
	Security Deposit		\$0.00	
	Other Charges (plus applicable taxes)		\$600.00	
4. Option to Purchase	Option to Purchase Date		Purchase Price	
	September 13, 2020		\$1.00	
5. Place of Use	2-35 Silton Road Woodbridge Ontario L4L 7Z8			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

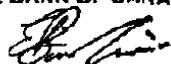
As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

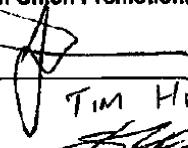
per


 Eugene Basolini
 Head, Equipment Finance Solution Centre

date

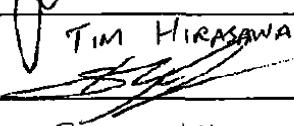
Canadian Union Promotions Inc.

per


 Tim Hirasawa

per

date


 Sept 14, 2017



Leasing Schedule

(PPSA – S)

Lessee # 197977416 Lease # 201000036647

Royal Bank of Canada, as Lessor, hereby leases to Canadian Union Promotions Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of September 14, 2017

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	2017 Roland Versacamm VG-640A 64" Printer Cutter	VG-640A	ZCM0433
	1	2017 Royal Sovereign RSC-1651LS 65" Cold Laminator	RSC-1651LS	H050203
2. Term	Term (In months)		36	
	Commencement Date of Term		November 8, 2017	
	Termination Date of Term		November 8, 2020	
3. Rental	Rental Installment, payable Monthly, in advance		\$920.91	
	GST/HST, if any		\$119.72	
	PST/QST, if any		\$0.00	
	Total Monthly Rental Installment		\$1,040.63	
	Security Deposit		\$0.00	
	Other Charges (plus applicable taxes)		\$500.00	
4. Option to Purchase	Option to Purchase Date		Purchase Price	
	November 7, 2020		\$1.00	
5. Place of Use	2-35 Silton Road Woodbridge Ontario L4L 7Z8			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

per _____

Eugene Basolini
Head, Equipment Finance Solution Centre

date _____

Canadian Union Promotions Inc.

per _____

per _____
Sandy Precey, President
date Nov 09 2017

© Registered trademark of Royal Bank of Canada
Revised 04/2016

NOTICE OF RENEWAL

20130416326765



Leasing Schedule

(PPSA - S)

Lessee # 197977416 Lease # 201000037511

Royal Bank of Canada, as Lessor, hereby leases to Canadian Union Promotions Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of September 14, 2017

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	2017 Siesta Hexa Printer with attachments	R series	940-106
2. Term	Term (in months)		36	
	Commencement Date of Term		April 4, 2018	
	Termination Date of Term		April 4, 2021	
3. Rental	Rental Installment, payable Monthly, in advance		\$9,942.96	
	GST/HST, if any		\$1,292.59	
	PST/QST, if any		\$0.00	
	Total Monthly Rental Installment		\$11,235.55	
	Security Deposit			
	Other Charges (plus applicable taxes)		\$600.00	
4. Option to Purchase	Option to Purchase Date		Purchase Price	
	April 3, 2021		\$1.00	
5. Place of Use	2-35 Silton Road Woodbridge Ontario L4L7Z8			

6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessor has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.
-------------------------------------	--

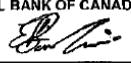
As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

per



Eugene Basolini
Head, Equipment Finance Solution Centre

Canadian Union Promotions Inc.

per



April 5, 2018

© Registered trademark of Royal Bank of Canada
Revised 04/2016



Leasing Schedule

(PPSA - S)

Lessee # 197977416 Lease # 201000039760

Royal Bank of Canada, as Lessor, hereby leases to Canadian Union Promotions Inc. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of September 14, 2017.

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
		Lease Holds including office furniture, office equipment and IT		
		All Equipment, goods and services as further detailed on the equipment schedule attached hereto, including all attachments, additions, replacements and substitutions		
2. Term	Term (in months)		36	
	Commencement Date of Term		October 28, 2018	
	Termination Date of Term		October 28, 2021	
3. Rental	Rental Installment, payable Monthly, in advance		\$5,690.90	
	GST/HST, if any		\$739.82	
	PST/QST, if any		\$0.00	
	Total Monthly Rental Installment		\$6,430.72	
	Other Charges (plus applicable taxes)		\$500.00	
4. Option to Purchase	Option to Purchase Date		Purchase Price	
	October 27, 2021		\$1.00	
5. Place of Use	17 Belfield Road Etobicoke Ontario M9W 1E8			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands, rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The Lessee covenants and agrees with the Lessor that the Lessee is not entering into, and will not otherwise direct, administer or operate, this Leasing Schedule for the benefit or on behalf of any Person other than the Lessee. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

per


Eugene Basolini
Head, Equipment Finance Solution Centre

Canadian Union Promotions Inc.

per


Spencer

date

per

Oct 31, 2018

Equipment Schedule A

This is the Equipment Schedule attached to and forming part of Lease No. 197977416-201000039760 (the "Lease") between Canadian Union Promotions Inc as Lessee and Royal Bank of Canada as Lessor.

Vendor	Invoice Date	Invoice #	Equipment Cost
IMT Modular Partitions Ltd.	04/23/2018	1999	\$31,945.00
Toronto Office Furniture	04/23/2018	14384	\$20,760.50
IMT Modular Partitions Ltd.	05/31/2018	2034 Second Payment 40%	\$25,556.00
Best Brand Appliances Ltd.	06/26/2018	S00021527	\$12,908.00
Toronto Office Furniture	06/27/2018	14384 Final 50%	\$20,760.50
IMT Modular Partitions Ltd.	08/03/2018	2112 Balance Payment 10%	\$6,389.00
IMT Modular Partitions Ltd.	08/03/2018	2109 50% Deposit	\$3,887.50
IMT Modular Partitions Ltd.	08/03/2018	2109 (40%)	\$3,110.00
IMT Modular Partitions Ltd.	08/03/2018	2109 final (10%)	\$777.50
Kornit Digital North America Inc.	09/12/2018	SIU800367	\$8,192.68
1368548 Ontario Limited	09/24/2018	788	\$50,015.95
CANADIAN UNION PROMOTIONS INC.	10/12/2018	SLB	\$5,697.37

190,000

Initiated by
Royal Bank of Canada:



Eugene Basolini
Prod. Equipment Finance Solution Centre

Initiated by
Canadian Union Promotions Inc.



