

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG 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-causes

**MOTION FOR AUTHORIZATION TO SELL CERTAIN ASSETS OF THE DEBTOR,
DIRECTIONS AND OTHER RELATED ORDERS**

(Section 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 September 27, 2017, 175413 Canada Inc. (operating under the trade name M0851) (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 KPMG Inc. (the "**Trustee**") as trustee thereto.

2. On October 6, 2017, the Debtor sought, and this Honourable Court issued, an order (the "**Charge Order**"):
 - (i) authorizing and ratifying a commitment letter (the "**Commitment Letter**") whereby Continental Capital Investments Inc. ("**Continental**") agreed to provide interim financing to the Debtor pursuant to the terms and conditions set out therein (the "**Interim Financing**");
 - (ii) creating a senior ranking interim financing charge in favour of Continental (the "**Interim Financing Charge**"), subject to the Trustee's filing of a certificate with the Court (the "**Trustee's Certificate**"); and
 - (iii) creating a senior ranking administration charge in favour of the Trustee and the Debtor's legal counsel (the "**Administration Charge**"), subject to the filing of the Trustee's Certificate,

the whole as appears of record herein.

3. On October 12, 2017, the Trustee's Certificate was filed into the Court record thereby rendering the above described charges effective.
4. On October 26, 2017, this Honourable Court extended the delay under the NOI until December 11, 2017, the whole as appears of record herein.
5. During the week of October 30, 2017, as part of its restructuring process, the Debtor, with the assistance and management of the Trustee, commenced a comprehensive sale and solicitation process in order to market the Debtor's "Business" (hereinafter defined) and related assets to one or more potential acquirers, investors or strategic partners (the "**SSP**"), which SSP is more fully described herein and in the Trustee's Report (the "**Trustee's Report**"), a copy of which is produced herewith as **Exhibit P-1**.
6. 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 10498700 Canada Inc. (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**").
7. Although the Proposed Purchaser is not owned directly by the same shareholders of the Debtor, such shareholders direct the Proposed Purchaser

and as such, the authorization of the Proposed Offer contemplated by the present Motion is being sought as though such proposed sale will be made to a person related to the Debtor pursuant to Section 65.13(5) *BIA*.

II. THE DEBTOR'S BUSINESS AND OPERATIONS

8. The Debtor operates a vertically integrated Montreal based business which designs and manufactures high-quality and functional unique leather and fabric goods under the brand name "m0851" including outerwear, bags and accessories and sells the products at a wholesale level, to franchised stores internationally, at its own retail stores in Canada and through its e-commerce site (the "**Business**").
9. The Business is a family run operation of over 30 years and is spearheaded by the creative philosophy of its principals, Frederic and Faye Mamarbachi.
10. The Debtor's brand name has limited recognition in Montreal and outside of Montreal, has only recently attempted to penetrate other markets. The Debtor's brand is highly, if not completely, dependent on the designing and fabrication by Frederic Mamarbachi. Without Frederic Mamarbachi and an operating entity to continue to promote brand recognition, the brand has little to no value.
11. The Debtor is one of the only domestic operations which designs, manufactures and sells leather goods, the whole while using a Québec based workforce and resources.
12. The design, manufacturing, wholesale, warehousing and administrative divisions of the Business operate from the Debtor's head office premises in Montréal at 5555 avenue Casgrain, Suite 201. Such premises are the object of a lease between the Debtor and the landlord thereof (the "**Office Lease**").
13. The Debtor operates seven (7) retail outlets in Canada with four (4) in the province of Québec and three (3) in Ontario. Each such store is the object of a lease between the Debtor and the respective landlord (the "**Retail Store Leases**").
14. In addition to its own Canadian operations, the Debtor has entered into agreements whereby it licenses selling rights to parties operating retail outlets which exclusively offer the Debtor's products (the "**License Agreements**"). In Canada, two (2) such outlets are located in the province of Québec and two (2) in the greater Vancouver area. In Japan, four (4) such outlets exist and the licensee thereof operates a distinct e-commerce site.
15. Additionally, the Debtor has two wholly owned subsidiaries, M0851 Products and Architectural Design Inc. (the "**US Subsidiary**") and M0851 Trading (Beijing) Co. Ltd. (the "**Beijing Subsidiary**"), which operate stores in the United States and Beijing (collectively the "**Subsidiaries**"). As a result of the liquidation of the Subsidiaries' inventories by or for the benefit of its secured operating lender, The

Toronto-Dominion Bank ("TD"), the Subsidiaries have no assets of any significant value. Furthermore, as will be hereafter explained, the Proposed Offer does not include the shares in the US Subsidiary and includes the shares in the Beijing Subsidiary, which has no assets, in order to avoid the costs and time associated with incorporating a new entity in the jurisdiction of Beijing.

