

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)

*(Bankruptcy and Insolvency Act, R.S.C.
1985, c. B-3)*

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz
Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

MOTION FOR SALE APPROVAL, VESTING AND EXTENSION ORDER
(Sections 50.4(9) and 65.13 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
THE COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, OR TO
ONE OF ITS REGISTRARS, THE PETITIONER RESPECTFULLY SUBMITS AS
FOLLOWS:

I. INTRODUCTION

1. On January 14, 2019, 8738971 Canada Inc. (formerly known as "Pazazz Printing Inc./Imprimerie Pazazz Inc.") (the "**Debtor**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**"), and named Richter Advisory Group Inc. (the "**Trustee**" or "**Richter**") as trustee thereto.

2. On January 29, 2019, this Honourable Court issued an order (the “**First Order**”):
 - (a) authorizing and ratifying a commitment letter (the “**Commitment Letter**”) whereby JGALA Holdings Inc. (the “**Interim Lender**”) agreed to provide interim financing to the Debtor pursuant to the terms and conditions set forth therein (the “**Interim Financing**”);
 - (b) creating a charge in favour of the Interim Lender (the “**Interim Financing Charge**”);
 - (c) creating a senior ranking administration charge in favour of the Trustee, its legal counsel and the Debtor’s legal counsel (the “**Administration Charge**”);
 - (d) approving and authorizing a sale and solicitation process (the “**SSP**”) in order to market the Debtor’s business and related assets pursuant to the terms and conditions set forth in a request for offers document (the “**SSP Procedure Document**”); and
 - (e) extending the delay under the NOI until March 13, 2019 (the “**NOI Delay**”),the whole as appears of record herein.
3. On February 1, 2019, the Debtor, with the assistance and management of Richter, commenced the SSP. The SSP is described in more detail in the Trustee’s Report (the “**Trustee’s Report**”), a copy of which is produced herewith or which will hereafter be produced as **Exhibit P-1**.
4. The present Motion seeks this Honourable Court’s issuance of an order, substantially in the form of the draft Approval and Vesting Order produced herewith as **Exhibit P-2** (the “**Draft Order**”), authorizing and approving the sale of certain of the Debtor’s assets to a corporation to be designated and controlled by James Garfinkle (without personal liability) (the “**Proposed Purchaser**”) and other transactions, pursuant to that certain Offer to Purchase submitted by the Proposed Purchaser under the SSP and produced herewith as **Exhibit P-3** (the “**Proposed Offer**”).
5. The Proposed Purchaser is controlled by the same person who controls the Interim Lender. Nevertheless, such Proposed Purchaser is controlled by a minority shareholder of the Debtor and as such is not a person related to the Debtor pursuant to the *BIA*.

II. THE DEBTOR’S BUSINESS AND OPERATIONS

6. The Debtor operates a Montreal based business which provides printing services for commercial, industrial and retail applications including packaging, signage, labelling, mailers and large format printing (the “**Business**”).

7. The Business is highly competitive and relies heavily on its customer relationships and ability to provide reliable services.
8. The Debtor operates from leased premises in Montréal at 5584 Chemin de la Côte-de-Liesse (the "**Leased Premises**").
9. In order to operate the Business, the Debtor employs a workforce of over 40 people.
10. Throughout the NOI period, the Debtor's operations have continued to be financed in part by its operating lender and most significant secured creditor, The Toronto-Dominion Bank ("**TD**"), pursuant to the margining under TD's restated credit facility (the "**Restated TD Credit Facility**"). In addition, the Debtor's operations have been further financed by the Interim Lender pursuant to the Interim Financing.
11. In order to operate the Business, the Debtor requires a variety of printing equipment. Certain of the printing equipment used by the Debtor is the subject of leases, leasing agreements and installment sale agreements in respect of which ownership retention interests have been published at the Quebec Register of Personal and Movable Real Rights (the "**RDPRM**") (collectively the "**Leased Equipment**").

III. **FINANCIAL DIFFICULTIES**

12. The printing business has become increasingly challenged over the past few years given the reduced demand for print advertising and mailing.
13. In addition to the business reality faced by the Debtor, a number of factors have contributed to the Debtor's negative financial performance, namely:
 - (a) the size of the Leased Premises is disproportionate to the needs of the Business and accordingly, the Debtor's lease payments are much too high causing significant financial strain on the Debtor;
 - (b) the Debtor's sales volume has been reduced as a consequence of the Debtor losing certain contracts or being unable to secure contracts on a long term or repeat basis; and
 - (c) customer demand for orders and/or products requiring significant use of the Leased Equipment has not merited the expense and as a result, such lease payments are an additional financial strain.
14. As a result of the foregoing, the Business has been negatively impacted and its performance decreased to the point of insolvency.
15. In an effort to ameliorate its financial situation, the Debtor implemented a number of cost-reducing measures such as changes in purchasing arrangements, reduction of services used by the Debtor, overhead reductions, salary reductions

and reduction of work hours. However, despite such measures, the Debtor's financial situation did not ameliorate suitably.

16. Consequently, on January 9, 2019, TD issued a notice pursuant to Section 244 *BIA* of its intention to enforce its security on all of the Property and the Debtor consented to an earlier enforcement thereof. Additionally, TD entered into a forbearance agreement with the Debtor whereby it agreed to forbear from enforcing its rights under its security provided certain conditions are and continue to be fulfilled. TD has restated its credit facility to provide for different margining, thereby allowing the Debtor to avail itself of the Restated TD Credit Facility for a limited period during the NOI proceedings.
17. Ultimately, it was determined that it was in the best interest of the Debtor to file the NOI and enter into a formal restructuring process.

IV. INDEBTEDNESS AND SECURITY

18. As a result of the First Order and security held by TD, the following is the current ranking of charges and hypothecs charging the Debtor's present and future, corporeal and incorporeal, tangible and intangible, personal and movable property (the "**Property**"):
 - (a) first, security interests in favour of TD;
 - (b) second, the Administration Charge; and
 - (c) third, the Interim Financing Charge.
19. Produced herewith as **Exhibit P-4** is a search summary (the "**Search Summary**") of publications in the RDPRM and at the Bank of Canada, Montreal Branch, in respect of hypothecs, security interests and other rights existing against the Property.
20. As appears from the Search Summary, other than the security interests indicated above, ownership retention interests have been published with respect to certain Leased Equipment.
21. Both the indebtedness owing to TD pursuant to the Restated TD Credit Facility and owing to the Interim Lender under the Interim Financing fluctuates and is reconciled weekly. As will appear from the Trustee's Report, as at February 22, 2019 (when last reconciled):
 - (a) the indebtedness owing to TD pursuant to the Restated TD Credit Facility was approximately \$468,000; and
 - (b) the indebtedness owing to the Interim Lender under the Interim Financing was approximately \$450,000.

22. Parties who are likely to be effected by the conclusions sought herein have been given notice of the present Motion.

V. SALE AND SOLICITATION PROCESS

23. As part of its restructuring, the Debtor mandated Richter to conduct the SSP in order to market the Business and related assets to one or more potential acquirers, investors or strategic partners.
24. The SSP was designed by the Debtor, in consultation with its advisors and Richter, and was administered by the Debtor in tandem with Richter, the whole in accordance with the SSP Procedure Document authorized by this Honourable Court.
25. The SSP has been and continues to be conducted pursuant to the following timeline set forth under the SSP Procedure Document:
 - (a) the deadline for the submission of offers was February 25, 2019;
 - (b) offerors were informed of acceptance or rejection of their offers on February 26, 2019;
 - (c) closing of the contemplated transaction, including this Court's authorization and approval thereof, is to occur by no later than March 8, 2019.
26. Prior to the commencement of the SSP, the Debtor, with Richter's assistance, identified 97 potentially interested parties, including parties in the same or similar industry of the Debtor, liquidators and other businesses. Richter used its wide network of contacts in order to identify potentially interested parties.
27. In order to attract interest from various parties, Richter, in consultation with the Debtor and its advisors, prepared a teaser document containing summary information about the Business and informing the recipient of the availability of additional information (the "**Teaser**").
28. On February 1, 2019, the Teaser was transmitted to 97 parties, inviting the recipient to communicate with Richter for additional information. In order to receive additional information, interested parties were required to sign a non-disclosure agreement ("**NDA**").
29. Following the transmission of the Teaser, several parties indicated their interest in obtaining more information about the Debtor. Of the 97 parties, 18 parties requested NDAs and 14 parties signed NDAs and therefore became "Qualified Bidders" under the SSP Procedure Document. The parties who signed NDAs were given access to a virtual data room administered by Richter containing information relating to the Debtor's operations including corporate information, financial statements, sales and information relating to inventory, accounts receivable, equipment, leases, employees and intangible assets.

30. As a result of the competitive nature of the Business, the information made available in such virtual data room was listed without sensitive information such as customer names but included essential information such as amounts, annual sales volumes and payment history, the whole as authorized pursuant to the SSP Procedure Document.
31. Certain parties contacted Richter for further information and inquiries. Additionally, certain parties conducted on-site visits of the Business and met with the Debtor's management, with Richter present.
32. Ultimately, as a result of the SSP, the Trustee received four offers (including the Proposed Offer) before the deadline and one offer after the deadline.
33. As appears from the Trustee's analysis set forth in the Trustee's Report, the Proposed Offer is the highest and best offer received and its approval is in the best interests of many of the Debtor's stakeholders and creditors.

VI. THE PROPOSED OFFER

34. Pursuant to the Proposed Offer, the Proposed Purchaser offers to purchase the therein defined "Purchased Property" including, without limitation, the following (the "**Purchased Property**"), as appears more fully from the Proposed Offer, namely:
 - (a) all inventory (including raw materials, finished goods and work in progress);
 - (b) all claims;
 - (c) all orders on hand and bookings for sales and/or purchases of products;
 - (d) all machinery, equipment, tools, computers, furniture, fixtures and corporeal movable property;
 - (e) all right, title and interest in and to certain contracts;
 - (f) all goodwill and intellectual property;
 - (g) all computer, accounting, design and printing systems and software, programs and data;
 - (h) the benefit of all deposits, prepayments and other prepaid items or benefits; and
 - (i) right, title and interest in and to certain leases or similar agreements with respect to equipment.

35. The Proposed Offer excludes the Debtor's right, title and interest in and to leases or similar agreements for the Leased Premises and excludes certain leases or similar agreements for equipment.
36. Additionally, the Proposed Offer provides that certain equipment leases are to be assigned and assumed by the Proposed Purchaser. Likewise, as a condition to the Proposed Offer, the Proposed Purchaser requires occupation of the Leased Premises for a period of 90 days, which occupation will be paid for by the Proposed Purchaser.
37. In summary, the Proposed Offer provides that the Proposed Purchaser will purchase the Purchased Property for:
 - (a) the amount of all indebtedness owing by the Debtor to TD as at the therein defined "Closing Date" (the "**TD Debt**"), to be paid by the Proposed Purchaser's repayment of the TD Debt via immediately available funds;
 - (b) the amount of all indebtedness owing by the Debtor to the Interim Lender under the Interim Financing as at the therein defined "Closing Date" (the "**Interim Financing Indebtedness**"), to be paid by the Proposed Purchaser's repayment of the Interim Financing Indebtedness via immediately available funds; and
 - (c) the amount of all indebtedness (up to the maximum aggregate amount of \$250,000) owing and to become owing by the Debtor to the Debtor's legal counsel, the Trustee and the Trustee's legal counsel, as secured by the Administration Charge as at and after the therein defined "Closing Date" (the "**Administration Charge Indebtedness**"), to be paid by the Proposed Purchaser's payment (via immediately available funds) and/or assumption of debt of the Administration Charge Indebtedness.
38. Under the terms of the Proposed Offer, all hypothecs and security interests granted by the Debtor and charging the Purchased Property (other than those rights which are related to any Purchased Property being the object of an "Assumed Equipment Lease" as hereinafter defined) are not to be assumed and as a result, pursuant to the Draft Order, are to be radiated and discharged only upon the filing with the Court of a Trustee's Certificate in the form of such certificate annexed to the Draft Order. Such certificate will not be filed with the Court until, *inter alia*, the transaction contemplated by the Proposed Offer has closed and the purchase price set forth therein has been paid.
39. As part of the Proposed Offer, the Proposed Purchaser is assuming all indebtedness:
 - (a) accruing from and after the therein defined "Closing Date" relating to the Debtor's employees which it agrees to hire from such date; and
 - (b) relating to the hereinafter defined "Assumed Equipment Leases".

40. In addition to the purchase of Purchased Property for the purchase price and the debt assumptions set forth in the Proposed Offer, the Proposed Purchaser has offered to pay up to an additional amount of \$100,000 in order to fund (or partially fund) a proposal (including an equity restructuring) made by the Debtor and accepted pursuant to the requirements set forth under the *BIA* and the *Canada Business Corporations Act*.
41. An analysis of the transaction contemplated by the Proposed Offer (the "**Transaction**"), including the purchase price thereunder, is contained in the Trustee's Report.

VII. POSITION OF SECURED LENDERS

42. The Interim Financing provided by the Interim Lender pursuant to the Commitment Letter becomes due and exigible, and the security in respect thereof becomes fully enforceable, upon the earlier of simple demand by the Interim Lender or March 15, 2019.
43. The Debtor's borrowings under the Interim Financing have nearly reached the maximum amount and the Interim Lender is not prepared to provide any further financing.
44. TD has indicated that it will no longer support the Debtor past March 8, 2019 and in any event, TD is not prepared to provide any further financing.
45. Accordingly, it is crucial that the Transaction be authorized and take place.

VIII. GROUNDS FOR APPROVAL OF THE TRANSACTION

46. Section 65.13 *BIA* sets out certain factors that are to be considered, among other things, in deciding whether to grant authorization to approve a sale outside the ordinary course of business. These factors are as follows:
 - (a) *whether the process leading to the proposed sale or disposition was reasonable in the circumstances:* the Proposed offer was obtained following a formal solicitation process conducted by the Trustee and authorized by the Court.
 - (b) *whether the trustee approved the process leading to the proposed sale or disposition:* the formal solicitation process pursuant to which the Proposed Offer was obtained was designed and conducted with the assistance and management of the Trustee.
 - (c) *whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy:* as appears from the Trustee's report, the Trustee has concluded that the Transaction is reasonable and fair taking into account all of the circumstances and would be more

beneficial to creditors and other stakeholders than a liquidation following a bankruptcy.

- (d) *the extent to which the creditors were consulted:* TD, the Debtor's most significant secured creditor, was kept apprised of the SSP. Additionally, the Debtor's other creditors that contacted the Debtor and/or the Trustee, have been informed of the Debtor's restructuring process, including the SSP.
- (e) *the effects of the proposed sale or disposition on the creditors and other interested parties:* the Transaction will maintain the Business as a going concern and preserve:
 - (i) the employment relationship with approximately 40 of the Debtor's employees;
 - (ii) the supply relationships and orders with the Debtor's current suppliers;
 - (iii) the work in process for orders on hand and bookings for orders;
 - (iv) certain leases for equipment; and
 - (v) preserve occupation of the Leased Premises for a period of 90 days.
- (f) *whether the consideration to be received for the assets is reasonable and fair, taking into account their market value:* given that neither the Interim Lender nor TD are prepared to fund the Debtor any further, failing the conclusion of the Transaction, a liquidation would likely ensue. Accordingly, the consideration to be received is reasonable and fair in the circumstances.