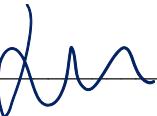
Attached is Exhibit "C"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020

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

Commissioner for taking Affidavits, etc

Jeremy Nemers

From: Tsao, Jerry <jerry.tsao@rbc.com>
Sent: July 27, 2020 9:55 AM
To: Shy Jacoby
Cc: Ian Aversa; Miranda Spence
Subject: CANADIAN UNION PROMOTIONS INC. / RBC

Importance: High

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

Shy;

We now have had the opportunity to review all information provided. We are formally noting the company in default/breach of the following:

- 1) Signed Compliance Certificate not provided with FYE Dec 31/19 financial statements
- 2) Debt Service Coverage < 1.25:1 as per FYE Dec 31/19 reporting
- 3) 2 of the 4 VISA cards are over limit and are in default due to non-payment – these cards have been cancelled by VISA due to non-payment for 3+ months.

As such, RBC has retained counsel (cc: in this email are Ian Aversa and Miranda Spence of Aird & Berlis LLP), and will be issuing formal demands for payment.

If you have counsel or intend on retaining counsel, please pass on his/her contact information. Going forward, any and all correspondences with the Bank will involve our counsel.

Once demands are issued, we can schedule a call to discuss next steps.

Thank you.

Regards,

Jerry C. Tsao
Manager, Special Loans & Advisory Services | Group Risk Management | Royal Bank of Canada
20 King Street West, 2nd floor, Toronto, ON M5H 1C4
P: (416) 974-3555 E: jerry.tsao@rbc.com

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.

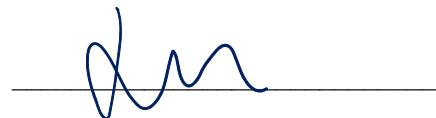
Attached is Exhibit "D"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020

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

Commissioner for taking Affidavits, etc



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 Silton Road
 Vaughan, ON L4L 7Z8

Canadian Union Promotions Inc.

17 Belfield Road
 Etobicoke, Ontario M9W 1E8

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.

Page 2

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 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 Silton Road
 Vaughan, ON L4L 7Z8

AND TO: **Canadian Union Promotions Inc.**
 17 Belfield Road
 Etobicoke, Ontario M9W 1E8

Insolvent company / person

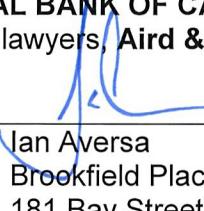
TAKE NOTICE that:

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

40922038.5

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.

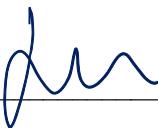
Attached is Exhibit "E"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

Jeremy Nemers

From: Brendan Bissell <bissell@gsnh.com>
Sent: September 1, 2020 7:48 PM
To: Ian Aversa
Cc: Joel Turgeon; Jeremy Nemers
Subject: Re: Canadian Union Promotions and RBC

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

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:(416)597-6489) | Mobile: [\(416\) 992-4979](tel:(416)992-4979)
 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/>

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

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

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please unsubscribe<<http://www.gsnh.com/preferences.php>>.

<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>

Attached is Exhibit "F"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) TUESDAY, THE 8TH
)
JUSTICE HAINY) 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.

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 black ink, appearing to read "Hainey J", is positioned above a horizontal line. The signature is fluid and cursive, with a distinct "J" 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.

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Canadian Union Plaintiff(s)
 AND
Promotions 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 Endorsement Continued

granted on the terms
of the attached
order.

③ The order is effective
today. It has not
been stayed.

Hartley J.

September 8, 2020

Attached is Exhibit "G"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

Jeremy Nemers

From: Brendan Bissell <bissell@gsnh.com>
Sent: October 5, 2020 3:06 PM
To: Ian Aversa
Cc: Jeremy Nemers
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:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | www.gsnh.com

Assistant | Karen Jones | [416 992 4979](tel:4169924979) ext. 101 | jones@gsnh.com

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

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



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: 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:(416)597-6489) | Mobile: [\(416\) 992-4979](tel:(416)992-4979)
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>>
NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please unsubscribe<<http://www.gsnh.com/preferences.php>>.

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

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com>>> wrote:

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

On Oct 2, 2020, at 8:19 PM, Brendan Bissell <bissell@gsnh.com<<mailto:bissell@gsnh.com>>> wrote:

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

Can't do tonight, Ian. Weekend is largely ok except for Saturday evening.

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 8:10 PM, Ian Aversa

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com>>> wrote:

Brendan,

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

As to your second point, I would be happy to speak to you tonight but, to be clear, and consistent with our past discussions and correspondence, including our submissions to the Court at the hearing held on September 8 before Justice Hainey, the Bank 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.

On Oct 2, 2020, at 6:02 PM, Brendan Bissell <bissell@gsnh.com<<mailto:bissell@gsnh.com>>>

wrote:

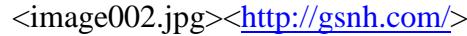
CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Ian: The request for a buyout was an error on the part of that employee of the company. RBC should disregard that, please.

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

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please unsubscribe<<http://www.gsnh.com/preferences.php>>.