16. In order to operate the Business, the Debtor has a workforce of over 90 employees who work in various divisions of the Business. In addition to such workforce, the Business utilizes several local independent contractors who rely on the Business as their source of work and employ approximately 50 persons.

III. FINANCIAL DIFFICULTIES

17. The distressed North American retail market and the highly competitive specialty market of exclusive leather and lifestyle goods has caused the Debtor to experience a great degree of financial difficulty.
18. As a result of the above, and competition from e-commerce, the Business was negatively impacted and its performance decreased to the point of insolvency.
19. Consequently, on September 12, 2017, TD, the Debtor's then operating lender, issued a notice pursuant to Section 244 *BIA* of its intention to enforce its security on all or substantially all of the Debtor's present and future, corporeal and incorporeal, tangible and intangible, personal and movable property (the "**Property**").
20. Given the Debtor's defaults under the TD credit facilities and its insolvency, it was determined that it was in the best interests of the Debtor to file the NOI and enter into a formal restructuring process. At such time, TD indicated that it was not prepared to remain the Debtor's operating lender thereby leaving the Debtor with no credit facility in order to pursue and effect a restructuring.
21. As a result, as part of its formal restructuring process, the Debtor sought financial support from Continental in the form of the Interim Financing in order to provide the Debtor with the financing needed to pursue and execute its restructuring and operate the Business during such period.

IV. INDEBTEDNESS AND SECURITY

22. As a result of the Charge Order, various registrations and cessions of rank, the following is the rank of hypothecs with respect to the following chief classes of the Property, which appears more fully from the search summary produced herewith as **Exhibit P-4** (the "**Search Summary**") and is not contended otherwise by such secured creditors:

Class of Property	Rank
(a) inventory:	<ol style="list-style-type: none"> 1. Interim Financing Charge 2. Administration Charge 3. TD 4. BDC Capital Inc. 5. Investissement Québec 6. Business Development Bank of Canada and Investissement Québec (<i>pari passu</i>) 7. Evolocity Financial Group Inc. 8. Thinking Capital
(b) corporeal property (other than inventory and specific equipment as hereafter described):	<ol style="list-style-type: none"> 1. Interim Financing Charge 2. Administration Charge 3. Business Development Bank of Canada 4. TD 5. Investissement Québec 6. BDC Capital Inc. 7. Evolocity Financial Group Inc. 8. Thinking Capital
(c) accounts receivable:	<ol style="list-style-type: none"> 1. Interim Financing Charge 2. Administration Charge 3. TD 4. Investissement Québec 5. Business Development Bank of Canada and Investissement Québec (<i>pari passu</i>) 6. BDC Capital Inc. 7. Evolocity Financial Group Inc. 8. Thinking Capital
(d) intangibles other than accounts receivable:	<ol style="list-style-type: none"> 1. Interim Financing Charge 2. Administration Charge 3. BDC Capital Inc. 4. TD 5. Business Development Bank of Canada 6. Investissement Québec 7. Evolocity Financial Group Inc. 8. Thinking Capital