47. The Debtor and the Trustee have come to the conclusion that the Transaction as set forth in the Proposed Offer represents the best solution in the present circumstances.

48. Accordingly, the Debtor respectfully submits that it is in the best interest of the Debtor, creditors and stakeholders that this Honourable Court approve the Transaction.

IX. ASSIGNMENT OF AGREEMENTS

49. Given that the Proposed Purchaser wishes to acquire the Business as a going concern, it is an essential component of the Transaction that the Proposed Purchaser obtain the assignment of certain leases for printing equipment defined in the Proposed Offer as the "Assumed Equipment Leases" (the "**Assumed Equipment Leases**").

50. Accordingly, the parties to the Assumed Equipment Leases have all received notice of the present Motion.
51. Sections 66 (1.1) and 84.1 *BIA* set out certain factors that are to be considered, among other things, in deciding whether to order the assignment of agreements. These factors are as follows:
- (a) *whether the Trustee approved the proposed assignment:* as appears from the Trustee's Report, the Trustee has approved the proposed assignments.
 - (b) *whether the Proposed Purchaser is able to perform the obligations:* it is respectfully submitted that there is adequate assurance of future performance by the Proposed Purchaser of the obligations pursuant to the Assumed Equipment Leases as it has secured or is in the process of securing a comprehensive financing facility in order to support its operation of the Business.
 - (c) *whether it is appropriate to assign the rights and obligations to the Proposed Purchaser:* up to the present date, the Debtor believes that it has met all of its obligations pursuant to the Assumed Equipment Leases such that there are no monetary defaults thereunder that need to be cured. However, to the extent that any amounts remain owing under the Assumed Equipment Leases, pursuant to the Offer to Purchase, the Proposed Purchaser has agreed to assume responsibility for the payment thereof.
52. Accordingly, the Debtor respectfully submits that it is appropriate for this Honourable Court to order the assignment of the Assumed Equipment Leases to the Proposed Purchaser.

X. EXTENSION SOUGHT

53. The Debtor has completed important stages of its restructuring and is prepared to advance with its restructuring efforts which include completing the closing and certain post-closing matters pursuant to the Proposed Offer and to determine if a viable proposal can be formulated.
54. In order to properly implement the Proposed Offer, to continue the Debtor's operations and to ascertain if a viable proposal can be formulated, the Debtor requires an extension of the NOI Delay.
55. No prejudice would be caused to the Debtor's creditors generally by the extension of the NOI Delay sought herein. On the contrary, not extending the NOI Delay would result in:
- (a) the Debtor's bankruptcy;

(b) a diminished ability, or inability, to complete the closing and certain post-closing matters pursuant to the Proposed Offer and to determine if a viable proposal can be formulated; and

(c) the potential loss of over 40 jobs.

56. The Debtor has acted, is acting and will continue to act in good faith and with due diligence.

57. In light of the foregoing, the Debtor is entitled to seek an extension of the NOI delay until April 15, 2019.

XI. URGENCY AND CONCLUSIONS SOUGHT

58. As appears from the Proposed Offer, the sale of the Purchased Property must be completed with authorization from this Honourable Court authorizing the Debtor to conclude the Transaction and convey the Purchased Property free and clear of certain hypothecs, security interests, encumbrances and other charges.

59. The Transaction must close quickly in order to ensure continuity in the Business operations, ensure orders in process are completed and delivered and begin to book further orders.

60. Additionally, given the Debtor's insolvency and the positions of TD and the Interim Lender, the Transaction must occur imminently in order to avoid liquidation.

61. The failure to conclude the Transaction would most likely result in the liquidation of the Debtor's assets and thus cause significant prejudice to the Debtor's most significant secured lender, TD, the Interim Lender, suppliers and customers, as well as to employees and other stakeholders.

62. Accordingly, it is urgent that this Honourable Court grant the conclusions sought herein and order that the judgment to be rendered herein be executory notwithstanding appeal.

63. The present Motion is well founded in fact and in law.

WHEREFORE, THE DEBTOR/PETITIONER PRAYS FOR JUDGMENT OF THIS HONOURABLE COURT:

(A) **SHORTENING** the delays to notify/serve the present Motion;

(B) **GRANTING** the present Motion;

(C) **ISSUING** an order substantially in the form of the draft Approval and Vesting Order communicated herewith as **Exhibit P-2**;

(D) **ISSUING** any other orders the Court deems appropriate.

THE WHOLE without costs, save in the event of contestation.

Montreal, March 1, 2019

(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP

Attorneys for Debtor/Petitioner

Me Gerald F. Kandestin / Me Jeremy Cuttler / Me Éva Richard
1 Place Ville Marie, Suite 1170

Montréal, Québec H3B 2A7

Tel.: 514 878-2861 / Fax: 514 875-8424

gkandestin@kklex.com / jcuttler@kklex.com / erichard@kklex.com

TRUE COPY

Kugler Kandestin LLP.

KUGLER KANDESTIN LLP

AFFIDAVIT

I, the undersigned, MARC GIROUX, domiciled for the purposes hereof at 5584 chemin de la Côte-de-Liesse, in the City of Mont-Royal, Province of Québec, H4P 1A9, solemnly affirm the following:

1. I am the authorized representative of the Debtor/Petitioner, 8738971 Canada Inc.;
and
2. I have knowledge of all the facts alleged in the *Motion for Sale Approval, Vesting and Extension Order* and all the facts alleged therein are true.

And I have signed, in Montréal, Québec

(SGD.) MARC GIROUX

MARC GIROUX

Solemnly affirmed before me, in Montréal,
Québec this 1st day of March, 2019.

(SGD.) June Barron #61 100

Commissioner for Oaths for Québec

TRUE COPY

Kugler Kandestin LLP.

KUGLER KANDESTIN LLP

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)

(*Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3)

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

LIST OF EXHIBITS

- Exhibit P-1:** Trustee's Report;
Exhibit P-2: Draft Order;
Exhibit P-3: Proposed Offer;
Exhibit P-4: Search Summary;

Montreal, March 1, 2019
(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP

Attorneys for the Debtor/Petitioner

Me Gerald F. Kandestin / Me Jeremy Cuttler / Me Éva Richard
1 Place Ville Marie, Suite 1170

Montréal, Québec H3B 2A7

Tel.: 514 878-2861 / Fax: 514 875-8424

gkandestin@kklex.com / jcuttler@kklex.com / erichard@kklex.com

TRUE COPY

Kugler Kandestin LLP.

KUGLER KANDESTIN LLP

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)

(*Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3)

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS;

-and-

THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;

Mises-en-cause

NOTICE OF PRESENTATION
AND SERVICE LIST

TO:

RICHTER ADVISORY GROUP INC.
1981 McGill College
Montreal, Quebec
H3A 0G6

Attention: Andrew Adessky
aadessky@richter.ca
Shawn Travitsky
stravitsky@richter.ca

KAUFMAN LLP
Attorneys for The Toronto Dominion Bank
800 René-Lévesque Blvd. West
Suite 2220
Montréal, Québec
H3B 1X9

Attention: Me Steven Shein
sshein@klcanada.com
Me Martin Jutras
MJutras@klcanada.com

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS**

E-mail: services@rdprm.gouv.qc.ca

**LAVERY, DE BILLY S.E.N.C.R.L.
Attorneys for AM Fish Holdings Ltd.**

1 Place Ville-Marie
Suite 4000
Montréal, Québec
H3B 4M4

Attention: Me Jonathan Warin
jwarin@lavery.ca

**THE SUPERINTENDENT OF
BANKRUPTCY**

Sun Life Building
1155 Metcalfe Street
Suite 950
Montréal, Québec
H3B 2V6

Fax: 514-283-9795

**Me ERIC STEINBERG
Attorney for Proposed Purchaser and
JGALA Holdings Inc.**

4150 rue Sainte-Catherine
Suite 525
Westmount, Québec
H3Z 2Y5

Attention: ericsteinberg@bellnet.ca

**De Lage Landen Financial Services
Canada Inc.**

c/o MILLER THOMSON S.E.N.C.R.L.
1000 de la Gauchetière O
Suite 3700
Montréal, Québec
H3B 4W5

**NL LP
c/o ROBINSON SHEPPARD SHAPIRO
LLP**

800 Square Victoria
Suite 4700
Montréal, Québec
H4Z 1H6

TAKE NOTICE THAT the *Motion for Sale Approval, Vesting and Extension Order* will be presented for adjudication before the Superior Court of Québec, sitting in the Commercial Division, in and for the judicial district of Montréal, on **March 6, 2019, at 8:45 a.m., in Room 16.10** of the Montréal Courthouse, located at 1 Notre-Dame Street East, in the City of Montréal, Province of Québec, or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, March 1, 2019
(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP

Attorneys for the Debtor/Petitioner

Me Gerald F. Kandestin / Me Jeremy Cuttler / Me Éva Richard
1 Place Ville Marie, Suite 1170

Montréal, Québec H3B 2A7

Tel.: 514 878-2861 / Fax: 514 875-8424

gkandestin@kklex.com / jcuttler@kklex.com / erichard@kklex.com

TRUE COPY

Kugler Kandestin LLP.
KUGLER KANDESTIN LLP

**CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925**

**SUPERIOR COURT
(Commercial Division)**

***(Bankruptcy and Insolvency Act, R.S.C.
1985, c. B-3)***

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz
Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

EXHIBIT P-1

TRUSTEE'S REPORT

CANADA
Province of Quebec
District of Québec
Division No.: 01-Montréal
Court No.: 500-11-055853-192
Estate No.: 41-2462925

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

**8738971 CANADA INC. (DBA PAZAZZ
PRINTING INC. / IMPRIMERIE PAZAZZ INC.)**

legal person duly incorporated under the laws of
Canada, having its registered office at 5584
Chemin de la Côte-de-Liesse, Montreal, QC H4P
1A9

Petitioner / Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

SECOND REPORT OF THE TRUSTEE
ON THE STATE OF PETITIONER'S BUSINESS AND FINANCIAL AFFAIRS

Richter Advisory Group Inc. ("**Richter**" or the "**Proposal Trustee**"), in its capacity as trustee with respect to the Notice of Intention to Make a Proposal ("**NOI**") filed by 8738971 Canada Inc., doing business as Pazazz Printing Inc. / Imprimerie Pazazz Inc. (the "**Debtor**" or the "**Company**"), an insolvent person, does hereby report to the Court the following:

INTRODUCTION

1. On January 14, 2019, the Debtor filed the NOI in accordance with Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S. C. 1985, c. B.-3, as amended (the "**BIA**"), and Richter was appointed as Proposal Trustee under the NOI. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy was annexed as Exhibit "A" to the First Report.
2. On January 18, 2019, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's NOI, was annexed as Exhibit "B" to the First Report.

3. On January 23, 2019, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("**Projections**") together with his report pursuant to Section 50.4(2)(c) of the Act, covering the period from January 14, 2019 to February 15, 2019, which included the major assumptions used in the preparation of the Projections. Concurrently therewith, the Proposal Trustee filed its Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the Act, all of which was annexed as Exhibit "C" to the First Report.
4. On January 24, 2019, the Debtor filed a motion entitled *Motion for the Authorization and Approval of Interim Financing, Certain Charges, A Sale and Solicitation Process and Other Relief* (the "**DIP, SSP and Extension Motion**"). The DIP, SSP and Extension Motion was granted on January 29, 2019.
5. On January 25, 2019, the Proposal Trustee filed its first report to court ("**First Report**").
6. On March 1, 2019, the Debtor filed a motion entitled *Motion for Sale Approval, Vesting and Extension Order* (the "**Sale and Extension Motion**"). The Sale and Extension Motion will be heard on March 6, 2019.
7. In order to monitor the affairs and finances of the Debtor, the Proposal Trustee has been provided with access to the books, records and other important documents of the Debtor.

PURPOSE OF THIS REPORT

8. The purpose of this Second Report is to provide this Court with information pertaining to:
 - a) The Sale and Solicitation Process including the opening of tenders and the selection of the Purchaser (as hereinafter defined);
 - b) The Debtor's statement of projected cash flow for the period from January 14, 2019 to February 22, 2019;
 - c) The Debtor's request for an extension of the statutory delay to file a proposal (the "**Proposal Period**") to April 15, 2019; and
 - d) The Proposal Trustee's recommendations that this Court makes orders, as requested by the Debtor:
 - Approving the sale of assets to the Purchaser including the assignment of certain equipment leases; and
 - Approving the extension of the Proposal Period to April 15, 2019.

TERMS OF REFERENCE

9. Unless otherwise noted, all monetary amounts contained in this Second Report herein are expressed in Canadian dollars.
10. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited financial information prepared by the Debtor's representatives, the Debtor's books and records, and discussions with the Debtor's representatives and legal counsel (the "Information").
11. Except as otherwise described in this Second Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the Chartered Professional Accountant of Canada Handbook and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
12. Future oriented financial information relied upon in this Second Report is based on the Debtor's representatives' assumptions regarding future events; actual results achieved may vary from the Information presented even if the hypothetical assumptions occur and these variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether projections will be achieved.

GENERAL BACKGROUND INFORMATION OF THE DEBTOR

13. As noted in the First Report:
 - a) the Company provides printing solutions and distribution of all visual and printed communications for commercial, industrial, and retail applications including packaging, signage and large format printing as well as graphic design, direct marketing, fulfillment and logistics services. The Company's customers are located primarily in Quebec, Ontario and the USA.
 - b) The Company operates in Montreal in leased premises from a third party.
 - c) As of the date of this Second Report:
 - the Debtor has approximately 40 full-time employees; and
 - employee wages and remittance of deductions at source are current.

SALE AND SOLICITATION PROCESS

14. Following the approval of the Sale and Solicitation Process (the “**SSP**”) by the Court on January 29, 2019, the Proposal Trustee with the assistance of the Company initiated the SSP and summarizes certain key information as follows:
 - a) Issuance of a teaser document to 97 potential interested parties including strategic buyers, financial investors and liquidators on February 1, 2019;
 - b) Opening of a digital data room with the relevant necessary information to enable interested parties to evaluate all aspects of the Company’s business on February 1, 2019. The information included in the data room is summarized in **Exhibit “A”** to this Second Report;
 - c) The due diligence period for interested parties took place from February 2, 2019 to February 24, 2019. A total of 14 interested parties signed a non-disclosure agreement to obtain access to the data room, have discussions with Management and the Proposal Trustee and, if interested, tour the Company’s premises;
 - d) The Proposal Trustee received four offers by the deadline of Monday, February 25, 2019 at noon Montreal time. A fifth offer was received by the Proposal Trustee after the noon deadline. The four offers received by the noon deadline were opened by the Proposal Trustee in the presence of Me. Neil Stein, the independent attorney of the Proposal Trustee. A summary of the five offers received is annexed as **Exhibit “B”** to this Second Report;
 - e) Following an analysis of the offers received, the Proposal Trustee recommended the acceptance of the offer from Mr. James Garfinkle on behalf of a corporation to be formed (the “**Purchaser**”). A summary of the Purchaser’s offer is summarized below and is annexed as **Exhibit “C”** to this Second Report; and
 - f) The Proposal Trustee notified the other bidders on February 26, 2019, that their offers were not accepted.