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>>>

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/)

<image003.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: 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>%3c
<mailto:iaversa@airdberlis.com>>>>
 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

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

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)>

Sent from my iPhone

On Sep 30, 2020, at 9:09 PM, Ian Aversa

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

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>%3c
<mailto: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>%3c<mailto:bissell@gsn>
[h.com](mailto:bissell@gsnh.com)>>>
 Cc: Ian Aversa
iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com>%3c<mailto: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
 <<mailto:leasedocscentral@cbc.com><<mailto:leasedocscentral@cbc.com><<mailto:leasedocscentral@cbc.com>%3c<mailto:leasedocscentral@cbc.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>%3chttp://www.cupromotions.ca/>>
<mailto:mahak@unionmarke><<mailto:elena@cupromotions.ca>>ting.ca<<http://ting.ca><<mailto:mahak@unionmarke>%3c<mailto:elena@cupromotions.ca>%3eting.ca%3chttp://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.

Jeremy Nemers

From: Brendan Bissell <bissell@gsnh.com>
Sent: October 14, 2020 3:27 PM
To: Jeremy Nemers
Cc: Ian Aversa
Subject: RE: CANADIAN UNION PROMOTIONS

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

Hi Jeremy: Thanks for your email. The requested improved security position was not acceptable to my client, and hence was not the basis for discussion.

My client will be moving to extend the NOI period and to approve a sales process (likely a stalking horse agreement from an entity involving current management). The Commercial List office has advised that 2pm on October 22 is available for an hour for a contested hearing, which this promises to be. Please advise if that date/time is not available to your office.

My client's materials will follow shortly.

I am not going to debate the matter through correspondence, but I will note that the assertions that my client has acted other than in good faith are unfounded. My client attempted to seek other debt and equity funding in order to repay RBC, none of which was successful. I advised Ian of that and the statement in your email that no details of the efforts is belied by the fact that the bank never requested them. Details will be provided in the motion materials at this point.

Surely, however, the material point is that the desired payout of the bank is not possible and in the absence of a change in approach from the bank (which your email strongly suggests is not going to happen) then a sale of the company's assets is what is required now. That is what my client intends to seek, and what it will likely seek is a stalking horse sale process that will generate more funds than an outright bankruptcy and liquidation, which is what the bank seems to be proposing instead. Leaving aside the disparity of those economic results, the interests of other stakeholders such as customers and employees may also merit consideration in what is the appropriate result here and what the court should order.

For the bank to be trying to leverage a threatened bankruptcy, which would result in lower realizations and harm to other stakeholders, into an improved security package is perhaps point of all this that may engage good faith principles.

I know that the bank is not accustomed to, and does not like, not being in control through a weighty forbearance agreement. The economics of this situation are what they are, however, and my client chose to seek court protection so that decisions about its fate would be decided by a judge and not by the bank.

I respectfully ask for your and the bank's cooperation in making the next steps be ones that benefit the bank and all other stakeholders fairly within the existing capital and debt structure.

Regards,

R. Brendan Bissell



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

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | www.gsnh.com

Assistant | Karen Jones | 416 597 9922 ext. 101 | jones@gsnh.com

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

From: Jeremy Nemers <jnemers@airdberlis.com>
Sent: October 14, 2020 1:17 PM
To: Brendan Bissell <bissell@gsnh.com>
Cc: Ian Aversa <iaversa@airdberlis.com>
Subject: FW: CANADIAN UNION PROMOTIONS

Hi Brendan,

We have not heard from you in response to the below, and the deadline for response has expired. As a result, and per the below, RBC will oppose any proposed continuation of the debtor's NOI proceedings.

Accordingly, should the debtor intend to seek a continuation of its NOI proceedings notwithstanding RBC's opposition thereto, please ensure that any court date is cleared with us ahead of time, and please ensure that we receive full service of any and all court materials from your client.

Thanks,

Jeremy Nemers
Aird & Berlis LLP

T 416.865.7724
E jnemers@airdberlis.com

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: October 7, 2020 10:31 AM
To: 'Brendan Bissell' <bissell@gsnh.com>
Cc: Ian Aversa (iaversa@airdberlis.com) <iaversa@airdberlis.com>
Subject: RE: CANADIAN UNION PROMOTIONS

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

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: 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:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | www.gsnh.com

Assistant | Karen Jones | [416 597 9922](tel:4165979922) ext. 101 | jones@gsnh.com

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

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



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: 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:(416)597-6489) | Mobile: [\(416\) 992-4979](tel:(416)992-4979)
 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/>

 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>](mailto:jones@gsnh.com)
 NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please unsubscribe<http://www.gsnh.com/preferences.php>.

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 <iaversa@airdberlis.com<mailto:iaversa@airdberlis.com>> wrote:
 If you want to discuss further, you can call my cell anytime. 416.509.3822. Thanks.

On Oct 2, 2020, at 8:19 PM, Brendan Bissell <bissell@gsnh.com<mailto:bissell@gsnh.com>> wrote:

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

Can't do tonight, Ian. Weekend is largely ok except for Saturday evening.

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 8:10 PM, Ian Aversa

<iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com>>> wrote:

Brendan,

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

As to your second point, I would be happy to speak to you tonight but, to be clear, and consistent with our past discussions and correspondence, including our submissions to the Court at the hearing held on September 8 before Justice Hainey, the Bank 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.

On Oct 2, 2020, at 6:02 PM, Brendan Bissell <bissell@gsnh.com<<mailto:bissell@gsnh.com>>> wrote:

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

Ian: The request for a buyout was an error on the part of that employee of the company. RBC should disregard that, please.

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>%3ch<http://www.gsnh.com>>>>
Assistant | Karen Jones | 416 597 9922 ext. 101 |
jones@gsnh.com<<mailto:jones@gsnh.com><<mailto:jones@gsnh.com>%3c<mailto:jones@gsnh.com>>>

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please unsubscribe<<http://www.gsnh.com/preferences.php>>.