23. As appears from the Search Summary, the Royal Bank of Canada ("**RBC**") has published a hypothec in the Register of Personal and Movable Real Rights (the "**RDPRM**") charging the Debtor's tax credits and all other Property. Considering that the Debtor has indicated that this hypothec no longer serves any purpose, this hypothec has not been included in the table above. In any event, the Proposed Purchaser does not seek to purchase any tax credits under the Proposed Offer.
24. Likewise, RBC has registered hypothecs charging specific equipment listed therein. To the extent such hypothecs serve any purpose, the equipment charged thereby is not being acquired pursuant to the Proposed Offer.
25. In addition, the Debtor has several creditors who have registered ownership retention interests with respect to finance leases or leasing agreements, as appears from the Search Summary (**Exhibit P-4**). Of note are the following:
 - (i) rights arising under a leasing agreement with respect to equipment lease no. 201000010794 dated August 21, 2013, between RBC, as lessee, and the Debtor, as lessor, published in the RDPRM by notice thereof under no. 13-0760474-0001 on August 29, 2013. The Proposed Purchaser does not seek to acquire such lease; and
 - (ii) rights arising under a lease pursuant to a lease dated September 25, 2013 between RBC, as lessee, and the Debtor, as Lessor, published in the RDPRM by notice thereof under no. 13-0881781-0001 on October 4, 2013 (the "**RBC Equipment Lease**"). As more fully set forth below, the Proposed Purchaser seeks to acquire such lease.
26. The indebtedness owing to Continental in virtue of the Interim Financing fluctuates. As appears from the Trustee's Report, such indebtedness is currently approximately \$1,700,000.
27. Creditors who are likely to be effected by the conclusions sought herein have been given notice of the present Motion.

V. **SALE AND SOLICITATION PROCESS**

28. As previously stated, as part of its restructuring process, the Debtor, in consultation with its advisors and with the assistance and management of the Trustee, designed and conducted the SSP in order to market the Business and related assets to one or more potential acquirers, investors or strategic partners, the whole as more fully described in the Trustee's Report (**Exhibit P-1**).
29. The SSP was conducted pursuant to the terms and conditions of the "Request for Offers" document developed by the Debtor's advisors and the Trustee (the "**Request for Offers**"), a copy of which is produced herewith as **Exhibit P-5**. The Request for Offers established a timeline whereby offers would need to be submitted by no later than noon on November 24, 2017 and by no later than 5

p.m. on November 27, 2017, offerors would be informed of the decision to accept or refuse such offers.

30. Prior to the commencement of the SSP, the Debtor, with the Trustee's assistance, identified over 40 potentially interested parties in the same or similar industry of the Debtor. The Trustee used its wide network of contacts in order to identify potentially interested parties.
31. Such parties were contacted by the Trustee on October 27, 2017 in order to obtain appropriate contact information required to send summary information about the Business to such parties (the "**Teaser**").
32. During the week of October 30, 2017, the Trustee sent the Teaser to the identified parties, inviting the recipient to communicate with the Trustee for additional information. In order to receive additional information and have access to the Debtor's financial and operational information, interested parties were invited to sign a non-disclosure agreement with KPMG ("**NDA**").
33. Additionally, the Debtor entered into discussions with several parties who it foresaw as being potential investors or parties who had previously indicated their interest in the Business, the whole in the hopes of attracting an investment from such parties.
34. Following the transmission of the Teaser, 6 parties indicated their interest in obtaining more information about the Debtor and 4 such parties signed NDAs. The parties who signed NDAs were given access to a virtual data room administered by the Trustee containing information relating to the Debtor's operations including financial statements, accounts receivable listings, inventory listings, license agreements, equipment listing, leases and sales information.
35. Certain of such parties contacted the Trustee for further information and inquiries. Additionally, one interested party visited the Head Office and met with the Debtor's management.
36. Ultimately, as a result of the SSP, only one offer, the Proposed Offer, was received by the Trustee.
37. None of the investors which the Debtor pursued garnered enough interest to make or participate in an offer.
38. 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 stakeholders herein.

VI. THE PROPOSED OFFER

39. The Proposed Purchaser has made the Proposed Offer as an ultimate last resort option in order to save the Business as a going concern, which Business is the

culmination of over 30 years of the creative efforts and hard work of Frederic Mamarbachi.