PURCHASER’S OFFER

15. Subject to the execution of a definitive asset purchase agreement, the key elements of the offer are as follows:
 - a) This is a going-concern offer whereby the Purchaser is acquiring essentially all of the assets of the Company (as more fully detailed in the Sale and Extension Motion) free and clear of all liens and will retain virtually all current employees as well as assuming virtually all employee obligations from the date of the purchase. The Purchaser’s offer includes that certain equipment leases are to be assigned and assumed by the Purchaser, however the Purchaser has excluded the Debtor’s right, title and interest in respect of the leased premises occupied by

the Debtor (although it does require a 90 day right of occupation to transition the business) and other leases.

b) The purchase price consists of:

- The assumption of the existing debt of the Toronto Dominion Bank – approximately \$468,000 as of February 22, 2019;
- The assumption of the existing DIP financing – approximately \$450,000 as of February 22, 2019 (and projected to be \$600,000 at closing);
- The funding of up to \$250,000 for professional fees of the Company's counsel, the Proposal Trustee and counsel to the Proposal Trustee; and
- The funding of up to \$100,000 in the event the Company decides to make a Proposal to its creditors.

16. In addition, the Purchaser is assuming all indebtedness as of the closing date to the Debtor's employees which it agrees to hire as well as obligations relating to leases that are assumed and assigned.
17. The Proposal Trustee notes that the Purchaser is, through his holding company JGALA Holdings Inc., both a current shareholder of the Company as well as the DIP lender.

THE DEBTOR'S CASH FLOW FORECAST

18. Annexed as **Exhibit "D"** are the results of operations versus the budget for the period January 14, 2019 to February 22, 2019.
19. In support of the extension sought, the Debtor has prepared a statement of projected cash flow (**Exhibit "E"**) covering the period February 25, 2019 through April 19, 2019 which we summarize as follows:

8738971 Canada Inc.	
Statement of Projected Cash Flow	
For the period of February 25 to April 19, 2019	
(\$000's)	Total
<u>Cash Receipts</u>	
Trade & other receipts	\$ 283
Advance from Purchaser	298
Total projected cash receipts	<u>581</u>
<u>Cash Disbursements</u>	
Material & subcontractor costs	142
Payroll (including benefits) and expenses	131
Rent & utilities	172
General expenses and other	108
Supplier deposits	-
Interest	5
Sales taxes	15
Professional fees	160
Total projected cash disbursements	<u>731</u>
DIP lender - advance	<u>150</u>
Net cash flow	-
Opening bank indebtedness	(468)
Ending bank indebtedness	-
Projected DIP Loan	(600)
Repayment of Bank indebtedness and DIP loan	1,068
Total projected loan position	<u>\$ -</u>

20. The statement of projected cash flow was prepared on the basis that a closing will occur effective March 8, 2019 and thereafter, the Purchaser will continue to advance funds for the payment of remaining post-filing obligations (including sales tax), occupation costs and professional fees.

REQUEST TO EXTEND THE PROPOSAL PERIOD TO APRIL 15, 2019

21. The Debtor is requesting the extension of the Proposal Period to April 15, 2019 (the "Extension").
22. The Proposal Trustee supports the Debtor's request for the Extension for the following reasons:
- a) The Debtor requires this time to proceed with the conclusion of a transaction with the Purchaser which will result in the continued operations of the Company, the continued employment of approximately forty (40) employees and ongoing relationships with the suppliers and service providers of the Company;
 - b) the Debtor is acting in good faith and with due diligence in taking steps to maximize the value of its assets for the benefit of its creditors;
 - c) it is the Proposal Trustee's view that the Extension will not prejudice or adversely affect any group of creditors; and

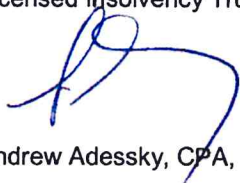
- d) the TD Bank and the DIP lender have been advised of the Extension and do not oppose the Extension sought herein.
23. While it is too early to determine whether a viable proposal will be presented by the Debtor to its creditors, in the Proposal Trustee's view, the Debtor's request for the Extension is appropriate in the circumstances.

CONCLUSION AND RECOMMENDATION

24. The Proposal Trustee hereby supports the relief sought in paragraph 8(d) of this Second Report for the following reasons:
- a) the assets of the Debtor have been offered for sale pursuant to a court approved sale process which the Proposal Trustee has conducted in coordination with the Debtor;
 - b) the Proposal Trustee is of the opinion that the going-concern offer for the assets of the Debtor will maximize the realization for the Debtor and will produce a better outcome than a piecemeal liquidation including in a bankruptcy scenario;
 - c) the acceptance of the Purchaser's offer will result in the repayment of the indebtedness owing to the TD Bank and the DIP lender, the continued employment for most of the existing employees, the assumption and assignment of certain leases, the completion of work in process, the continued occupation of the leased premises for a transition period and ongoing relationships with the Debtor's suppliers;
 - d) Both the TD Bank and the DIP lender have indicated that they are not prepared to continue financing the operations of the Debtor in the event the Purchaser's offer is not completed within a short time period – we refer to our First Report which set out a targeted completion date of March 8, 2019; and
 - e) the Debtor requires additional time to determine if it can make a viable proposal to its creditors.
25. Based on all of the forgoing, the Proposal Trustee respectfully recommends that this Honourable Court grants the relief sought in the Sale and Extension Motion, as summarized in paragraph 8(d) of this Second Report.

Respectfully submitted at Montreal, this 1st day of March 2019.

Richter Advisory Group Inc.
Licensed Insolvency Trustee



Andrew Adessky, CPA, CA, MBA, CIRP, LIT


Exhibit A

FIRMEX

 **Pazazz**

 Due Diligence

 Due Diligence





 Company information

-  Org Chart.pdf
-  Corporate Brochure.pdf
-  CIDREQ.pdf




 Financial Statements

-  Income Statement & Balance Sheet - November 2018 .pdf
-  Financial Statements 2018.pdf
-  Financial Statements 2017.pdf






























 Sales and Accounts Receivable

-  Accounts Receivable - January 30 2019.xls
-  Sales Summary - 2016 to Nov 2018.xlsx
-  Sales by Categories.xlsx
-  Accounts Receivable - 21 February 2019.pdf

 Fixed Assets



-  Pazazz Production Equipment - January 18 2019.pdf
-  Computer, office, telephone equipment - summary.pdf
-  Pazazz Other Fixed Assets.pdf

 Pictures


-  Pazazz Jan 18th 2019 (54).jpg
-  Pazazz Jan 18th 2019 (55).jpg
-  Pazazz Jan 18th 2019 (56).jpg
-  Pazazz Jan 18th 2019 (57).jpg
-  Pazazz Jan 18th 2019 (58).jpg
-  Pazazz Jan 18th 2019 (59).jpg
-  Pazazz Jan 18th 2019 (60).jpg
-  Pazazz Jan 18th 2019 (61).jpg
-  Pazazz Jan 18th 2019 (62).jpg
-  Pazazz Jan 18th 2019 (63).jpg
-  Pazazz Jan 18th 2019 (64).jpg
-  Pazazz Jan 18th 2019 (1).jpg
-  Pazazz Jan 18th 2019 (2).jpg
-  Pazazz Jan 18th 2019 (3).jpg
-  Pazazz Jan 18th 2019 (4).jpg
-  Pazazz Jan 18th 2019 (5).jpg
-  Pazazz Jan 18th 2019 (6).jpg
-  Pazazz Jan 18th 2019 (7).jpg
-  Pazazz Jan 18th 2019 (8).jpg
-  Pazazz Jan 18th 2019 (9).jpg
-  Pazazz Jan 18th 2019 (10).jpg
-  Pazazz Jan 18th 2019 (11).jpg
-  Pazazz Jan 18th 2019 (12).jpg
-  Pazazz Jan 18th 2019 (13).jpg
-  Pazazz Jan 18th 2019 (14).jpg
-  Pazazz Jan 18th 2019 (15).jpg
-  Pazazz Jan 18th 2019 (16).jpg
-  Pazazz Jan 18th 2019 (17).jpg
-  Pazazz Jan 18th 2019 (18).jpg
-  Pazazz Jan 18th 2019 (19).jpg
-  Pazazz Jan 18th 2019 (20).jpg
-  Pazazz Jan 18th 2019 (21).jpg
-  Pazazz Jan 18th 2019 (22).jpg

27/02/2019

Firmex

-  Pazazz Jan 18th 2019 (23).jpg
-  Pazazz Jan 18th 2019 (24).jpg
-  Pazazz Jan 18th 2019 (25).jpg
-  Pazazz Jan 18th 2019 (26).jpg
-  Pazazz Jan 18th 2019 (27).jpg
-  Pazazz Jan 18th 2019 (28).jpg
-  Pazazz Jan 18th 2019 (29).jpg
-  Pazazz Jan 18th 2019 (30).jpg
-  Pazazz Jan 18th 2019 (31).jpg
-  Pazazz Jan 18th 2019 (32).jpg
-  Pazazz Jan 18th 2019 (33).jpg
-  Pazazz Jan 18th 2019 (34).jpg
-  Pazazz Jan 18th 2019 (35).jpg
-  Pazazz Jan 18th 2019 (36).jpg
-  Pazazz Jan 18th 2019 (37).jpg
-  Pazazz Jan 18th 2019 (38).jpg
-  Pazazz Jan 18th 2019 (39).jpg
-  Pazazz Jan 18th 2019 (40).jpg
-  Pazazz Jan 18th 2019 (41).jpg
-  Pazazz Jan 18th 2019 (42).jpg
-  Pazazz Jan 18th 2019 (43).jpg
-  Pazazz Jan 18th 2019 (44).jpg
-  Pazazz Jan 18th 2019 (45).jpg
-  Pazazz Jan 18th 2019 (46).jpg
-  Pazazz Jan 18th 2019 (47).jpg
-  Pazazz Jan 18th 2019 (48).jpg
-  Pazazz Jan 18th 2019 (49).jpg
-  Pazazz Jan 18th 2019 (50).jpg
-  Pazazz Jan 18th 2019 (51).jpg
-  Pazazz Jan 18th 2019 (52).jpg
-  Pazazz Jan 18th 2019 (53).jpg

 Intangible Assets

-  Intangible Assets.pdf


 Inventory

-  Customer Orders - January 31 2019.pdf
-  Inventory - November 30 2018.pdf
-  Inventory - December 31 2018.pdf





 Lease


-  Second Addendum.pdf
-  Third Addendum.pdf
-  First Amendment.pdf
-  Fourth Amendment.pdf
-  Lease Agreement.pdf

 Employees

-  Employees by Department.pdf

 Sale Process

-  NDA.pdf
-  Teaser.pdf
-  SSP Procedure Document (Request for Offers).pdf
-  Pazazz_Offer Form.pdf

 Cash Flow (Court Filing)

-  Statement of Projected Cash Flow to March 15.pdf

 Secured Debt

-  Secured Debt.pdf

27/02/2019

Firmex

Generated by FIRMEX⁺

Exhibit B

Summary of Offers Structure	Corporate Assets		James Garfinkle (1)		Thomas Industries Option 1		Thomas Industries Option 2		Crescent Commercial Corporation		Impression Paragraph Inc. (Late bid)	
	Cash payment	Assumption of Indebtedness	Cash payment	Fee structure	Cash payment	Fee structure	Cash payment	Commission structure				
Lot 1 : Account Receivable	\$ -	Included in the offer	\$ -	-	-	TBD	\$ -	-	-	TBD	-	-
Lot 2 : Inventory	-	Included in the offer	-	-	-	Included in the offer	-	-	-	Included in the offer	-	-
Lot 3 : Production Equipment	350,000	Included in the offer	330,000	300,000 Net minimum guarantee 300,000 < X < 335,000 - 100% to T1 >335,000 - 90% to the company / 10% to T1	-	Included in the offer	-	-	-	Included in the offer	-	-
Other fixed assets	-	Included in the offer	-	-	-	Included in the offer	-	-	-	Included in the offer	-	-
Lot 4 : Intangibles	-	Included in the offer	-	-	-	Included in the offer	-	-	-	Included in the offer	-	-
Lot 5 : Equipment with lien and/or property of third parties	-	Included in the offer	-	-	-	Included in the offer	-	-	-	Included in the offer	-	-
Total	\$ 350,000	\$ 918,000	\$ 330,000	TBD	\$ 268,118	TBD	-	-	-	-	-	-
Expected period required (assume start date of March 11, 2019)	60 days occupancy	Expected to close on or before March 13, 2019	45 to 60 days	45 to 60 days	60 days plus exclusive use of the premises)	N/A	-	-	-	-	-	-
Deposits	\$ 52,500	50,000	None provided	None provided	None provided	None provided	-	-	-	-	-	-
Conditions / Comments	<ul style="list-style-type: none"> - Going concern offer - either an asset purchase or a proposal Will pay up to \$250,000 for professionals covered by the Administration Charge to the closing of the transaction - If deemed necessary by the purchaser, \$100,000 to fund a proposal to creditor. Will assume all indebtedness relating to the currently existing employees (excluding Warren Weibitt) 		None provided		None provided		None provided		None provided		None provided	
Additional Information required	<ul style="list-style-type: none"> - Must have access to more detailed information to perform a due diligence and bid on the AR. - Use of the name. 		None provided		None provided		None provided		None provided		None provided	
	<ul style="list-style-type: none"> - Late Bid - If a client is already a client of Paragraph, 4% will be calculated on the additional sales. - Clients have to have been active in the last year at Pazazz. - Payment will be made at the end of each year. 		None provided		None provided		None provided		None provided		None provided	

(1) On behalf of a corporation to be incorporated.