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>>>

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>>

<image003.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: 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>%3cma
 ilto:iaversa@airdberlis.com>>>
 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

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

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)>
 Sent from my iPhone

On Sep 30, 2020, at 9:09 PM, Ian Aversa
 <iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com>%3cma
 ilto:iaversa@airdberlis.com>>> wrote:

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>%3c
 mailto: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>%3c<mailto:bissell@gsnh.com>>>>
 Cc: Ian Aversa
iaversa@airdberlis.com<<mailto:iaversa@airdberlis.com><<mailto:iaversa@airdberlis.com>%3c<mailto: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>%3c<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%3chtt](http://www.unionmarketing.ca)
[/www.cupromotions.ca/>>](http://www.cupromotions.ca/>>)
[mahak@unionmarke<mailto:elena@cupromotions.ca%3eting.ca%3chtt://ting.ca/>>](mailto:mahak@unionmarke<mailto:elena@cupromotions.ca>ting.ca<http://ting.ca/<mailto:mahak@un)
[ionmarke%3cmailto:elena@cupromotions.ca%3eting.ca%3chtt://ting.ca/>>](mailto:elena@cupromotions.ca%3eting.ca%3chtt://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.

Jeremy Nemers

From: Jeremy Nemers
Sent: October 15, 2020 11:54 AM
To: Brendan Bissell
Cc: Ian Aversa
Subject: Re: CANADIAN UNION PROMOTIONS

We will need to agree to disagree on the timeliness of your materials too. Thanks.

Sent from my iPhone

On Oct 15, 2020, at 11:29 AM, Brendan Bissell <bissell@gsnh.com> wrote:

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

Thanks, Jeremey. I will confirm 2pm on Thursday with the Court.

I expect we will have to agree to disagree on the import of the prior correspondence. My client will rely on that as well.

The materials are not, however, overdue. The BIA General Rules apply here, not the civil Rules.

Regards,
Brendan

R. Brendan Bissell

<image001.jpg>

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

Direct [416 597 6489](tel:4165976489) | Fax [416 597 3370](tel:4165973370) | Mobile: [416 992 4979](tel:4169924979) | www.gsnh.com

Assistant | Karen Jones | [416 597 9922 ext. 101](tel:4165979922) | jones@gsnh.com

NOTICE OF CONFIDENTIALITY: This email and any attachment contain information which is privileged and confidential. It is intended only for the use of the individual to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this document to the intended recipient, you are hereby advised that any disclosure, reproduction, distribution or other use of this email is strictly forbidden. If you have received this email by error, please notify us immediately by telephone or email and confirm that you have destroyed the original transmission and any copies that have been made. Thank you for your cooperation. Should you not wish to receive commercial electronic messages from GSNH, please [unsubscribe](#).

From: Jeremy Nemers <jnemers@airdberlis.com>
Sent: Thursday, October 15, 2020 11:23 AM
To: Brendan Bissell <bissell@gsnh.com>

Cc: Ian Aversa <iaversa@airdberlis.com>
Subject: RE: CANADIAN UNION PROMOTIONS

Thank you for your email Brendan.

The position now being taken by your client and reflected in your below email is extremely disappointing. RBC continues to rely on the past communications (most notably, the attached communications) and all of RBC's rights and remedies.

Please serve your motion materials forthwith, and, in any event, by no later than the close of business today, as they are now already overdue pursuant to the Rules. We will make ourselves available on October 22, 2020 at 2 p.m., considering that this is the last day of the existing stay, but that should not be misconstrued for acceptance of your late motion materials or the compromise of any of RBC's rights in respect of same or otherwise.

Thanks, and regards,

Jeremy Nemers
Aird & Berlis LLP

T 416.865.7724
E jinemers@airdberlis.com

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: Brendan Bissell [<mailto:bissell@gsnh.com>]
Sent: October 14, 2020 3:27 PM
To: Jeremy Nemers <jinemers@airdberlis.com>
Cc: Ian Aversa <iaversa@airdberlis.com>
Subject: RE: CANADIAN UNION PROMOTIONS

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

Hi Jeremy: Thanks for your email. The requested improved security position was not acceptable to my client, and hence was not the basis for discussion.

My client will be moving to extend the NOI period and to approve a sales process (likely a stalking horse agreement from an entity involving current management). The Commercial List office has advised that 2pm on October 22 is available for an hour for a contested hearing, which this promises to be. Please advise if that date/time is not available to your office.

My client's materials will follow shortly.

I am not going to debate the matter through correspondence, but I will note that the assertions that my client has acted other than in good faith are unfounded. My client attempted to seek other debt and equity funding in order to repay RBC, none of which was successful. I advised Ian of that and the statement in your email that no details of the efforts is belied by the fact that the bank never requested them. Details will be provided in the motion materials at this point.

Surely, however, the material point is that the desired payout of the bank is not possible and in the absence of a change in approach from the bank (which your email strongly suggests is not going to happen) then a sale of the company's assets is what is required now. That is what my client intends to seek, and what it will likely seek is a stalking horse sale process that will generate more funds than an outright bankruptcy and liquidation, which is what the bank seems to be proposing instead. Leaving aside the disparity of those economic results, the interests of other stakeholders such as customers and employees may also merit consideration in what is the appropriate result here and what the court should order.

For the bank to be trying to leverage a threatened bankruptcy, which would result in lower realizations and harm to other stakeholders, into an improved security package is perhaps point of all this that may engage good faith principles.

I know that the bank is not accustomed to, and does not like, not being in control through a weighty forbearance agreement. The economics of this situation are what they are, however, and my client chose to seek court protection so that decisions about its fate would be decided by a judge and not by the bank.

I respectfully ask for your and the bank's cooperation in making the next steps be ones that benefit the bank and all other stakeholders fairly within the existing capital and debt structure.

Regards,

R. Brendan Bissell

Attached is Exhibit "H"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

Jeremy Nemers

Subject: FW: leases payment postponement - CANADIAN UNION PROMOTIONS INC.

