



November 15, 2024

Dear QPMIT Unitholder,

RE: Important Update concerning Qwest Productivity Media Income Trust (“QPMIT”)

We would like to inform you on matters regarding Productivity Media Inc. (“**PMI**”) and Productivity Media Income Fund I, LP (the “**LP**”). This notice contains important information relating to the interest of QPMIT as one of many limited partners in the LP and the future of PMI.

In August of this year, William Santor, Founder & CEO of PMI, agreed to take a leave of absence from PMI following various allegations. PMI engaged PricewaterhouseCoopers (“**PwC**”) to investigate the allegations. At this time, PwC’s investigation is ongoing, and they have not yet released any report or findings regarding their investigation.

As detailed below, we have recently been advised that PMI has defaulted on its obligations to its senior secured creditor, Two Shores Capital Corp. (the “**Secured Creditor**”), and that the Secured Creditor intends to apply to the Ontario Superior Court of Justice to appoint a receiver over the assets, property and undertakings of PMI (in such capacity, the “**Receiver**”). We understand that the proposed Receiver is KSV Restructuring Inc., a company of licensed insolvency trustees.

Certain limited partners of the LP are currently engaged in discussions to form a proposed funding group (the “**Proposed Funding Group**”) to fund: (a) an acquisition of the Secured Creditor’s rights and remedies by paying out the debt owed to the Secured Creditor; and (b) the fees and expenses of the Receiver incurred, among other things, in connection with the following: (i) investigate and report on the assets of PMI; (ii) realize upon the recoverable assets of PMI; (iii) prosecute potential claims in relation to various allegations PwC is investigating and (iv) distribute proceeds recovered by the Receiver first to the creditors of PMI and the LP and with any remaining proceeds then distributed to the equity holders of the LP in accordance with applicable law.

QPMIT unitholders may wish to consider participating on an individual basis, in the Proposed Funding Group, as detailed below.

Background

On August 27, 2024, PMI announced Mr. Santor’s leave of absence and PwC’s investigation into various allegations. On September 12, 2024, PMI announced that it was suspending all outstanding and future unit redemptions for the LP. As a result, QPMIT provided on September 12, 2024, that it was also suspending all of its outstanding redemptions and subscriptions until further notice. We have provided such notices to advisors who have unitholders in QPMIT and to those unitholders that invested in QPMIT without an advisor.

As managers of QPMIT, we have continued to actively monitor the situation with PMI and engaged in discussions with PMI's senior management, PMI's counsel and other stakeholders to gather information and assess the impact on QPMIT and its unitholders.

The Secured Creditor

On July 25, 2024, PMI, the LP and Productivity Media Lending Corp. ("**PMLC**") entered into a loan agreement with the Secured Creditor to borrow a principal amount of US\$2,500,000 (the "**Loan**"). In accordance with the terms of the loan agreement and related security documents, the Loan accrued interest at a rate of 16% per annum and the outstanding amounts under the Loan were due within 90 days. Upon default, the interest rate increased to 24% per annum. PMI, the LP and PMLC granted the Secured Creditor a first-ranking security interest in all their present and after-acquired real and personal property. The security interest in favour of the Secured Creditor ranks ahead of the equity interest held by QPMIT as a limited partner of the LP.

We were advised that PMI failed to repay the Loan when due and defaulted on its obligations under its agreements with the Secured Creditor. We have been further advised that the Secured Creditor intends to apply to appoint the Receiver as early as the week of November 18th and in any event by the first week of December.

The Receiver

In general, a court-appointed receiver is a court officer who acts on behalf of all creditors of a debtor to take possession of and sell or liquidate the debtor's property to repay outstanding debts. In this instance, we have been advised that the Receiver is intended to also operate the business of PMI and the LP for the purpose of realizing on its assets, specifically the PMI loan portfolio. Upon being appointed by court order, a court-appointed receiver will issue periodic reports to the court which will be publicly available.

To fund its mandate, a court-appointed receiver will typically borrow funds from creditors or other stakeholders and issue certificates ("**Receiver's Certificates**") to such funders. Repayment of the receiver's borrowing under the Receiver's Certificates will be secured by a court-ordered charge on all the debtor's real and personal property. This court-ordered charge will rank in priority ahead of other creditors and equity interest holders (i.e., the limited partners of the LP).

The Proposed Funding Group

Westfield Partners Ltd. ("**Westfield**"), an advisor to other limited partners in the LP, is organizing certain limited partners with the intention to form the Proposed Funding Group to fund: (a) acquisition of the Secured Creditor's rights and remedies by paying out the debt owed to the Secured Creditor; and (b) the fees and expenses of the Receiver through the Receiver's Certificates. Westfield has advised they believe this will assist in recovery of the assets of PMI and the LP.

Westfield's current proposal is that it will act as trustee for the Proposed Funding Group and the Proposed Funding Group will be entitled to a share of the recovery of PMI's assets proportionate to the contributions of each funder. A draft funding agreement is available to review by any party interested in participating in the Proposed Funding Group. Westfield has advised they are seeking to finalize the terms of such funding agreement as soon as possible.

If the Proposed Funding Group is successful in acquiring the Secured Creditor's rights and remedies and fund the Receiver through the Receiver's Certificates, such funders will share the recovery of the Secured Creditor's and Receiver's Certificates from the assets of PMI and the LP in priority to other creditors and equity interest holders, including QPMIT in its capacity as a limited partner of the LP. Note that Secured Creditor and Receiver's Certificates will be paid in priority to other creditors and equity interest holders including QPMIT in its capacity as a limited partner of the LP, regardless of whether the Proposed Funding Group is successful or not in acquiring the rights of the Secured Creditor.

QPMIT does not have the resources to participate in the Proposed Funding Group. QPMIT unitholders may wish to participate in the Proposed Funding Group in their own capacity.

At this time, the value of PMI's assets, specifically its loan portfolio, is unknown and therefore it is not possible at this time to determine the amount that may be available for recovery by the Receiver.

Any QPMIT unitholder interested in participating in the Proposed Funding Group is encouraged to contact a Qwest team member at info@qwestfunds.com for more information.

We urge you to obtain independent legal advice if you have any questions regarding this matter including with respect to the appointment of the Receiver and participation in the Proposed Funding Group.

Please let us know if you want to have a meeting with a Qwest team member at info@qwestfunds.com or contact your advisor for further information.

Sincerely,



Maurice Levesque
Chief Executive Officer
Qwest Investment Fund Management Ltd.