Exhibit C

OFFER TO PURCHASE

TO: 8738971 CANADA INC.
(formerly "Pazazz Printing Inc.")
5584 Côte-de-Liesse
Town of Mount Royal, Quebec
H4P 1A9

ATTENTION: Marc Giroux

Gentlemen:

In accordance with both the "SSP" and the "SSP Procedure" (the "**SSP Procedure**") as defined in and ordered by the "Order for Interim Financing, Charges and a Sale Process" (the "**Initial Order**") issued by the Commercial Division of the Quebec Superior Court for the District of Montreal (the "**Court**") under Case No. 500-11-055853-192 of such Court's records, James Garfinkle acting without personal liability on behalf of a corporation to be incorporated ("**Purchaser**"), by this Offer to Purchase (the "**Offer**"), hereby offers to purchase from Vendor all of the Purchased Property, subject to and upon the following conditions and terms, namely:

1. Purchased Property

1.1 The property to be purchased by Purchaser from Vendor (the "**Purchased Property**") is all movable corporeal and incorporeal property, of any nature, form or location, owned by 8738971 Canada Inc. (the "**Company**") or in which the Company has any interest (to the extent of such interest) with the sole exception of the Excluded Property. Such Purchased Property includes, without limitation, all of the following property owned by the Company or which the Company has any interest (to the extent of such interest), namely:

1.1.1 all inventory (including raw materials, finished goods and work in progress) existing on the Closing Date;

1.1.2 all claims of any nature whatsoever, including all trade or other accounts receivable existing on the Closing Date;

1.1.3 all orders on hand and bookings for sales and/or purchases of products presently existing and existing on the Closing Date;

1.1.4 all presently existing machinery and equipment (as well as all parts, attachments, tools and accessories thereto), all tools, all computers (and accessories thereto), all furniture and fixtures and all other corporeal movable property of any nature whatsoever and wherever located;



- 1.1.5 all right, title and interest in and to all contracts (other than the Premises Lease and the Excluded Equipment Leases) presently existing and existing on the Closing Date;
- 1.1.6 all intellectual property in the broadest possible sense including, without limitation, the trade name / corporate name "PAZAZZ" (and all derivatives thereof), all other trade names, all registered or unregistered trademarks, all registered and unregistered copyrights, all actual and pending patents, all designs, all artwork, all websites, all domain names, all customer lists and information, all supplier lists and information and all other intangible property pertaining to and/or supporting all businesses previously and presently carried on by the Company and all property previously and presently owned by the Company;
- 1.1.7 all of the Company's right, title and interest in and to each of the finance leases or leases for the Company's leasing (and/or eventual purchase) of equipment and other corporeal movable property as exhaustively enumerated in the **ANNEX** hereto forming part hereof and all of the Company's right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the "**Assumed Equipment Leases**");
- 1.1.8 all accounting systems, design and printing systems, computer systems and software, programs and data; and
- 1.1.9 the full benefit of all deposits, prepayments, prepaid expenses and similar benefits or items,

all with the intention by Purchaser to carry on and continue the Company's business.

- 1.2 The following property will not form part of the Purchased Property and is excluded from the sale and purchase envisaged hereby and will not be purchased by Purchaser (the "**Excluded Property**"), namely:
 - 1.2.1 all of the Company's right, title and interest in and to all leases or similar agreements between the Company and Olymbec Development Inc. for the Company's occupancy of premises situated at or about 5584 Côte-de-Liesse Road, Town of Mount Royal, Quebec (the "**Premises**") including, without limitation, the lease or similar agreement dated June 3, 2008 between Olymbec Development Inc., as lessor, and the Company, as lessee, and all subsequent amendments or supplements thereto (the "**Premises Lease**"); and



1.2.2 with the sole exception of the Assumed Equipment Leases, all of the Company's right, title and interest in and to any and all finance leases or leases for the Company's leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Company's right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the "**Excluded Equipment Leases**").

1.3 The seller of the Purchased Property will be either the Company, or any receiver, interim receiver or bankruptcy trustee appointed in respect of the Company ("**Vendor**").

2. **Purchase Price**

2.1 The Purchase Price for all of the Purchased Property (the "**Purchase Price**") will be the sum of:

2.1.1 the aggregate amount of all indebtedness owing by the Company to The Toronto-Dominion Bank (the "**Bank**") as at the Closing Date under the currently existing revolving credit line extended by the Bank to the Company (the "**Bank Indebtedness**");

2.1.2 the aggregate amount of all "Interim Financing Indebtedness" (as defined in the "Initial Order") owing by the Company to JGALA Holdings Inc. (the "**Interim Lender**") as at the Closing Date (the "**Interim Financing Indebtedness**"); and

2.1.3 the aggregate amount of all indebtedness owing and to become owing by the Company to the Company's legal counsel, the trustee named in the Initial Order and such trustee's legal counsel as secured by the "Administrative Charge" (as defined in the Initial Order) as at the Closing Date up to a maximum aggregate amount of \$250,000 (the "**Administrative Charge Indebtedness**");

2.2 The Purchase Price will be paid in full by Purchaser at Closing in the following manners, namely:

2.2.1 if agreed by the Bank, by Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Bank Indebtedness and tolerance of all hypothecs, security interests and rights existing in the Bank's favour over the Purchased Property (the "**Bank Security**") and, failing such agreement by the Bank, by Purchaser's repayment (via immediately available funds) to the Bank on the Company's behalf of the entire Bank Indebtedness;



- 2.2.2** in the event of the Interim Lender's agreement, Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Interim Financing Indebtedness and Purchaser's tolerance of the "Interim Financing Charge" (as defined in the Initial Order) over the Purchased Property (the "**Interim Financing Charge**") and, failing such agreement by the Interim Lender, by Purchaser's repayment (via immediately available funds) to the Interim Lender on the Company's behalf of the entire Interim Financing Indebtedness; and
- 2.2.3** If agreed by the creditors of the Administrative Charge Indebtedness, by Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Administrative Charge Indebtedness and Purchaser's tolerance of the "Administrative Charge" (as defined in the Initial Order) over the Purchased Property (the "**Administrative Charge**") and, failing such agreement by such creditors, by Purchaser's payment (via immediately available funds) to such creditors on the Company's behalf of the entire Administrative Charge Indebtedness.
- 2.3** Purchaser and Vendor will, at Closing, jointly execute the prescribed election forms to jointly make the elections provided for under Section 167 of the *Excise Tax Act*, Canada and Section 75 of the *Act Respecting Quebec Sales Tax*, Quebec, with respect to the sale and purchase of the Purchased Property hereunder in order that no Canadian Goods and Services Taxes and no Quebec Sales Taxes (collectively the "**Sales Taxes**") will be payable in respect of the sale and purchase contemplated hereby (the "**Sales Tax Election**"). Vendor and Purchaser will each file such election forms with the *Ministère du Revenu du Québec* within the prescribed time under the relevant legislation. If such election is not accepted by the relevant taxation authorities, Purchaser will pay to Vendor all Sales Taxes otherwise applicable to the sale and purchase contemplated hereby.
- 2.4** In addition to the Purchase Price and any debt assumptions contemplated in **Clause 2.2** hereof, Purchaser will assume:
- 2.4.1** all indebtedness owing by the Company accruing from and after the Closing Date to and in respect of all of the Company's currently existing employees (other than Warren Werbitt), all of which employees (other than Warren Werbitt) Purchaser will hire from and after the Closing Date; and
- 2.4.2** all indebtedness owing by the Company accruing both before and after the Closing Date in respect of the Assumed Equipment Leases,



all such assumed liabilities and any liabilities contemplated by **Clause 2.2** hereof collectively the "**Assumed Liabilities**".

- 2.5** In addition to the Purchase Price, any debt assumptions contemplated in **Clause 2.2** hereof and the Assumed Liabilities, and subject to a proposal by the Company (including an equity restructuring) being accepted by the required statutory majority of the Company's creditors and being approved by the Court in accordance with the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada and the *Canada Business Corporations Act* (the "**Successful Proposal**"), Purchaser (or its designee) will pay up to an additional \$100,000 in order to fund (or partially fund) such Successful Proposal (the "**Proposal Payment**").
- 2.6** With the sole exception of any debt assumptions contemplated in **Clause 2.2** hereof, the Assumed Liabilities and the Proposal Payment, Purchaser will not assume, bear or be responsible for any debts, liabilities or obligations of the Company of any nature or source whatsoever.
- 2.7** The Purchase Price will be allocated among the Purchased Property solely by Purchaser at or after Closing.

3. SSP Procedure and Deposit

- 3.1** Save and except where inconsistent with the terms, conditions and provisions of this Offer (in which case the terms, conditions and provisions of this Offer will prevail), all of the terms, conditions and provisions of the SSP Procedure will be applicable to this Offer and the sale and purchase of the Purchased Property contemplated thereby, all as if recited at length herein.
- 3.2** Contemporaneously with its submission of this Offer, Purchaser will remit to Richter Advisory Group Inc. ("**Richter**") in trust the sum of CAD\$50,000 (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, to be applied against the Purchase Price in the event of occurrence of Closing and to otherwise be dealt with and governed by the terms, conditions and provisions of the SSP Procedure and the terms, conditions and provisions of this Offer.

4. Representations and Warranties

- 4.1** The sale and purchase contemplated hereby will be made strictly on an "*as is / where is*" basis, without any representations or warranties on the part of the Company, any other Vendor or Richter, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the



Purchased Property and/or the Company, all such representations or warranties being expressly excluded from the sale and purchase contemplated hereby.

- 4.2 Without limiting the generality of the foregoing, in connection with the sale and purchase contemplated hereby, Purchaser acknowledges (and will acknowledge in the Agreement of Sale) having examined the Purchased Property in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with the sale and purchase of the Purchased Property contemplated hereby, Purchaser recognizes and acknowledges (and will recognize and acknowledge in the Agreement of Sale) that the Company and any other Vendor is not a professional seller of the Purchased Property.
- 4.3 Purchaser acknowledges that:
- 4.3.1 Purchaser has had the opportunity to conduct all due diligence regarding the Purchased Property and/or the Company before submitting this Offer;
- 4.3.2 Purchaser acknowledges and recognizes that the sale and purchase of the Purchased Assets contemplated hereby will be made on an "as is / where is") basis, at Purchaser's own risk and peril, without any representations or warranties of any nature whatsoever, implicit, explicit, legal or conventional, statutory or otherwise, with respect to the Purchased Property and/or the Company;
- 4.3.3 Purchaser, in submitting this Offer, has relied solely upon its own independent review, investigation and/or inspection of the Purchased Property and the "Information" (as defined in the SSP Procedure) concerning the Purchased Property and/or the Company;
- 4.3.4 Purchaser, in submitting this Offer, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Purchased Property and/or the Property or regarding any "Information" (as defined in the SSP Procedure) or the completeness thereof; and
- 4.3.5 this Offer will be supplemented by such other information as may be reasonably requested by the Company and/or Richter.

5. **Closing Conditions**

- 5.1 This Offer and the sale and purchase of the Purchased Property envisaged hereby are subject to the occurrence and fulfillment of each of the following



conditions (collectively the "**Closing Conditions**") by no later than the "Closing Date" as defined in the SSP Procedure (the "**Closing Date**"), namely:

5.1.1 the issuance by the Court of a judgment or order (the "**Approval Order**") which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having been expired without an appeal having been lodged or, an appeal having been lodged, the order having been confirmed or appeal having been withdrawn which:

(a) authorizes Vendor to:

(i) sell all of the Purchased Assets to Purchaser, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than those created by the Assumed Equipment Leases as well as those created by the TD Security (to the extent that Purchaser assumes the TD Debt), the Interim Financing Charge (to the extent that Purchaser assumes the Interim Financing Indebtedness) and/or the Administrative Charge (to the extent that Purchaser assumes the Administrative Charge Indebtedness); and

(ii) enter into and complete the sale and purchase of the Purchased Property contemplated hereby in accordance with the terms and conditions of this Offer; and

(b) in the case of any Purchased Property comprising contractual rights, orders the assignment by Vendor to Purchaser of all of the Company's rights and obligations under all agreements creating such contractual rights; and

5.1.2 Vendor's agreement to sign, execute and deliver all documents and do and perform all things and acts as may be necessary in order for Purchaser to occupy the Premises for a period of up to 90 days (to be terminated at any time during such 90-day period by 7 days' prior written notice by Purchaser to Vendor) immediately following the Closing Date (the "**Occupancy Period**"), subject to Purchaser's payment of all rentals and other occupancy costs owing to the landlord of the Premises under the provisions of the Premises Lease during such Occupancy Period.

5.2 Each of the Closing Conditions will enure to the sole benefit of Purchaser and may be waived solely by Purchaser in its discretion.



6. Closing

- 6.1 Subject to the occurrence and/or the fulfillment of all of the Closing Conditions (unless waived by Purchaser in its discretion) by the Closing Date, closing of the sale and purchase of the Purchased Property contemplated hereby will occur on or before the Closing Date at Richter's offices (or such other location as may be agreed to by Vendor and Purchaser) which will consist of the following (collectively "**Closing**"), namely:
- 6.1.1 the signature by Vendor and Purchaser of all of the "Definitive Agreements" (as defined in the SSP Procedure) including without limitation, an agreement of sale effecting the sale and purchase of the Purchased Property envisaged hereby in accordance with the provisions of this Offer (the "**Agreement of Sale**");
 - 6.1.2 the payment in full by Purchaser of the Purchased Price in the manners set forth in **Clause 2.2** hereof including the signature by Purchaser of all documents required in order for Purchaser to assume and tolerate the Bank Debt and the Bank Security (if agreed to by the Bank), to assume and tolerate the Interim Financing Indebtedness and the Interim Financing Charge (if agreed to by the Interim Lender) and/or to assume and tolerate the Administrative Charge Indebtedness and the Administrative Charge (if agreed to by the creditors thereof);
 - 6.1.3 Purchaser's assumption of the Assumed Liabilities and undertaking to make the Proposal Payment in the event of a Successful Proposal;
 - 6.1.4 the signature by Vendor and Purchaser of the Sales Tax Election; and
 - 6.1.5 the signature by Vendor and Purchaser of all other documents and the doing by Vendor and Purchaser of all other things which may be necessary or useful in order to give full and proper effect to the sale and purchase of the Purchased Property envisaged hereby.

7. General

- 7.1 The interpretation, validity and enforcement of this Offer and the sale and purchase of the Purchased Property envisaged hereby will be subject to and governed by the laws of the Province of Quebec and the laws of Canada applicable therein.



7.2 This Offer may be executed in one or more counterparts in photocopy, facsimile or pdf format each of which shall be deemed an original and all of which together shall constitute one and the same document.

7.3 The clause headings herein contained are for ease of reference only, do not form part hereof and shall not, in any manner be used in the interpretation of the contents hereof.

8. **Acceptance**

8.1 This Offer is open for acceptance by the Company's signing where indicated below and returning a signed copy of this Offer to Purchaser (in person, by messenger or by e-mail) at Purchaser's coordinates set forth below by no later than 5 o'clock P.M. (Montreal time) on **February 27, 2019**, failing which this Offer will lapse, become null, void and inoperative for all purposes and the Deposit will be immediately returned by Richter to Purchaser.

9. **Language**


9.1 The parties hereto acknowledge and agree that this Offer and all related documents be prepared in English. / *Les parties reconnaissent avoir exigé que la présente offre et tous les documents connexes soient rédigés en anglais.*

(signature page to follow)

A handwritten signature in black ink, consisting of a stylized, cursive letter 'S' or similar character.

MONTREAL, February 22, 2019

PURCHASER:



JAMES GARFINKLE, acting without
personal liability on behalf of a corporation
to be incorporated

Coordinates of Purchaser:

James Garfinkle
c/o JGALA Holdings Inc.
3737 Thimens Boulevard
Montreal, Quebec
H4R 1V1

E-Mail: Jimmy.Garfinkle@mitchellincn.ca

with copy to:

M^e Eric Steinberg
4150 Ste-Catherine St., West
Suite 525
Westmount, Quebec
H3Z 2Y5

E-Mail: ericsteinberg@bellnet.ca

ACCEPTANCE:

The Company hereby accepts this Offer at _____ o'clock _____, on _____,
2019.