----- Original Message -----

From: "Tsao, Jerry" <jerry.tsao@rb.com>
 Date: Thu., March 26, 2020 9:19 a.m. -0400
 To: 'Tim Hirasawa' <tim@unionmarketing.ca>, "Bootan, Ron" <ron.bootan@rb.com>
 CC: Elena Jacoby <elena@unionmarketing.ca>, Mahak Goel <mahak@unionmarketing.ca>
 Subject: RE: leases payment postponement - CANADIAN UNION PROMOTIONS INC.

Hi Tim;

I have submitted the documentation to defer the leases as follows:

Lease #35636: Defer April 14 (Next payment Oct 14)
 Lease #36647: Defer April 8 (Next payment Oct 8)
 Lease #37511: Defer April 4 (Next payment Oct 4)
 Lease #39760: Defer April 28 (Next payment Oct 28)

Ron can perhaps confirm when these are active and on the system. The last lease #39760 has a payment on March 28, which we cannot defer. The lease payment for #37511 on April 4 may not be deferred depending on timing. Ron, can you please confirm when you can?

Thanks.

Regards,

Jerry C. Tsao
Manager, Special Loans & Advisory Services | Group Risk Management | Royal Bank of Canada
 20 King Street West, 2nd floor, Toronto, ON M5H 1C4
 P: (416) 974-3555 F: (416) 974-0528 E: jerry.tsao@rb.com

From: Tim Hirasawa [<mailto:tim@unionmarketing.ca>]
Sent: Tuesday, March 24, 2020 4:34 PM
To: Tsao, Jerry <jerry.tsao@rb.com>; Bootan, Ron <ron.bootan@rb.com>
Cc: Elena Jacoby <elena@unionmarketing.ca>; Mahak Goel <mahak@unionmarketing.ca>
Subject: Fwd: leases payment postponement

Ron,
 Hope you are staying safe!
 Given the impact on our company due to the current pandemic can we please request a deferral of lease payments for a period of 3 months while we work on recovery.
 We are taking steps to reduce our work force, cease any growth opportunities and have cut executive salaries to zero.
 Please advise.
 Tim.

Begin forwarded message:

From: Mahak Goel <mahak@unionmarketing.ca>
Date: March 24, 2020 at 4:09:01 PM EDT
To: Elena Jacoby <elena@unionmarketing.ca>
Cc: Tim Hirasawa <tim@unionmarketing.ca>, Shy Jacoby <shy@unionmarketing.ca>
Subject: Re: leases payment postponement

Hi Tim

See RBC Lease details. Please note the lease amounts include HST. Can you cc/bcc me on the email.

Company	Lease Number	Apr-20	May-20	Jun-20
RBC Leasing	RBC Leasing - #35636	5,555	5,555	5,555
RBC Leasing	RBC Leasing - #36647	1,041	1,041	1,041
RBC Leasing	RBC Leasing - #37511	11,236	11,236	11,236
RBC Leasing	RBC Leasing - #39760	6,431	6,431	6,431

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.

Attached is Exhibit "I"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020



Commissioner for taking Affidavits, etc

Jeremy Nemers

From: Jeremy Nemers
Sent: October 7, 2020 10:31 AM
To: 'Brendan Bissell'
Cc: Ian Aversa (iaversa@airdberlis.com)
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

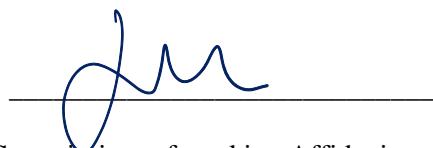
Attached is Exhibit "J"

Referred to in the

AFFIDAVIT OF JERRY TSAO

Sworn before me

this 19th day of October, 2020

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

Commissioner for taking Affidavits, etc



Crowe Soberman Inc.

Crowe Soberman Inc.
Licensed Insolvency Trustee
Member Crowe Global

2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5
416 929 2500
416 929 2555 Fax
1 877 929 2501 Toll Free
www.crowesobermaninc.com

August 12, 2020

TO THE CREDITORS OF CANADIAN UNION PROMOTIONS INC.

Please be advised that CANADIAN UNION PROMOTIONS INC. filed a ***Notice of Intention to Make a Proposal*** on August 8, 2020 under the ***Bankruptcy and Insolvency Act***. A copy of this Notice is enclosed herewith.

This is a procedure whereby a debtor, with creditor and Court approval, reorganizes its financial affairs. Our role as Trustee in this matter is to assist the debtor with the development of the Proposal, to liaise with creditors so as to fully explain the Proposal to them and to support and facilitate the decision-making process which creditors will ultimately undertake, ending with their acceptance or rejection of the Proposal.

All liabilities, actual and contingent, of CANADIAN UNION PROMOTIONS INC. as at August 8, 2020 are subject to the Proposal mentioned above and are fixed by Section 62(1.1) of the *Bankruptcy and Insolvency Act* as at that date.

All creditors are **STAYED** from commencing or continuing any actions as against CANADIAN UNION PROMOTIONS INC. until the Proposal is dealt with by the creditors.

CANADIAN UNION PROMOTIONS INC. has thirty (30) days from the date of filing the ***Notice of Intention to Make a Proposal*** (subject to Court approved extensions of this time period) to lodge a Proposal with us so that we may file it with the Official Receiver.

We will be calling a meeting of creditors to consider the Proposal within twenty-one (21) days of the date on which the Proposal is filed. You will receive Notice of the meeting along with all other necessary documents including the proof of claim form, voting letter, at least ten days in advance of the meeting.

Please feel free to contact our office if you require any further information with respect to this matter.

**CROWE SOBERMAN INC.
Trustee acting in re: the Proposal
of CANADIAN UNION PROMOTIONS INC.**

Per: A. Frances Doria
A. Frances Doria, Manager



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 aforesigned 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 aforesigned insolvent person are stayed as of the date of filing of the Notice of Intention.