40. In order to make the Proposed Offer, the Proposed Purchaser, the directors of whom are the same as the Debtor, unsuccessfully canvassed investment from potentially interested parties. As a result, the Proposed Purchaser has solicited friends and family in order to provide the working capital required by the Proposed Offeror to continue the Business.
41. Pursuant to the Proposed Offer, the Proposed Purchaser offers to purchase the therein defined "Purchased Assets" including, without limitation, the following (the "**Purchased Assets**"), namely:
 - (a) certain of the Retail Store Leases and the Office Lease (the "**Acquired Premises Leases**");
 - (b) the RBC Equipment Lease;
 - (c) the License Agreements;
 - (d) the Debtor's inventory, including in-transit inventory; and
 - (e) the Debtor's goodwill and intellectual property.
42. In summary, the Proposed Offer provides that the Proposed Purchaser will purchase the Purchased Assets for (a) the assumption of the indebtedness owed by the Debtor to Continental under the Interim Financing (the "**Interim Financing Debt**"); and (b) the assumption of certain of the Debtor's liabilities, including the assumption of all salaries owing to the Debtor's employees as well as all lease obligations pursuant to the Acquired Premises Leases and RBC Equipment Lease.
43. Under the terms of the Proposed Offer, other than the Interim Financing Charge, all hypothecs granted by the Debtor and published at the RDPRM will not 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 Interim Financing has been repaid through a refinancing.
44. An analysis of the transaction contemplated by the Proposed Offer (the "**Transaction**"), including the purchase price thereunder, is contained in the Trustee's Report (**Exhibit P-1**).
45. As a result of the Proposed Purchaser's assumption of the Interim Financing Debt and the Interim Financing Charge, it is respectfully submitted that it is appropriate in the circumstances to order that the Interim Financing Charge be assigned and transferred so as to charge the assets of the Proposed Purchaser.

VII. CONTINENTAL'S POSITION

46. The Interim Financing provided by Continental 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 Continental or January 6, 2018.
47. In order to successfully refinance Continental's Interim Financing, the Proposed Purchaser is in mature discussions with various lenders, all of which will require that the Purchased Assets be purchased and owned by the Proposed Purchaser, free and clear of all hypothecs and charges, other than the Interim Financing Charge and other assumed charges.
48. Given the time of year and the limited retail selling days between now and Christmas, Continental has indicated to the Debtor that it will likely have no alternative other than enforcing its security unless the Transaction is approved as herein set forth, followed shortly by a refinancing of the Interim Financing.

VIII. GROUNDS FOR APPROVAL OF THE TRANSACTION

49. Section 65.13 *BIA* sets out certain factors that are to be considered, among other things, in deciding whether to grant authorization to approve the sale. These factors, and the Trustee's comments thereon (as appears more fully from the Trustee's Report), 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.
 - (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 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:* the Debtor's secured creditors who inquired were kept apprised of the SSP and were provided with the ability to participate in the process upon request. The Debtor's unsecured creditors that contacted the Debtor and/or the Trustee, including landlords and suppliers, 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 will preserve:
- (i) the majority of the Debtor's retail locations, thereby continuing to support landlords;
 - (ii) the Debtor's 90+ employees, and approximately 50 employees of independent contractors who rely on the Debtor's work;
 - (iii) the supply relationships and orders with the Debtor's current suppliers; and
 - (iv) the License Agreements, which will continue the operations of such stores, continue the revenues provided thereby and the employ of people in the cities of Laval, Québec, Vancouver and various cities throughout Japan.
- (f) *whether the consideration to be received for the assets is reasonable and fair, taking into account their market value:* given Continental's position as set forth above, unless the Transaction takes place imminently, a liquidation by Continental will ensue. Accordingly, the consideration to be received (the assumption of the debt owing to Continental under the Interim Financing and the "Assumed Debts" as defined in the Proposed Offer) is reasonable and fair in the circumstances. In addition, all of the Debtor's tooling and equipment has negligible value upon a liquidation,

and the additional factors that are to be satisfied when the proposed sale or disposition is to a person who is related to the insolvent person:

- (g) *good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the insolvent person:* as described in the Trustee's report, a comprehensive sale and solicitation process was conducted with the assistance and management of the Trustee canvassing a wide range of parties in the same or similar industry as the Debtor.

The Trustee and the Debtor spoke to and met with several parties and provided information pertaining to the Business to such parties so that such parties could make an offer to purchase, invest or become a strategic partner in the Business and/or the Debtor's assets.