8738971 CANADA INC.
(formerly "Pazazz Printing Inc.")
Per:

Marc Giroux

ANNEX

ASSUMED EQUIPMENT LEASES

- (1) Equipment Leasing Agreement between De Lage Landen Financial Services Canada Inc. and Pazazz Printing Inc. under lease no. 653888 for the lease of equipment listed as Mimaki UCJV300-160 Print & Cut, including any and all amendments thereto; and
- (2) Lease now subsisting between NL LP (originally in favour of National Leasing Group Inc., thereafter known as CWB National Leasing Inc.) and Pazazz Printing Inc. under lease no. 2705360 for the lease of industrial printing equipment, including any and all amendments thereto, published by notice thereof at the Register of Personal and Movable Real Rights on November 9, 2017 under no. 17-1193071-0002.



Exhibit D

8738971 Canada Inc.

Statement of Projected Cash Flow - projected to actual

For the period of January 14 to February 22, 2019

(\$000's)

	Reported ⁽¹⁾	Projected	Variance
<u>Cash Receipts</u>			
Total projected cash receipts	<u>\$ 1,182</u>	<u>\$ 934</u>	<u>\$ 248</u>
<u>Cash Disbursements</u>			
Material & subcontractor costs	532	372	160
Payroll (including benefits) and expenses	384	410	(26)
Rent & utilities	73	140	(68)
General expenses and other	128	128	0
Supplier deposits	0	20	(20)
Interest	4	4	0
Sales taxes	42	30	13
Professional fees	87	111	(24)
Total projected cash disbursements	<u>1,250</u>	<u>1,213</u>	<u>37</u>
DIP lender - advance	<u>450</u>	<u>306</u>	<u>144</u>
Net cash flow	382	27	355
Opening bank indebtedness	<u>(850)</u>	<u>(850)</u>	<u>(0)</u>
Ending bank indebtedness	(468)	(823)	355
Projected DIP Loan	(450)	(306)	(144)
Total projected loan position	<u>\$ (918)</u>	<u>\$ (1,129)</u>	<u>\$ 211</u>

⁽¹⁾ Includes issued and outstanding cheques

Exhibit E

District of: Quebec
Division No. 01 - Montréal
Court No. 500-11-055853-192
Estate No. 41-2462925

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the Notice of Intention to Make a Proposal
8738971 Canada Inc.
of the City of Montreal
in the Province of Quebec

The attached statement of projected cash flow of 8738971 Canada Inc., as of the 28th day of February 2019, consisting of February 25 to April 19, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 28th day of February 2019.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Licensed Insolvency Trustee
Per:



Andrew Adessky, CPA, CA, CIRP, LIT
1981 avenue McGill College, 11th floor
Montréal QC H3A 0G6
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Quebec
Division No. 01 - Montréal
Court No. 500-11-055853-192
Estate No. 41-2462925

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the Notice of Intention to Make a Proposal
8738971 Canada Inc.
of the City of Montreal
in the Province of Quebec

Purpose:

8738971 Canada Inc. filed a Notice of Intention to Make a Proposal on January 14, 2019. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 8738971 Canada Inc. (the "Company"), for the period February 25 to April 19, 2019, relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on February 28, 2019 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period February 25 to April 19, 2019, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;

Payroll is based on current headcount levels adjusted to reflect management's restructuring plan;

Rent is based on the rent agreement with the lessor;

The professional fees are related to the current restructuring and are based on management's best estimate;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions;

The interest is based on current loan balances and interest rates;

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

(c) General

The Statement of Projected Cash Flow assumes continued support of the operating lender based on the existing credit facility as well as cash collateral and / or DIP financing to be provided by a third party to and through a closing scheduled for March 8, 2019 with a Purchaser who will assume the Bank indebtedness and DIP loan advances as of the closing and thereafter, the Purchaser will advance the necessary funds to pay the ongoing occupancy cost, final post-filing obligations to the closing date as well as the professional fees.

Dated at the City of Montréal in the Province of Quebec, this 28th day of February 2019.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Licensed Insolvency Trustee

Per:



Andrew Adessky, CPA, CA, CIRP, LIT
1981 avenue McGill College, 11th floor
Montréal QC H3A 0G6
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Quebec
Division No. 01 - Montréal
Court No. 500-11-055853-192
Estate No. 41-2462925

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the Notice of Intention to Make a Proposal
8738971 Canada Inc.
of the City of Montreal
in the Province of Quebec

The Management of 8738971 Canada Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 28th day of February 2019, consisting of February 25 to April 19, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 28th day of February 2019.



8738971 Canada Inc.
Debtor

Name and title of signing officer

Name and title of signing officer

District of: Quebec
Division No. 01 - Montréal
Court No. 500-11-055853-192
Estate No. 41-2462925

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the Notice of Intention to Make a Proposal
8738971 Canada Inc.
of the City of Montreal
in the Province of Quebec

Purpose:

8738971 Canada Inc. filed a Notice of Intention to Make a Proposal on January 14, 2019. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 8738971 Canada Inc. (the "Company"), for the period February 25 to April 19, 2019, relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on February 28, 2019 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period February 25 to April 19, 2019, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;

Payroll is based on current headcount levels adjusted to reflect management's restructuring plan;

Rent is based on the rent agreement with the lessor;

The professional fees are related to the current restructuring and are based on management's best estimate;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions;

The interest is based on current loan balances and interest rates;

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

(c) General

The Statement of Projected Cash Flow assumes continued support of the operating lender based on the existing credit facility as well as cash collateral and / or DIP financing to be provided by a third party to and through a closing scheduled for March 8, 2019 with a Purchaser who will assume the Bank indebtedness and DIP loan advances as of the closing and thereafter, the Purchaser will advance the necessary funds to pay the ongoing occupancy cost, final post-filing obligations to the closing date as well as the professional fees.

Dated at the City of Montréal in the Province of Quebec, this 28th day of February 2019.




8738971 Canada Inc.

8738971 Canada Inc.
 Statement of Projected Cash Flow
 For the period of February 25 to April 19, 2019
 Week ending

	01-Mar-19	08-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19	05-Apr-19	12-Apr-19	19-Apr-19	Total
Cash Receipts									
Trade & other receipts	\$ 157,948	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,948
Advance from Purchaser	-	-	65,637	51,400	35,400	89,926	20,000	36,000	298,363
Total Cash receipts	157,948	125,000	65,637	51,400	35,400	89,926	20,000	36,000	681,311
Cash Disbursements									
Material & subcontractor costs	84,100	57,600	-	-	-	-	-	-	141,700
Payroll (including benefits) and expenses	75,381	55,156	-	-	-	-	-	-	130,537
Rent & utilities	69,926	-	-	16,000	-	69,926	-	16,000	171,852
General expenses and other	35,601	10,684	30,637	15,400	15,400	-	-	-	107,721
Supplier deposits	-	-	-	-	-	-	-	-	4,500
Interest	4,500	-	-	-	-	-	-	-	15,000
Sales taxes	-	-	15,000	-	-	-	-	-	15,000
Professional fees	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	160,000
Total projected cash disbursements	289,508	143,440	65,637	51,400	35,400	89,926	20,000	36,000	731,311
DIP lender - advance	131,560	18,440	-	-	-	-	-	-	160,000
Net cash flow	(467,614)	(467,614)	-	-	-	-	-	-	(467,614)
Opening bank indebtedness	(467,614)	(467,614)	-	-	-	-	-	-	-
Ending bank indebtedness	(467,614)	(467,614)	-	-	-	-	-	-	(900,000)
Projected DIP Loan	(581,560)	(600,000)	-	-	-	-	-	-	1,067,614
Repayment of Bank indebtedness and DIP loan	-	1,067,614	-	-	-	-	-	-	-
Total projected loan position	\$ (1,049,174)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -


 Marc Giroux, President


 Andrew Adessky, CPA, CA, CFP, LIT

**CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925**

**SUPERIOR COURT
(Commercial Division)**

***(Bankruptcy and Insolvency Act, R.S.C.
1985, c. B-3)***

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz
Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

EXHIBIT P-2

DRAFT ORDER

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No. 500-11-055853-192
DATE: March , 2019

PRESIDING:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

8738971 CANADA INC. (formerly known as "Pazazz Printing Inc./Imprimerie Pazazz inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE ATTACHED SERVICE LIST

Mises-en-cause

APPROVAL AND VESTING ORDER

- [1] **ON READING** 8738971 Canada Inc.'s (the "**Debtor**") *Motion for Sale Approval, Vesting and Extension Order* (the "**Motion**"), the affidavit and the exhibits in support thereof, as well as the Report of the Trustee (the "**Report**");
- [2] **SEEING** the notification/service of the Motion;
- [3] **SEEING** the submissions of counsel;
- [4] **SEEING** that it is appropriate to issue an order approving the sale and other transactions (the "**Transaction**") contemplated by the agreement entitled Offer to

Purchase, made on February 22, 2019 and accepted on February 26, 2019 (the “Offer”) by and between the Debtor (the “Vendor”), as vendor, and a corporation to be designated and controlled by James Garfinkle (without personal liability) (the “Purchaser”), as purchaser, copy of which was filed as Exhibit P-3 to the Motion, and vesting in the Purchaser all the property described in the Offer and as set forth in **Schedule “A”** hereto (the “Purchased Property”).

WHEREFORE THE COURT:

[5] **GRANTS** the Motion.

NOTIFICATION/SERVICE

[6] **ORDERS** that any prior delay for the presentation of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further notification/service thereof.

[7] **PERMITS** notification/service of this Order at any time and place and by any means whatsoever.

SALE APPROVAL

[8] **ORDERS** and **DECLARES** that the Transaction is hereby approved, and the execution of the Offer by the Vendor is hereby authorized and approved, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to by Vendor and Purchaser, but only with the consent of the Trustee.

EXECUTION OF DOCUMENTATION

[9] **AUTHORIZES** the Vendor and the Purchaser to perform all acts, sign all documents and take any necessary action to execute any agreement, contract, deed, provision, transaction or undertaking stipulated in the Offer (**Exhibit P-3**) and any other ancillary document which could be required or useful to give full and complete effect thereto (including the execution of the “Definitive Agreements” as defined in the SSP Procedure Document authorized pursuant to the *Order for Interim Financing, Charges and a Sale Process* issued by this Court on January 29, 2019 and the “Agreement of Sale” contemplated by the Offer), subject to non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to by Vendor and Purchaser, but only with the consent of the Trustee, and to execute all other agreements, contracts, deeds or any other documents and do all other things necessary in order to give full and complete effect to the Transaction.

AUTHORIZATION

[10] **ORDERS** and **DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transaction and that no shareholder or regulatory approval, if applicable, shall be required in connection therewith.

[11] **ORDERS** and **DECLARES** that upon the issuance of a Trustee’s certificate substantially in the form appended as **Schedule “B”** hereto (the “Certificate”), all

rights, title and interest in and to the Purchased Property shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, rights of retention, charges, hypothecs, mortgages, pledges, deemed trusts, assignments, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, contractual rights relating to the Purchased Property, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the “**Encumbrances**”), including without limiting the generality of the foregoing all Encumbrances created by order of this Court and all charges or security evidenced by registration, publication or filing pursuant to the *Civil Code of Québec* or any other applicable legislation providing for a security interest in movable property, excluding however, the permitted encumbrances listed on **Schedule “C”** hereto (the “**Permitted Encumbrances**”) and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Property, other than the Permitted Encumbrances, be cancelled and discharged as against the Purchased Property, in each case effective as of the applicable time and date of the Certificate.

- [12] **ORDERS** and **DECLARES** that upon the issuance of the Certificate, the rights and obligations of the Vendor under the Agreements listed on **Schedule “D”** hereto (the “**Assigned Agreements**”) are assigned and transferred to the Purchaser.
- [13] **ORDERS** that any anti-assignment and consent to assignment provisions in the Assigned Agreements and any right of a landlord or lessor to cancel any such agreement in the event of an assignment shall not apply to the transfer and assignment of the Assigned Agreements by the Vendor to the Purchaser and shall not restrict, limit, impair, prohibit or otherwise affect the transfer and assignment of the Assigned Agreements.
- [14] **ORDERS** that all monetary defaults in relation to the Assigned Agreements occurring, arising or accruing prior to the date of the assignment or transfer to the Purchaser, other than those arising by reason only of the Vendor’s insolvency or failure to perform a non-monetary obligation, shall be remedied by the Purchaser within thirty (30) days from the issuance of the Certificate.
- [15] **DECLARES** that upon issuance of the Certificate, the Transaction shall be deemed to constitute and shall have the same effect as a sale under judicial authority as per the provisions of the *Code of Civil Procedure* and a forced sale as per the provisions of the *Civil Code of Quebec*.
- [16] **ORDERS** and **DIRECTS** the Trustee to serve a copy of this Order to every party to the Assigned Agreements by email or by registered mail.
- [17] **ORDERS** and **DIRECTS** the Trustee to file with the Court a copy of the Certificate, forthwith after issuance thereof.

CANCELLATION OF SECURITY REGISTRATION

- [18] **ORDERS** that, upon issuance of the Certificate, the Registrar of the Quebec Register of Personal and Movable Real Rights shall, upon presentation of the required form with a true copy of this Order and the Certificate, strike, cancel and discharge the following publication in order to allow the transfer to the Purchaser of the Purchased Property free and clear of such registration and that, although it may not be all of the Vendor's property that is being sold to the Purchaser, **ORDERS** that the following registration be totally and entirely radiated in respect of all of the Vendor's property and not only in respect of the Purchased Property:

NATURE OF SECURITY REGISTRATION	PUBLICATION NO. (registration)	DATE OF PUBLICATION	SECURED PARTY
Conventional hypothec without delivery	13-0865102-0002	2013-09-30	THE TORONTO-DOMINION BANK

- [19] **ORDERS** that, upon filing of the Certificate with the Court, the "Interim Financing Charge" and the "Administration Charge" created pursuant to the *Order for Interim Financing, Charges and a Sale Process* issued by this Court on January 29, 2019, shall be cancelled, radiated and discharged against the Purchased Property and shall be deemed to be cancelled, radiated and discharged for all purposes.
- [20] **ORDERS** The Toronto-Dominion Bank ("TD") to execute all documents necessary in order to release and cancel the security existing under Section 427 of the *Bank Act*, Canada given by the Debtor to TD in respect of which a notice of intention has been registered at the Bank of Canada on June 17, 2010 under registration no. 01253895.