District of: Ontario
Division No. 09 - Toronto
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

Take notice that:

1. I, CANADIAN UNION PROMOTIONS INC., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe Soberman Inc., LIT of 2 St. Clair Ave East, Suite 1100, Toronto, ON, M4T 2T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 8th day of August 2020.


CANADIAN UNION PROMOTIONS INC.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CANADIAN UNION PROMOTIONS INC.
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
10467430 Canada Inc.	17 Belfield Road Toronto ON M9W 1E8		121,480.00
1358548 Ontario Limited	30 Old Mill Road, Suite 310 Toronto ON M8X 0A5		93,655.00
407 ETR Express Toll Route Marion Richardson/Collections	6300 Steeles Ave W Woodbridge ON L4H 1J1		1,036.00
Add Capital Corporation	5045 South Service Rd., Suite 102 Burlington ON L7L 5Y7	#16739 & #16755	91,245.00
Attraction	672, rue du Parc Lac-Drolet QC G0Y 1C0		4,205.00
Axiom	2370 Cawthra Road Mississauga ON L5A 2X1	AXIOM # CAUNI 1	25,666.00
Bell Canada F-88 - Business Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3		310.00
BHS Technologies	30 Old Mill Road, Suite 310 Toronto ON M8X 0A5		17,723.00
Blue Cross	PO Box 220 Moncton NB E1C 8L3		15,000.00
Canada Sportswear Darlene Corey	230 Barmac Drive Toronto ON M9L 2Z3		4,165.00
Chow, Adam	2 BRADBROOK RD. UNIT 5 Toronto ON M8Z 5V3		4,840.00
Cupe 5277	17 Belfield Road Toronto ON M9W 1E8		7,951.00
CWB National Leasing Inc./ (formerly National Leasing Group Inc) Bankruptcy Designate	1525 Buffalo Pl Winnipeg MB R3T 1L9	#2864851	32,307.00
Dell Financial Services Canada Ltd.	501 - 155 Gordon Baker Road North York ON M2H 3N5	#6030244-006, 007, 008, 009	34,123.00

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CANADIAN UNION PROMOTIONS INC.
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Ecorite	230 Barmac Drive Toronto ON L6A 0W5		257.00
Fantasia	5770 Andover Montreal QC H4T 1H4		937.00
Flagsource Canada	176 Saunders Rd Barrie ON L4N 9A4		2,280.00
G C Leasing / Grenke	5600 Explorer Dr. Suite 302 Mississauga ON L4W 4Y2	#151-002178, 298, 624, 941, 229,	220,819.00
Garett, Grant	230 Barber Dr. Georgetown ON		200,000.00
GC Leasing	5600 Explorer Dr. Suite 302 Mississauga ON L4W 4Y2		585.00
Gibbins, David	1175 Tecumseh Park Drive Mississauga ON L5H 2W3		25,000.00
Gould Leasing Ltd. Susan Voth	201 - 1220 Yonge Street Toronto ON M4T 1W1	Gould#09369	28,389.00
Grand Valley Direct Inc.	1261 Balmoral Road Cambridge ON N1T 1C4		392.00
Hirasawa, Timothy	21 Orrell Avenue Toronto ON M9A 1K1		102,083.00
IndCom Transportation Leasing Inc. Becky Harris	5061 Ure Street Oldcastle ON N0R 1L0	Indcom#14826	29,803.00
Jacoby, Elena	41 Gamla Road Maple ON L6A 0W5		72,500.00
Jacoby, Shy	41 Gamla Road Maple ON L6A 0W5		131,250.00
LBC Capital	5035 South Service Road Burlington ON L7L 6M9	#53399	19,906.00

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CANADIAN UNION PROMOTIONS INC.
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
LBC Capital	5035 South Service Road Burlington ON L7L 6M9	#54923	40,949.00
Mahak Goel.	11 Interlacken Drive Brampton ON L6X 0Y1		10,920.00
Maple Leaf Sports & Entertainment	50 Bay Street, Suite 500 Toronto ON M5J 2L2		460,042.00
Pavlyk, Roman	58 Stoneham Road Toronto ON M9C 4Y9		5,940.00
Purolator Inc.	PO Box 7006 31 Adelaide Street East Toronto ON M5C 3E2		751.00
Ransford, Rayner	53 Carey Crescent Markham ON L3R 3E6		4,059.00
RBC Leasing	111 Grangeway Ave, 2nd Flr, Scarborough ON M1H 3E9	#35636, #36647, #37511, #39760	241,394.00
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2		134,755.00
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2		52,346.00
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2		3,514.00
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2		26,438.00
Royal Bank of Canada	20 King Street West, 2nd floor Toronto ON M5H 1C4		650,000.00
Spector & Co.	5700 Kieran Road Montreal ON H4S 2B5		2,140.00

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CANADIAN UNION PROMOTIONS INC.
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Spicers Canada ULC	200 Galcat Drive Vaughan ON L4L 0B9		2,768.00
Stikeman Elliott LLP	5300 Commerce Court West 199 Bay St. Toronto ON M5L 1B9		51,000.00
TeraGo Networks Inc.	P.O. Box 8956, Postal Station A Toronto ON M5W 2C5		1,967.00
Toronto Hydro-Electric Systems Limited Josephine Pernarell / Mary Degroot	500 Commissioners St, 2nd fl Toronto ON M4M 3N7		5,792.00
Wasteco	161 Bridgeland Avenue North York ON M6A 1Z1		656.00
West Canada Holdings ULC	25 York Street Suite 900 Toronto ON M5J 2V5		4,238.00
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1		1,800.00
Total			2,989,376.00



CANADIAN UNION PROMOTIONS INC.
 Insolvent Person

District: ON
 Division No: 09
 Court No: 31-2663507
 Estate No: 31-2663507

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 IN BANKRUPTCY & INSOLVENCY**

NOTICE OF STAY OF PROCEEDINGS

NOTICE OF INTENTION TO MAKE A PROPOSAL

**In the matter of the proposal of
 CANADIAN UNION PROMOTIONS INC.
 of the City of Toronto
 in the Province of Ontario**

TAKE NOTICE THAT CANADIAN UNION PROMOTIONS INC. has filed a "Notice of Intention to make a Proposal" with the Official Receiver on August 8, 2020, a copy of which is attached.