NET PROCEEDS

- [21] **ORDERS** that any net proceeds from the sale of the Purchased Property (the "**Net Proceeds**") shall be either:
- (i) remitted to the Trustee and distributed by the Trustee in accordance with application legislation; or
 - (ii) remitted in accordance with applicable legislation with the Trustee's approval.
- [22] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the Net Proceeds from the sale of the Purchased Property shall stand in the place and stead of the Purchased Property, and that upon payment of the "Purchase Price" (as defined in the Offer) by the Purchaser, all Encumbrances except for the Permitted Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Property immediately prior to the sale, as if the Purchased Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

VALIDITY OF THE TRANSACTION

[23] **ORDERS** that notwithstanding:

- (i) the pendency of these proceedings;
- (ii) any petition for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act, Canada* (the “**BIA**”) and any order issued pursuant to any such petition; or
- (iii) the provisions of any federal or provincial legislation,

the vesting of the Purchased Property contemplated in this Order, as well as the execution of the Offer pursuant to this Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, as against the Vendor, the Purchaser or the Trustee.

LIMITATION OF LIABILITY

[24] **DECLARES** that, subject to other orders of this Court, nothing herein contained shall require the Trustee to occupy or to take control, or to otherwise manage all or any part of the Purchased Property. The Trustee shall not, as a result of this Order, be deemed to be in possession of any of the Purchased Property within the meaning of environmental legislation, the whole pursuant to the terms of the BIA.

[25] **DECLARES** that no action lies against the Trustee by reason of this Order or the performance of any act authorized by this Order, except by leave of the Court. The entities related to the Trustee or belonging to the same group as the Receiver shall benefit from the protection arising under the present paragraph.

DELAY TO MAKE A PROPOSAL

[26] **EXTENDS** the delay for the Debtor to make a proposal until April 15, 2019.

GENERAL

[27] **ORDERS** that the Purchaser or the Trustee shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

[28] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

[29] **DECLARES** that the Trustee shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and, without limitation to the foregoing, an order under Chapter 15 of the U.S. Bankruptcy Code, for which the Trustee shall be the foreign representative of the Debtor. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide

such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.

- [30] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
- [31] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

THE WHOLE WITHOUT COSTS, SAVE IN THE EVENT OF CONTESTATION.

KUGLER KANDESTIN LLP
Me Gerald F. Kandestin
Me Jeremy Cuttler
Me Éva Richard
Attorneys for the Debtor/Petitioner

SCHEDULE "A"
PURCHASED PROPERTY

All movable corporeal and incorporeal property, of any nature, form or location whatsoever which is, as of the "Closing Date" (as defined in the Offer), owned by 8738971 Canada Inc. (the "**Debtor**") or in which the Debtor has any interest (to the extent of such interest), with the sole exception of the hereafter defined "Excluded Property", but including, without limitation, all of the following, namely:

- A.** all inventory (including raw materials, finished goods and work in progress) existing on the Closing Date;
- B.** all claims of any nature whatsoever, including all trade or other accounts receivable existing on the Closing Date;
- C.** all orders on hand and bookings for sales and/or purchases of products presently existing and existing on the Closing Date;
- D.** all presently existing machinery and equipment (as well as all parts, attachments, tools and accessories thereto), all tools, all computers (and accessories thereto), all furniture and fixtures and all other corporeal movable property of any nature whatsoever and wherever located;
- E.** all right, title and interest in and to all contracts (other than the hereafter defined "Premises Lease" and "Excluded Equipment Leases") presently existing and existing on the Closing Date;
- F.** all intellectual property in the broadest possible sense including, without limitation, the trade name / corporate name "PAZAZZ" (and all derivatives thereof), all other trade names, all registered or unregistered trademarks, all registered and unregistered copyrights, all actual and pending patents, all designs, all artwork, all websites all domain names, all customer lists and information and all other intangible property pertaining to and/or supporting all businesses previously and presently carried on by the Debtor and all property previously and presently owned by the Debtor;
- G.** all accounting systems, design and printing systems, computer systems and software, programs and data;
- H.** the full benefit of all deposits, prepayments, prepaid expenses and similar benefits or items; and
- I.** all of the Debtor's right, title and interest in and to all leases or finance leases (other than the Excluded Equipment Leases) for the Debtor's leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Debtor's right, title and interest in and to all equipment and other corporeal movable property

forming the object thereof, including, without limitation, those leases or finance leases enumerated in **Schedule D** hereto forming part hereof (the “**Assumed Equipment Leases**”),

but excluding the following (the “**Excluded Property**”):

- J.** all of the Debtor’s right, title and interest in and to all leases or similar agreements between the Debtor and Olymbec Development Inc. for the Debtor’s occupancy of premises situated at or about 5584 Côte-de-Liesse Road, Town of Mount Royal, Quebec (the “**Leased Premises**”) including, without limitation, the lease or similar agreement dated June 3, 2008 between Olymbec Development Inc., as lessor, and the Debtor, as lessee, and all subsequent amendments or supplements thereto (the “**Premises Lease**”); and
- K.** with the sole exception of the Assumed Equipment Leases, all of the Debtor’s right, title and interest in and to any and all finance leases or leases for the Debtor’s leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Debtor’s right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the “**Excluded Equipment Leases**”).

SCHEDULE "B"
DRAFT CERTIFICATE OF THE TRUSTEE

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

File N°: 500-11-055853-192

SUPERIOR COURT
Commercial Division

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST

Mises-en-cause

CERTIFICATE OF THE TRUSTEE

RECITALS:

WHEREAS on March _____, 2019 the Superior Court of Quebec (the "**Court**") issued an Approval and Vesting Order (the "**Vesting Order**") pursuant to the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**") thereby, *inter alia*, authorizing and approving the execution by 8738971 Canada Inc. (the "**Debtor**") of that certain offer to purchase made by a corporation to be designated and controlled by James Garfinkle (without personal liability) (the "**Purchaser**") on February 22, 2019 and accepted by the Debtor on February 26, 2019 (the "**Offer**"), a copy of which was filed in the Court record, and into all the transactions

contemplated therein (the “**Transaction**”) with such non-substantial modifications, changes, amendments, deletions or additions thereto, as may be agreed to by the Debtor and Purchase, with the consent of the Trustee.

THE TRUSTEE CERTIFIES THE FOLLOWING:

- (a) all conditions to “Closing” (as defined in the Offer) have been satisfied or waived by the parties thereto;
- (b) the “Purchase Price” (as defined in the Offer) has been paid; and
- (c) the “Definitive Agreements” (as set forth in the Offer) and the “Agreement of Sale” (as defined in the Offer) have been executed and delivered.

This Certificate was issued by the Trustee at ____:____ [TIME] on _____ [DATE].

RICHTER ADVISORY GROUP INC., in its capacity as Trustee to the Notice of Intention to Make a Proposal of 8738971 Canada Inc., and not in its personal capacity.

Name: _____

Title: _____

SCHEDULE "C"
PERMITTED ENCUMBRANCES

- (1) Rights arising under a leasing agreement or finance lease for certain printing equipment now subsisting between NL LP (originally in favour of National Leasing Group Inc., now known as CWB National Leasing Inc.) and 8738971 Canada Inc. (the "**Debtor**"), published by notice thereof at the RDPRM on November 9, 2017 under no. 17-1193071-0002; and
- (2) Any and all rights and interests which may be held by De Lage Landen Financial Services Canada Inc. ("**De Lage**") with respect to printing equipment known as a Mimaki UCJV300-160 Print & Cut leased by the Debtor from De Lage under lease no. 653888.

SCHEDULE "D"
ASSIGNED AGREEMENTS

- (1) Lease now subsisting between NL LP (originally in favour of National Leasing Group Inc., now known as CWB National Leasing Inc.) and 8738971 Canada Inc. (the "**Debtor**") for certain printing equipment, published by notice thereof at the RDPRM on November 9, 2017 under no. 17-1193071-0002; and

- (2) Equipment Leasing Agreement between De Lage Landen Financial Services Canada Inc. and the Debtor under lease no. 653888 for the lease of equipment listed as Mimaki UCJV300-160 Print & Cut, including any and all amendments thereto.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)
(Bankruptcy and Insolvency Act, R.S.C.
1985, c. B-3)

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz
Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

EXHIBIT P-3

PROPOSED OFFER

OFFER TO PURCHASE

TO: 8738971 CANADA INC.
(formerly "Pazazz Printing Inc.")
5584 Côte-de-Liesse
Town of Mount Royal, Quebec
H4P 1A9

ATTENTION: Marc Giroux

Gentlemen:

In accordance with both the "SSP" and the "SSP Procedure" (the "**SSP Procedure**") as defined in and ordered by the "Order for Interim Financing, Charges and a Sale Process" (the "**Initial Order**") issued by the Commercial Division of the Quebec Superior Court for the District of Montreal (the "**Court**") under Case No. 500-11-055853-192 of such Court's records, James Garfinkle acting without personal liability on behalf of a corporation to be incorporated ("**Purchaser**"), by this Offer to Purchase (the "**Offer**"), hereby offers to purchase from Vendor all of the Purchased Property, subject to and upon the following conditions and terms, namely:

1. Purchased Property

1.1 The property to be purchased by Purchaser from Vendor (the "**Purchased Property**") is all movable corporeal and incorporeal property, of any nature, form or location, owned by 8738971 Canada Inc. (the "**Company**") or in which the Company has any interest (to the extent of such interest) with the sole exception of the Excluded Property. Such Purchased Property includes, without limitation, all of the following property owned by the Company or which the Company has any interest (to the extent of such interest), namely:

1.1.1 all inventory (including raw materials, finished goods and work in progress) existing on the Closing Date;

1.1.2 all claims of any nature whatsoever, including all trade or other accounts receivable existing on the Closing Date;

1.1.3 all orders on hand and bookings for sales and/or purchases of products presently existing and existing on the Closing Date;

1.1.4 all presently existing machinery and equipment (as well as all parts, attachments, tools and accessories thereto), all tools, all computers (and accessories thereto), all furniture and fixtures and all other corporeal movable property of any nature whatsoever and wherever located;



- 1.1.5 all right, title and interest in and to all contracts (other than the Premises Lease and the Excluded Equipment Leases) presently existing and existing on the Closing Date;
- 1.1.6 all intellectual property in the broadest possible sense including, without limitation, the trade name / corporate name "PAZAZZ" (and all derivatives thereof), all other trade names, all registered or unregistered trademarks, all registered and unregistered copyrights, all actual and pending patents, all designs, all artwork, all websites, all domain names, all customer lists and information, all supplier lists and information and all other intangible property pertaining to and/or supporting all businesses previously and presently carried on by the Company and all property previously and presently owned by the Company;
- 1.1.7 all of the Company's right, title and interest in and to each of the finance leases or leases for the Company's leasing (and/or eventual purchase) of equipment and other corporeal movable property as exhaustively enumerated in the **ANNEX** hereto forming part hereof and all of the Company's right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the "**Assumed Equipment Leases**");
- 1.1.8 all accounting systems, design and printing systems, computer systems and software, programs and data; and
- 1.1.9 the full benefit of all deposits, prepayments, prepaid expenses and similar benefits or items,

all with the intention by Purchaser to carry on and continue the Company's business.

- 1.2 The following property will not form part of the Purchased Property and is excluded from the sale and purchase envisaged hereby and will not be purchased by Purchaser (the "**Excluded Property**"), namely:
 - 1.2.1 all of the Company's right, title and interest in and to all leases or similar agreements between the Company and Olymbec Development Inc. for the Company's occupancy of premises situated at or about 5584 Côte-de-Liesse Road, Town of Mount Royal, Quebec (the "**Premises**") including, without limitation, the lease or similar agreement dated June 3, 2008 between Olymbec Development Inc., as lessor, and the Company, as lessee, and all subsequent amendments or supplements thereto (the "**Premises Lease**"); and



1.2.2 with the sole exception of the Assumed Equipment Leases, all of the Company's right, title and interest in and to any and all finance leases or leases for the Company's leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Company's right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the "**Excluded Equipment Leases**").

1.3 The seller of the Purchased Property will be either the Company, or any receiver, interim receiver or bankruptcy trustee appointed in respect of the Company ("**Vendor**").

2. Purchase Price

2.1 The Purchase Price for all of the Purchased Property (the "**Purchase Price**") will be the sum of:

2.1.1 the aggregate amount of all indebtedness owing by the Company to The Toronto-Dominion Bank (the "**Bank**") as at the Closing Date under the currently existing revolving credit line extended by the Bank to the Company (the "**Bank Indebtedness**");

2.1.2 the aggregate amount of all "Interim Financing Indebtedness" (as defined in the "Initial Order") owing by the Company to JGALA Holdings Inc. (the "**Interim Lender**") as at the Closing Date (the "**Interim Financing Indebtedness**"); and

2.1.3 the aggregate amount of all indebtedness owing and to become owing by the Company to the Company's legal counsel, the trustee named in the Initial Order and such trustee's legal counsel as secured by the "Administrative Charge" (as defined in the Initial Order) as at the Closing Date up to a maximum aggregate amount of \$250,000 (the "**Administrative Charge Indebtedness**");

2.2 The Purchase Price will be paid in full by Purchaser at Closing in the following manners, namely:

2.2.1 if agreed by the Bank, by Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Bank Indebtedness and tolerance of all hypothecs, security interests and rights existing in the Bank's favour over the Purchased Property (the "**Bank Security**") and, failing such agreement by the Bank, by Purchaser's repayment (via immediately available funds) to the Bank on the Company's behalf of the entire Bank Indebtedness;

- 2.2.2** in the event of the Interim Lender's agreement, Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Interim Financing Indebtedness and Purchaser's tolerance of the "Interim Financing Charge" (as defined in the Initial Order) over the Purchased Property (the "**Interim Financing Charge**") and, failing such agreement by the Interim Lender, by Purchaser's repayment (via immediately available funds) to the Interim Lender on the Company's behalf of the entire Interim Financing Indebtedness; and
- 2.2.3** If agreed by the creditors of the Administrative Charge Indebtedness, by Purchaser's assuming, to the Company's exoneration, the full payment of and liability for the entire Administrative Charge Indebtedness and Purchaser's tolerance of the "Administrative Charge" (as defined in the Initial Order) over the Purchased Property (the "**Administrative Charge**") and, failing such agreement by such creditors, by Purchaser's payment (via immediately available funds) to such creditors on the Company's behalf of the entire Administrative Charge Indebtedness.
- 2.3** Purchaser and Vendor will, at Closing, jointly execute the prescribed election forms to jointly make the elections provided for under Section 167 of the *Excise Tax Act*, Canada and Section 75 of the *Act Respecting Quebec Sales Tax*, Quebec, with respect to the sale and purchase of the Purchased Property hereunder in order that no Canadian Goods and Services Taxes and no Quebec Sales Taxes (collectively the "**Sales Taxes**") will be payable in respect of the sale and purchase contemplated hereby (the "**Sales Tax Election**"). Vendor and Purchaser will each file such election forms with the *Ministère du Revenu du Québec* within the prescribed time under the relevant legislation. If such election is not accepted by the relevant taxation authorities, Purchaser will pay to Vendor all Sales Taxes otherwise applicable to the sale and purchase contemplated hereby.
- 2.4** In addition to the Purchase Price and any debt assumptions contemplated in **Clause 2.2** hereof, Purchaser will assume:
- 2.4.1** all indebtedness owing by the Company accruing from and after the Closing Date to and in respect of all of the Company's currently existing employees (other than Warren Werbitt), all of which employees (other than Warren Werbitt) Purchaser will hire from and after the Closing Date; and
- 2.4.2** all indebtedness owing by the Company accruing both before and after the Closing Date in respect of the Assumed Equipment Leases,



all such assumed liabilities and any liabilities contemplated by **Clause 2.2** hereof collectively the "**Assumed Liabilities**".

- 2.5** In addition to the Purchase Price, any debt assumptions contemplated in **Clause 2.2** hereof and the Assumed Liabilities, and subject to a proposal by the Company (including an equity restructuring) being accepted by the required statutory majority of the Company's creditors and being approved by the Court in accordance with the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada and the *Canada Business Corporations Act* (the "**Successful Proposal**"), Purchaser (or its designee) will pay up to an additional \$100,000 in order to fund (or partially fund) such Successful Proposal (the "**Proposal Payment**").
- 2.6** With the sole exception of any debt assumptions contemplated in **Clause 2.2** hereof, the Assumed Liabilities and the Proposal Payment, Purchaser will not assume, bear or be responsible for any debts, liabilities or obligations of the Company of any nature or source whatsoever.
- 2.7** The Purchase Price will be allocated among the Purchased Property solely by Purchaser at or after Closing.

3. SSP Procedure and Deposit

- 3.1** Save and except where inconsistent with the terms, conditions and provisions of this Offer (in which case the terms, conditions and provisions of this Offer will prevail), all of the terms, conditions and provisions of the SSP Procedure will be applicable to this Offer and the sale and purchase of the Purchased Property contemplated thereby, all as if recited at length herein.
- 3.2** Contemporaneously with its submission of this Offer, Purchaser will remit to Richter Advisory Group Inc. ("**Richter**") in trust the sum of CAD\$50,000 (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, to be applied against the Purchase Price in the event of occurrence of Closing and to otherwise be dealt with and governed by the terms, conditions and provisions of the SSP Procedure and the terms, conditions and provisions of this Offer.

4. Representations and Warranties

- 4.1** The sale and purchase contemplated hereby will be made strictly on an "*as is / where is*" basis, without any representations or warranties on the part of the Company, any other Vendor or Richter, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the

Purchased Property and/or the Company, all such representations or warranties being expressly excluded from the sale and purchase contemplated hereby.

- 4.2** Without limiting the generality of the foregoing, in connection with the sale and purchase contemplated hereby, Purchaser acknowledges (and will acknowledge in the Agreement of Sale) having examined the Purchased Property in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with the sale and purchase of the Purchased Property contemplated hereby, Purchaser recognizes and acknowledges (and will recognize and acknowledge in the Agreement of Sale) that the Company and any other Vendor is not a professional seller of the Purchased Property.
- 4.3** Purchaser acknowledges that:
- 4.3.1** Purchaser has had the opportunity to conduct all due diligence regarding the Purchased Property and/or the Company before submitting this Offer;
- 4.3.2** Purchaser acknowledges and recognizes that the sale and purchase of the Purchased Assets contemplated hereby will be made on an "as is / where is") basis, at Purchaser's own risk and peril, without any representations or warranties of any nature whatsoever, implicit, explicit, legal or conventional, statutory or otherwise, with respect to the Purchased Property and/or the Company;
- 4.3.3** Purchaser, in submitting this Offer, has relied solely upon its own independent review, investigation and/or inspection of the Purchased Property and the "Information" (as defined in the SSP Procedure) concerning the Purchased Property and/or the Company;
- 4.3.4** Purchaser, in submitting this Offer, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Purchased Property and/or the Property or regarding any "Information" (as defined in the SSP Procedure) or the completeness thereof; and
- 4.3.5** this Offer will be supplemented by such other information as may be reasonably requested by the Company and/or Richter.

5. Closing Conditions

- 5.1** This Offer and the sale and purchase of the Purchased Property envisaged hereby are subject to the occurrence and fulfillment of each of the following



conditions (collectively the "**Closing Conditions**") by no later than the "Closing Date" as defined in the SSP Procedure (the "**Closing Date**"), namely:

5.1.1 the issuance by the Court of a judgment or order (the "**Approval Order**") which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having been expired without an appeal having been lodged or, an appeal having been lodged, the order having been confirmed or appeal having been withdrawn which:

(a) authorizes Vendor to:

(i) sell all of the Purchased Assets to Purchaser, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than those created by the Assumed Equipment Leases as well as those created by the TD Security (to the extent that Purchaser assumes the TD Debt), the Interim Financing Charge (to the extent that Purchaser assumes the Interim Financing Indebtedness) and/or the Administrative Charge (to the extent that Purchaser assumes the Administrative Charge Indebtedness); and

(ii) enter into and complete the sale and purchase of the Purchased Property contemplated hereby in accordance with the terms and conditions of this Offer; and

(b) in the case of any Purchased Property comprising contractual rights, orders the assignment by Vendor to Purchaser of all of the Company's rights and obligations under all agreements creating such contractual rights; and

5.1.2 Vendor's agreement to sign, execute and deliver all documents and do and perform all things and acts as may be necessary in order for Purchaser to occupy the Premises for a period of up to 90 days (to be terminated at any time during such 90-day period by 7 days' prior written notice by Purchaser to Vendor) immediately following the Closing Date (the "**Occupancy Period**"), subject to Purchaser's payment of all rentals and other occupancy costs owing to the landlord of the Premises under the provisions of the Premises Lease during such Occupancy Period.

5.2 Each of the Closing Conditions will enure to the sole benefit of Purchaser and may be waived solely by Purchaser in its discretion.



6. Closing

- 6.1 Subject to the occurrence and/or the fulfillment of all of the Closing Conditions (unless waived by Purchaser in its discretion) by the Closing Date, closing of the sale and purchase of the Purchased Property contemplated hereby will occur on or before the Closing Date at Richter's offices (or such other location as may be agreed to by Vendor and Purchaser) which will consist of the following (collectively "**Closing**"), namely:
- 6.1.1 the signature by Vendor and Purchaser of all of the "Definitive Agreements" (as defined in the SSP Procedure) including without limitation, an agreement of sale effecting the sale and purchase of the Purchased Property envisaged hereby in accordance with the provisions of this Offer (the "**Agreement of Sale**");
 - 6.1.2 the payment in full by Purchaser of the Purchased Price in the manners set forth in **Clause 2.2** hereof including the signature by Purchaser of all documents required in order for Purchaser to assume and tolerate the Bank Debt and the Bank Security (if agreed to by the Bank), to assume and tolerate the Interim Financing Indebtedness and the Interim Financing Charge (if agreed to by the Interim Lender) and/or to assume and tolerate the Administrative Charge Indebtedness and the Administrative Charge (if agreed to by the creditors thereof);
 - 6.1.3 Purchaser's assumption of the Assumed Liabilities and undertaking to make the Proposal Payment in the event of a Successful Proposal;
 - 6.1.4 the signature by Vendor and Purchaser of the Sales Tax Election; and
 - 6.1.5 the signature by Vendor and Purchaser of all other documents and the doing by Vendor and Purchaser of all other things which may be necessary or useful in order to give full and proper effect to the sale and purchase of the Purchased Property envisaged hereby.

7. General

- 7.1 The interpretation, validity and enforcement of this Offer and the sale and purchase of the Purchased Property envisaged hereby will be subject to and governed by the laws of the Province of Quebec and the laws of Canada applicable therein.



7.2 This Offer may be executed in one or more counterparts in photocopy, facsimile or pdf format each of which shall be deemed an original and all of which together shall constitute one and the same document.

7.3 The clause headings herein contained are for ease of reference only, do not form part hereof and shall not, in any manner be used in the interpretation of the contents hereof.

8. **Acceptance**

8.1 This Offer is open for acceptance by the Company's signing where indicated below and returning a signed copy of this Offer to Purchase (in person, by messenger or by e-mail) at Purchaser's coordinates set forth below by no later than 5 o'clock P.M. (Montreal time) on **February 27, 2019**, failing which this Offer will lapse, become null, void and inoperative for all purposes and the Deposit will be immediately returned by Richter to Purchaser.

9. **Language**

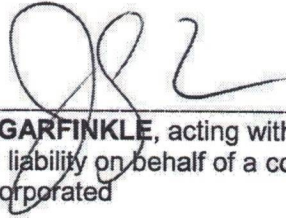
9.1 The parties hereto acknowledge and agree that this Offer and all related documents be prepared in English. / *Les parties reconnaissent avoir exigé que la présente offre et tous les documents connexes soient rédigés en anglais.*

(signature page to follow)

A handwritten signature in black ink, consisting of a stylized, cursive letter 'S' or similar shape.

MONTREAL, February 22, 2019

PURCHASER:



JAMES GARFINKLE, acting without
personal liability on behalf of a corporation
to be incorporated

Coordinates of Purchaser:

James Garfinkle
c/o JGALA Holdings Inc.
3737 Thimens Boulevard
Montreal, Quebec
H4R 1V1

E-Mail: Jimmy.Garfinkle@mitchellincoln.ca

with copy to:


M^o Eric Steinberg
4150 Ste-Catherine St., West
Suite 525
Westmount, Quebec
H3Z 2Y5

E-Mail: ericsteinberg@bellnet.ca

ACCEPTANCE:

The Company hereby accepts this Offer at 10:12 o'clock AM, on February 26,
2019.

8738971 CANADA INC.
(formerly "Pazazz Printing Inc.")
Per:



Marc Giroux

ANNEX

ASSUMED EQUIPMENT LEASES

- (1) Equipment Leasing Agreement between De Lage Landen Financial Services Canada Inc. and Pazazz Printing Inc. under lease no. 653888 for the lease of equipment listed as Mimaki UCJV300-160 Print & Cut, including any and all amendments thereto; and
- (2) Lease now subsisting between NL LP (originally in favour of National Leasing Group Inc., thereafter known as CWB National Leasing Inc.) and Pazazz Printing Inc. under lease no. 2705360 for the lease of industrial printing equipment, including any and all amendments thereto, published by notice thereof at the Register of Personal and Movable Real Rights on November 9, 2017 under no. 17-1193071-0002.





Thank you for choosing TD to complete your wire payment. Before signing, please read the Agreement below to be sure you understand your rights, responsibilities, and risks in relation to the wire payment.

Customer:
PLACEMENTS JGALA INC

Date:
February 22, 2019

Wire Payment ID:
190222B7665300

Street Address:
3737 THIMENS BOUL

Branch:
00361

Financial Transaction ID:
00562263

City:
SAINT-LAURENT

Province/State:
PQ

Wire Payment Amount:
50,000.00 (CAD)

Country:
CANADA (CA)

TD Service Fee:
50.00 (CAD)

Customer Account:
361 5246719

Wire Recipient:
RICHTER ADVISORY GROUP INC IN TRUST

Wire Recipient's Financial Institution:
BANK OF MONTREAL

Street Address:
1981 MCGILL COLLEGE

Street Address:
119 ST JACQUES

City:
MONTREAL

Province/State:
PQ

City:
MONTREAL

Province/State:
PQ

Country:
CANADA (CA)

Country:
CANADA (CA)

Account#/IBAN:
00011 1976033

Bank Code:
BOFMCAM2

Customer Code:

Intermediary Bank Account#:

Reviewing This Wire Payment Agreement

In this Agreement, you will find the following information:

- Section 1: Wire Payment Process
- Section 2: Wire Payment Fees
- Section 3: Returned, Held, or Rejected Payments
- Section 4: Legal Responsibilities
- Table 1: Wire Payment Fees Charged By TD's Correspondent Bank Relationships

In addition, we use the following terms throughout the Wire Payment Agreement (the *Agreement*) and want to make sure you understand what they mean:

You and *your* refer to the Customer.

We, *us*, *our*, and *TD* refer to The Toronto-Dominion Bank.

Section 1: Wire Payment Process

1.1 What does your signature authorize?

By signing this Agreement, you:

- **Confirm** that the information on page 1 is accurate and complete.
- **Agree** to the terms and conditions outlined in this Agreement.
- **Agree** to pay all fees related to the wire payment as outlined in this Agreement.
- **Authorize** us to send the wire payment based on the information you provide us.

1.2 Why is providing correct information important?

We will process the wire payment based on the information you provide us. Please make sure all information for your intended Wire Recipient is correct, as we will send the wire payment based on that information. If you provide the wrong account number or name, the Wire Recipient's Financial Institution may credit that account, even if you intended to send money

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)
(Bankruptcy and Insolvency Act, R.S.C.
1985, c. B-3)

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

8738971 CANADA INC. (formerly known as
"Pazazz Printing Inc./Imprimerie Pazazz
Inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS;**

-and-

**THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;**

Mises-en-cause

EXHIBIT P-4

SEARCH SUMMARY

EXHIBIT P-4
SEARCH REPORT

8738971 CANADA INC.
(formerly "Pazazz Printing Inc./Imprimerie Pazazz Inc.")

1. Bank Act (Canada), Montreal Branch

Searches conducted current as at: **February 27, 2019**

Names searched: **8738971 Canada Inc.**
Pazazz Printing Inc.
Imprimerie Pazazz Inc.
6758967 Canada Inc.