And further take Notice that under Section 69.1(a) of the *Bankruptcy and Insolvency Act (Canada)*:

"No creditor has any remedy against the insolvent person or the insolvent person's property, or shall commence or continue any action, execution or other proceedings for the recovery of a claim provable in Bankruptcy"....

And that under Section 69.1(b):

No provision of a security agreement between the insolvent person and a secured creditor that provides, in substance, that on

- i) the insolvent person's insolvency,***
- ii) the default by the insolvent person of an obligation under the security agreement, or***
- iii) the filing by the insolvent person of a notice of intention under Section 50.4***

"the insolvent person ceases to have such rights to use or deal with assets secured under the agreement as the Debtor would otherwise have, has any force or effect"...

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

NOTICE OF STAY OF PROCEEDINGS

NOTICE OF INTENTION TO MAKE A PROPOSAL

DATED at the City of Toronto, in the Province of Ontario, the 12th day of August, 2020.

**CROWE SOBERMAN INC.
Licensed Insolvency Trustee
acting in Re: the Proposal of
CANADIAN UNION PROMOTIONS INC.**

A. Frances Doria

Per: **A. Frances Doria**

Note: This Stay of Proceedings will be in effect until the Proposal is dealt with by the creditors, or the insolvent person becomes bankrupt.

Court File #: 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY & INSOLVENCY

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

NOTICE OF
STAY OF PROCEEDINGS

CROWE SOBERMAN INC.
Licensed Insolvency Trustee
2 St. Clair Ave. E, Suite 1100
Toronto, Ontario, M4T 2T5

Telephone: (416) 929.2500
Fax: (416) 929.2555
Toll Free: 1.877.929.2501

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

Creditor Type	Name	Attention	Address
Director	Shy Jacoby		41 Gamla Road Maple ON L6A 0W5
Secured	10467430 Canada Inc.		17 Belfield Road Toronto ON M9W 1E8 shy@jacobys.ca
	Add Capital Corporation		#16739 & #16755 5045 South Service Rd., Suite 102 Burlington ON L7L 5Y7 leanne.b@addcapital.ca
	Axiom		AXIOM # CAUNI 1 2370 Cawthra Road Mississauga ON L5A 2X1 admin@axiomleasing.com
	CWB National Leasing Inc./ (formerly National Leasing Group Inc)	Bankruptcy Designate	#2864851 1525 Buffalo Pl Winnipeg MB R3T 1L9 Fax: (866) 408-4852 debt enforcement@cwbnationalleasing.com
	Dell Financial Services Canada Ltd.		#6030244-006, 007, 008, 009 501 - 155 Gordon Baker Road North York ON M2H 3N5 Fax: (844) 833-9692 ca_dfs_canada_care@Dell.com
	G C Leasing / Grenke		#151-002178, 298, 624, 941, 229, 5600 Explorer Dr. Suite 302 Mississauga ON L4W 4Y2 admin.toronto@grenke.ca
	Gould Leasing Ltd.	Susan Voth	Gould#09369 201 - 1220 Yonge Street Toronto ON M4T 1W1 Fax: (416) 925-7095
	IndCom Transportation Leasing Inc.	Becky Harris	Indcom#14826 5061 Ure Street Oldcastle ON N0R 1L0 Fax: (519) 737-0030 bharris@indcomleasing.com
	LBC Capital		#53399 5035 South Service Road Burlington ON L7L 6M9 jessica.zingone@lbccapital.ca
	LBC Capital		#54923 5035 South Service Road Burlington ON L7L 6M9 jessica.zingone@lbccapital.ca
	RBC Leasing		#35636, #36647, #37511, #39760 111 Grangeway Ave, 2nd Flr, Scarborough ON M1H 3E9 Fax: (416) 431-5914 ron.bootan@rbc.com
Unsecured	1358548 Ontario Limited		30 Old Mill Road, Suite 310 Toronto ON M8X 0A5 Fax: (905) 264-7511 heinz@bhslease.ca

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	407 ETR Express Toll Route	Marion Richardson/Collection s	6300 Steeles Ave W Woodbridge ON L4H 1J1 Fax: (905) 264-7511 Bankruptcy@407ETR.com
	Attraction		672, rue du Parc Lac-Drolet QC G0Y 1C0 Fax: (819) 549-2734 JDostie@attraction.com
	Bell Canada F-88 - Business	Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3 Fax: (514) 766-7326 insolv@bell.ca
	BHS Technologies		30 Old Mill Road, Suite 310 Toronto ON M8X 0A5 heinz@bhslease.ca
	Blue Cross		PO Box 220 Moncton NB E1C 8L3
	Canada Sportswear	Darlene Corey	230 Barmac Drive Toronto ON M9L 2Z3 Dave@canadasportswear.com
	Chow, Adam		2 BRADBROOK RD. UNIT 5 Toronto ON M8Z 5V3
	Cupe 5277		17 Belfield Road Toronto ON M9W 1E8 president@cupe5277.ca
	Ecorite		230 Barmac Drive Toronto ON L6A 0W5
	Ernst & Young LLP		PO Box 57104 Postal Station A Toronto ON M5K 1J7
	Fantasia		5770 Andover Montreal QC H4T 1H4 rosa@cnij.com
	Flagsource Canada		176 Saunders Rd Barrie ON L4N 9A4 accounting@flagsourcecanada.com
	Garett, Grantt		230 Barber Dr. Georgetown ON
	GC Leasing		5600 Explorer Dr. Suite 302 Mississauga ON L4W 4Y2 aguay@grenke.ca
	Gibbins, David		1175 Tecumseh Park Drive Mississauga ON L5H 2W3
	Grand Valley Direct Inc.		1261 Balmoral Road Cambridge ON N1T 1C4 Fax: (519) 740-3276

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	Hirasawa, Timothy		21 Orrell Avenue Toronto ON M9A 1K1
	Jacoby, Elena		41 Gamla Road Maple ON L6A 0W5
	Jacoby, Shy		41 Gamla Road Maple ON L6A 0W5 shy@jacobys.ca
	Mahak Goel.		11 Interlacken Drive Brampton ON L6X 0Y1
	Maple Leaf Sports & Entertainment		50 Bay Street, Suite 500 Toronto ON M5J 2L2 cynthia.devine@mlse.com
	Pavlyk, Roman		58 Stoneham Road Toronto ON M9C 4Y9
	Purolator Inc.		PO Box 7006 31 Adelaide Street East Toronto ON M5C 3E2
	Ransford, Rayner		53 Carey Crescent Markham ON L3R 3E6
	RBC Royal Bank Visa c/o BankruptcyHighway.com	Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
	RBC Royal Bank Visa c/o BankruptcyHighway.com	Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
	RBC Royal Bank Visa c/o BankruptcyHighway.com	Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
	RBC Royal Bank Visa c/o BankruptcyHighway.com	Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
	Royal Bank of Canada		20 King Street West, 2nd floor Toronto ON M5H 1C4 jerry.tsao@rbc.com
	Spector & Co.		5700 Kieran Road Montreal ON H4S 2B5 Fax: (877) 275-7868
	Spicers Canada ULC		200 Galcat Drive Vaughan ON L4L 0B9 Fax: (905) 265-6073

In the matter of the proposal of
CANADIAN UNION PROMOTIONS INC.
of the City of Toronto
in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	Stikeman Elliott LLP		5300 Commerce Court West 199 Bay St. Toronto ON M5L 1B9
	TeraGo Networks Inc.		P.O. Box 8956, Postal Station A Toronto ON M5W 2C5
	Toronto Hydro-Electric Systems Limited	Josephine Pernarell / Mary Degroot	500 Commissioners St, 2nd fl Toronto ON M4M 3N7 Fax: (416) 542-3574 collections@torontoohydro.com
	Wasteco		161 Bridgeland Avenue North York ON M6A 1Z1 Fax: (416) 787-6210 wastecotoronto@wasteco.com
	West Canada Holdings ULC		25 York Street Suite 900 Toronto ON M5J 2V5
	Workplace Safety and Insurance Board	c/o Collection Services	200 Front St W Toronto ON M5V 3J1 Fax: (905) 521-4203

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)**

Proceedings commenced at Toronto

**AFFIDAVIT OF JERRY TSAO
(sworn October 19, 2020)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724
Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of Canada

TAB 4

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**

SERVICE LIST
 (as at Oct. 16, 2020)

<p>GOLDMAN SLOAN NASH & HABER LLP 480 University Avenue, Suite 1600 Toronto, ON M5G 1V2 Fax: 416.597.3370</p> <p>R. Brendan Bissell (LSO# 40354V) Tel: 416.597.6489 Email: bissell@gsnh.com</p> <p>Joël Turgeon Tel: 416.597.6486 Email: turgeon@gsnh.com</p> <p>Lawyers for Canadian Union Promotions Inc..</p>	<p>AIRD & BERLIS LLP Brookfield Place 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9 Fax: 416.601.4123</p> <p>Ian Aversa Tel: 416.865.3082 Email: iaversa@airdberlis.com</p> <p>Jeremy Nemersr Tel: 416.865.7724 Email: jnemers@airdberlis.com</p> <p>Lawyers for Royal Bank of Canada</p>
<p>CROWE SOBERMAN INC. 2 St. Clair Ave. E., Suite 1100 Toronto, ON M4T 2T5</p> <p>Hans Rizarri Tel: 416.963.7175 Fax: 416-929.5555 Email: hans.rizarri@crowesoberman.com</p> <p>Proposal Trustee</p>	<p>LOOPSTRA NIXON LLP 135 Queen's Plate Drive, Suite 500 Toronto, ON M9W 6V7</p> <p>R. Graham Phoenix Tel: 416.748.4776 Fax: 416.746.8319 Email: gphoenix@loonix.com</p> <p>Lawyers for Crowe Soberman Inc. as Proposal Trustee</p>

ATTORNEY GENERAL OF CANADA
Department of Justice Canada
Ontario Regional Office, Tax Law Section
120 Adelaide Street West, Suite 400
Toronto, ON

Diane Winters
Tel: 647.256.7459
Email: diane.winters@justice.gc.ca

Rakhee Bhandari
Tel: 416.952.8563
Email: Rakhee.bhandari@justice.gc.ca

MINISTRY OF FINANCE (ONTARIO)
Legal Services Branch
777 Bay Street, 11th Floor
Toronto, ON M5G 2C8

Kevin O'Hara
Tel: 416.327.8463
Email: kevin.ohara@ontario.ca

EMAIL ADDRESS LIST

bissell@gsnh.com; turgeon@gsnh.com; iaversa@airdberlis.com; jnemers@airdberlis.com;
hans.rizarri@crowesoberman.com; gphoenix@loonix.com; diane.winters@justice.gc.ca;
Rakhee.bhandari@justice.gc.ca; kevin.ohara@ontario.ca

42021666.1

**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 at Toronto

**RESPONDING AND CROSS-MOTION
MOTION RECORD**

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
Email: iaversa@airdberlis.com

Jeremy Nemers (LSO # 66410Q)
Tel: (416) 865-7724
Fax: (416) 863-1515
Email: jnemers@airdberlis.com

Lawyers for Royal Bank of Canada