	Name	Registration Date and Number	Expiry Date	Province	Bank
1.	Pazazz Printing Inc. Imprimerie Pazazz Inc.	June 17, 2010 01253895	Dec. 31, 2019	QUEBEC	La Banque Toronto-Dominion (43361) 8200 Decarie Blvd. Montreal, Quebec H4P 2P5

2. Register of Personal and Movable Real Rights, Province of Quebec

Searches conducted current as at: **February 26, 2019**

Names searched: **8738971 Canada Inc.**
Pazazz Printing Inc.
Imprimerie Pazazz Inc.
6758967 Canada Inc.
Contact Image 2007

	Parties	Registration No.	Date	Nature of Right
1.	<u>Lessee:</u> Imprimerie Pazazz Inc. <u>Lessor:</u> Ford Lincoln Gabriel, S.E.C.	19-0166787-0001	2019-02-22 9:00 a.m.	<u>Rights arising under a lease and assignment of rights</u> with respect to a 2016 Ford Escape, VIN: 1FMCU9J94GUC02115; <u>Expiry date:</u> February 20, 2020

	<p><u>Assignee:</u></p> <p>Location Credit Ford Canada, division de Cie de location Canadian Road</p>			
2.	<p><u>Lessee:</u></p> <p>Pazazz Printing Inc.</p> <p><u>Lessor:</u></p> <p>Meridian Onecap Credit Corp.</p>	18-0640400-0003	2018-06-13 11:13 a.m.	<p><u>Rights arising under a leasing agreement or finance lease</u> with respect to copier(s) together with all attachments, accessories, substitutions and all proceeds of any sale or dealings with the collateral and a right to an insurance payment or other payment that indemnifies for loss or damage to the collateral or proceeds of the collateral;</p> <p><u>Expiry date:</u> June 13, 2022</p>
3.	<p><u>Lessee:</u></p> <p>Imprimerie Pazazz Inc.</p> <p><u>Lessor:</u></p> <p>National Leasing Group Inc.</p>	17-1193071-0002	2017-11-09 11:46 a.m.	<p><u>Rights arising under a leasing agreement or finance lease</u> with respect to all industrial printing equipment of every nature or kind described in leasing contract no. 2832185 between the Lessor and the Lessee, as amended from time to time, together with any proceeds derived therefrom;</p> <p><u>Expiry date:</u> May 1, 2023</p> <p><u>Assignment of rights</u> registered on December 15, 2017 under number 14-1326414-0002 by National Leasing Group Inc. in favour of NL LP with respect to all of the rights, title and interest of the assignor in and to the rights registered at the Register of Personal and Movable Real Rights (<i>*note: there are a large number of registrations and they are therefore not provided or listed herein</i>);</p> <p><u>Name Change</u> registered on June 19, 2018 under number 18-0665435-0001 whereby National Leasing Group Inc. changed its name to CWB National Leasing Inc. pursuant to a certificate of amendment dated June 4, 2018;</p>

<p>4.</p>	<p><u>Lessee:</u> Pazazz Printing Inc.</p> <p><u>Lessor:</u> -RCAP Leasing Inc. -Credit-Bail RCAP Inc.</p>	<p>16-1216578-0004</p>	<p>2016-12-14 9:00 a.m.</p>	<p><u>Rights arising under a leasing agreement or finance lease</u> with respect to a specific printer and ink cartridges;</p> <p><u>Expiry date:</u> December 12, 2019</p>
<p>5.</p>	<p><u>Lessee:</u> Imprimerie Pazazz Inc.</p> <p><u>Lessor:</u> Xerox Canada Ltd.</p>	<p>16-0000646-0001</p>	<p>2016-01-05 9:00 a.m.</p>	<p><u>Rights arising under a lease</u> with respect to all equipment and goods sold, leased or procured under agreement no. 957029473-510404700 dated November 20, 2015, as may be amended from time to time;</p> <p><u>Expiry date:</u> January 4, 2021</p> <p><u>Assignment of Rights</u> registered on April 20, 2016 under number 16-0351525-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 15, 2016 under number 16-0681634-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 13, 2016 under number 16-1003724-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on January 13, 2017 under number 17-0028371-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on April 21, 2017 under number 17-0366834-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 10, 2017 under number 17-0711357-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 11, 2017 under number 17-1076518-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p>

<p>6.</p>	<p><u>Lessee:</u> Imprimerie Pazazz Inc.</p> <p><u>Lessor:</u> Xerox Canada Ltd.</p>	<p>15-1211988-0006</p>	<p>2015-12-15 9:00 a.m.</p>	<p><u>Rights arising under a lease</u> with respect to all equipment and goods sold, leased or procured under agreement no. 957029473-510404700 dated November 20, 2015, as may be amended from time to time;</p> <p><u>Expiry date:</u> January 4, 2021</p> <p><u>Assignment of Rights</u> registered on February 8, 2016 under number 16-0101268-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on April 20, 2016 under number 16-0351525-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 15, 2016 under number 16-0681634-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 13, 2016 under number 16-1003724-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on January 13, 2017 under number 17-0028371-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on April 21, 2017 under number 17-0366834-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 10, 2017 under number 17-0711357-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 11, 2017 under number 17-1076518-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p>
-----------	--	------------------------	---------------------------------	---

7.	<p><u>Lessee:</u> Imprimerie Pazazz Inc.</p> <p><u>Lessor:</u> Xerox Canada Ltd.</p>	15-1154406-0003	2015-11-26 2:57 p.m.	<p><u>Rights arising under a lease</u> with respect to all equipment and goods sold, leased or procured under agreement no. 957029473-510044100 dated November 20, 2015, as may be amended from time to time;</p> <p><u>Expiry date:</u> November 26, 2020</p> <p><u>Assignment of Rights</u> registered on February 8, 2016 under number 16-0101268-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on April 20, 2016 under number 16-0351525-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 15, 2016 under number 16-0681634-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 13, 2016 under number 16-1003724-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on January 13, 2017 under number 17-0028371-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on April 21, 2017 under number 17-0366834-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on July 10, 2017 under number 17-0711357-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p> <p><u>Assignment of Rights</u> registered on October 11, 2017 under number 17-1076518-0001 by Xerox Canada Ltd. in favour of BNP Paribas;</p>
----	--	-----------------	-------------------------	---

<p>8.</p>	<p><u>Lessee:</u> Imprimerie Pazazz Inc.</p> <p><u>Lessor:</u> National Leasing Group Inc.</p>	<p>15-0730354-0006</p>	<p>2015-07-31 11:48 a.m.</p>	<p><u>Rights arising under a leasing agreement or finance lease</u> with respect to all industrial printing equipment-printer of every nature or kind described in leasing contract no. 2723890 between the Lessor and the Lessee, as amended from time to time, together with any proceeds derived therefrom;</p> <p><u>Expiry date:</u> August 1, 2019</p> <p><u>Assignment of Rights</u> registered on November 20, 2015 under number 15-1129958-0002 by National Leasing Group Inc. in favour of NL LP;</p> <p><u>Rectification of inscription</u> registered on April 11, 2018 under number 18-0350837-0001 in order to add “14-0736796-0009” (rights arising under a leasing agreement or finance lease) to the heading “<i>référence à l’inscription visée</i>” relating to the Assignment of Rights mentioned above registered on November 20, 2015 under number 15-1129958-0002;</p> <p><u>Name Change</u> registered on June 19, 2018 under number 18-0665435-0001 whereby National Leasing Group Inc. changed its name to CWB National Leasing Inc. pursuant to a certificate of amendment dated June 4, 2018;</p>
<p>9.</p>	<p><u>Lessee:</u> -Imprimerie Pazazz Inc. -Warren Werbitt (birth date 1966-09-21)</p> <p><u>Lessor:</u> Luciani Infiniti</p> <p><u>Assignee:</u> -Nissan Canada Finance a division of Nissan Canada Inc. -Services Financiers Infiniti, une division de Nissan Canada Inc.</p>	<p>15-0542902-0016</p>	<p>2015-06-11 9:10 a.m.</p>	<p><u>Rights arising under a lease and assignment of rights</u> with respect to a 2015 Infiniti Q50, VIN: JN1BV7ARXFM402130;</p> <p><u>Expiry date:</u> June 4, 2020</p> <p><u>Assignment of rights</u> registered on November 4, 2015 under number 15-1078104-0001 by Nissan Canada Inc. in favour of Nissan Canada Auto Receivables Limited Partnership;</p>

<p>10.</p>	<p><u>Lessee:</u> Pazazz Printing Inc.</p> <p><u>Lessor:</u> National Leasing Group Inc.</p>	<p>15-0255027-0003</p>	<p>2015-03-27 2:25 p.m.</p>	<p><u>Rights arising under a leasing agreement or finance lease</u> with respect to all industrial printing equipment-printer of every nature or kind described in leasing contract no. 2705360 between the Lessor and the Lessee, as amended from time to time, together with any proceeds derived therefrom;</p> <p><u>Expiry date:</u> March 1, 2019</p> <p><u>Assignment of Rights</u> registered on November 20, 2015 under number 15-1129958-0002 by National Leasing Group Inc. in favour of NL LP;</p> <p><u>Rectification of inscription</u> registered on April 11, 2018 under number 18-0350837-0001 in order to add “14-0736796-0009” (rights arising under a leasing agreement or finance lease) to the heading “<i>référence à l’inscription visée</i>” relating to the Assignment of Rights mentioned above registered on November 20, 2015 under number 15-1129958-0002;</p> <p><u>Name Change</u> registered on June 19, 2018 under number 18-0665435-0001 whereby National Leasing Group Inc. changed its name to CWB National Leasing Inc. pursuant to a certificate of amendment dated June 4, 2018;</p>
<p>11.</p>	<p><u>Grantor:</u> -Pazazz Printing Inc. -Imprimerie Pazazz Inc.</p> <p><u>Creditor:</u> The Toronto-Dominion Bank - 43361C</p>	<p>13-0865102-0002</p>	<p>2013-09-30 11:34 a.m.</p>	<p><u>Conventional hypothec without delivery</u> in the amount \$2,040,000.00, charging the universality of all present and future property in stock, claims, receivables, book debts, securities and financial assets, equipment and road vehicles, trademarks and intellectual property rights, leasehold improvements, monies from time to time at the credit of the Grantor with the Creditor (including Cdn account no. 5226552 4336 and US account no. 7314510 4336 or any replacements accounts), fruits and revenues emanating from said property and all movable property, corporeal and incorporeal, present and future, not already described herein;</p> <p><u>Expiry date:</u> September 26, 2023</p>

<p>12.</p>	<p><u>Lessee:</u></p> <p>-Pazazz Printing Inc.</p> <p>-Imprimerie Pazazz Inc.</p> <p>-Pazazz Printing Inc./Imprimerie Pazazz Inc.</p> <p>- Imprimerie Pazazz Inc./Pazazz Printing Inc.</p> <p>-6758967 Canada Inc.</p> <p><u>Lessor:</u></p> <p>A.M. Fish Holdings Ltd.</p>	<p>13-0826732-0002</p>	<p>2013-09-19 9:00 a.m.</p>	<p><u>Rights arising under a lease</u> with respect to the following specific equipment:</p> <p><u>Model / Serial Number:</u></p> <p>-Mimaki JV5-16O5 / F1611685 -Mimaki JV5-16O5 /F1611684 -HP SCITEX FB500 / SG12132001 -Mimaki JV5-320 / J203B018 -Mimaki JV4-180 / B3712186 -Calendreuse Krivelik / 486 -HP SCITEX LX800 / SG11C1F001 -Epson 11880 / JWP0000782 -Anapurna M2050 UV Printer /2320798069002 -Misc. Office Furniture</p> <p><u>Expiry date:</u> September 19, 2023</p>
<p>13.</p>	<p><u>Lessees:</u></p> <p>-Pazazz Printing Inc.</p> <p>-Imprimerie Pazazz Inc.</p> <p>-Pazazz Printing Inc./Imprimerie Pazazz Inc.</p> <p>- Imprimerie Pazazz Inc./Pazazz Printing Inc.</p> <p>-6758967 Canada Inc.</p> <p><u>Lessor:</u></p> <p>A.M. Fish Holdings Ltd.</p>	<p>13-0826732-0001</p>	<p>2013-09-19 9:00 a.m.</p>	<p><u>Rights arising under a lease</u> with respect to all machinery, equipment, computers, office equipment and furniture and other movable property including original and replacement items, substitutions, right-to-use software licenses, renewals, additions etc., as detailed in the “Schedule” to the agreement between the Lessor and the Lessees dated September 9, 2013;</p> <p><u>Expiry date:</u> September 19, 2023</p>
<p>14.</p>	<p><u>Assignor:</u></p> <p>Accord Financial Inc.</p> <p><u>Assignee:</u></p> <p>-Pazazz Printing Inc.</p> <p>-Les Étiquettes Pazazz Inc./Pazazz Labels Inc. (doing business under the name “Étiquettes Phase II”)</p> <p>- Les Étiquettes Pazazz Inc. (doing business under the name “Phase II Labels”)</p>	<p>13-0739583-0001</p>	<p>2013-08-22 9:00 a.m.</p>	<p><u>Assignment of a universality of claims</u> with respect to all rights and interests of the Assignor in respect of the assignment of a universality of claims registered under number 10-0018829-0004;</p> <p>(See item 16 below)</p>

	<p>-Les Grands Formats Pazazz Inc./ Pazazz Large Format Inc. (doing business under the names “Laminattek” and “Première Impression Numérique”)</p> <p>- Les Étiquettes Pazazz Inc./Pazazz Labels Inc.</p> <p>- Les Grands Formats Pazazz Inc./ Pazazz Large Format Inc.</p>			
15.	<p><u>Vendor:</u> Fujifilm Canada Inc.</p> <p><u>Purchaser:</u> Imprimerie Pazazz Inc.</p>	12-0907912-0015	2012-11-02 2:21 p.m.	<p><u>Rights arising under a conditional sale/consignment</u> with respect to all graphic art plates, film, proofing materials, inventory and products related thereto, pursuant to a consignment agreement between the Vendor and the Purchaser executed on November 1, 2012, as such products are more fully described therein;</p> <p><u>Expiry date:</u> November 2, 2022</p>
16.	<p><u>Assignor:</u></p> <p>-Pazazz Printing Inc.</p> <p>-Les Étiquettes Pazazz Inc./Pazazz Labels Inc. (doing business under the name “Étiquettes Phase II”)</p> <p>- Les Étiquettes Pazazz Inc. (doing business under the name “Phase II Labels”)</p> <p>-Les Grands Formats Pazazz Inc./ Pazazz Large Format Inc. (doing business under the names “Laminattek” and “Première Impression Numérique”)</p> <p>- Les Étiquettes Pazazz Inc./Pazazz Labels Inc.</p> <p>- Les Grands Formats Pazazz Inc./ Pazazz Large Format Inc.</p> <p><u>Assignee:</u> Accord Financial Inc.</p>	10-0018829-0004	2010-01-13 1:02 p.m.	<p><u>Assignment of a universality of claims</u> with respect to all of the Assignors’ rights and interests in and to the universality of all present and future accounts receivables (claims), pursuant to a factoring agreement between the Assignor and the Assignee dated December 23, 2009;</p> <p><u>Rectification of inscription</u> registered on January 14, 2010 under number 10-0021567-0001 to add business names to the Assignor and to change the date of the factoring agreement to read January 6, 2010 instead of December 23, 2009;</p> <p><u>Assignment of a universality of claims</u> registered on August 22, 2013 under number 13-0739583-0001 with respect to all rights and interests of Accord Financial Inc. in respect of the assignment of a universality of claims registered under number 10-0018829-0004;</p>

NO.: 500-11-055853-192
ESTATE NO.: 41-2462925

SUPERIOR COURT
(Commercial Division)
(Bankruptcy and Insolvency Act, Canada, R.S.C. 1985, c. B-3)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF:

8738971 CANADA INC. (formerly known as "Pazazz Printing
Inc./Imprimerie Pazazz Inc.");

-and- Debtor/Petitioner

RICHTER ADVISORY GROUP INC.; Trustee

THE REGISTRAR OF THE REGISTER OF PERSONAL AND
MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE ATTACHED SERVICE LIST
Mises-en cause

MOTION FOR SALE APPROVAL, VESTING AND EXTENSION
ORDER, AFFIDAVIT, NOTICE OF PRESENTATION AND
SERVICE LIST, LIST OF EXHIBITS AND EXHIBITS P-1 to P-4
(Sections 50.4(9) and 65.13 of the Bankruptcy and Insolvency Act,
R.S.C. 1985, c. B-3)

COPY

Me Gerald F. Kandestin
Me Jeremy Cuttler
Me Éva Richard

KuglerKandestin

1, Place Ville Marie, Suite 1170
Montréal (Québec) Canada H3B 2A7
T: 514 878-2861/ F: 514 875-8424

gkandestin@kklex.com
jcuttler@kklex.com
erichard@kklex.com