Despite interest from parties other than the Proposed Purchaser, no negotiations were commenced and no offers were made by any parties that had expressed an interest during the SSP other than the Proposed Purchaser.

(h) *the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition:* as previously indicated, despite the comprehensive SSP, no other offers were made by any party other than the Proposed Purchaser and it is unlikely that any further marketing efforts will result in the identification of any alternative purchaser that would make a superior offer for the Purchased Assets. Due to the position of Continental and the lateness in the selling season, the SSP, which lasted approximately four (4) weeks, cannot be extended.

50. 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.
51. 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

52. Given that the Proposed Purchaser wishes to acquire the Business as a going concern, it is an essential component of the Transaction that the Purchaser obtain the assignment of the Acquired Premises Leases, the RBC Equipment Lease (collectively the "**Acquired Leases**") and the License Agreements (together with the Acquired Leases, collectively the "**Acquired Agreements**").
53. Accordingly, the parties to the Acquired Leases have all received notice of the present Motion.
54. 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, and the Trustee's comments thereon (as appears more fully from the Trustee's Report), 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 Acquired Agreements for the following reasons:
- (i) the Proposed Purchaser is being directed by the same directors as the Debtor and will therefore operate the Business in the same manner as the Debtor previously operated the Business, including the licensing arrangements pursuant to the License Agreements and the sale at retail of the same merchandise under the same trade name;

(ii) the Proposed Purchaser has secured the working capital required in order to obtain commitments from lenders 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 Acquired Leases such that there are no monetary defaults under the Acquired Leases that need to be cured. However, to the extent that any amounts remain owing under the Acquired Leases, pursuant to the Offer to Purchase, the Proposed Purchaser has agreed to assume responsibility for the payment thereof.

55. Accordingly, the Debtor respectfully submits that it is appropriate for this Honourable Court to order the assignment of the Acquired Agreements to the Proposed Purchaser.

X. URGENCY AND CONCLUSIONS SOUGHT

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

57. The Transaction must close quickly in order to ensure continuity in the Business operations throughout the last phase of the holiday selling season and in order to begin to book orders for the next season's merchandise.

58. Additionally, given Continental's position, the Transaction must occur imminently in order to avoid a liquidation.

59. The failure to conclude the transaction will result in the Debtor's bankruptcy, the liquidation of the Debtor's assets and thus cause significant prejudice to the Debtor's interim lender, Continental, suppliers and landlords, as well as to employees, independent contractors and other stakeholders.

60. 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.

61. 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** in support of the present Motion;
- (D) **ISSUING** any other orders the Court deems appropriate.

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

Montreal, December 1, 2017

(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP

Attorneys for Debtor/Petitioner

Me Gerald F. Kandestin / Me Jeremy Cuttler

1 Place Ville Marie, Suite 1170

Montréal, Québec H3B 2A7

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

gkandestin@kklex.com/jcuttler@kklex.com

TRUE COPY

Kugler Kandestin LLP
KUGLER KANDESTIN LLP

AFFIDAVIT

I, the undersigned Daniel Becker, domiciled for the purposes hereof at 5555 avenue Casgrain, Suite 201, Montréal, Québec H2T 1Y1, solemnly affirm the following:

1. I am the VP of Finance of the Debtor, 175413 Canada Inc.;
2. I have knowledge of all the facts alleged in the annexed "Motion for Authorization to Sell Certain Assets of the Debtor, Directions and Other Related Orders" and all the facts alleged therein are true.

And I have signed, in Montréal, Québec

(SGD.) Daniel Becker

Daniel Becker

Solemnly affirmed before me, in Montréal, Québec
this 1st day of December, 2017.

(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.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the trade name
M0851);

Debtor/Petitioner

-and-

KPMG 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-causes

NOTICE OF PRESENTATION

TO:

THE PARTIES LISTED IN THE ATTACHED SERVICE LIST

AND TO:

KPMG INC.
Trustee
Attention : Stéphane De Broux
600 Boulevard de Maisonneuve O.
Suite 1500
Montréal, QC

THE SUPERINTENDENT OF BANKRUPTCY
Sun Life Building
1155 Metcalfe Street
Suite 950
Montréal, QC
F: 514-283-9795

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS
services@rdprm.gouv.qc.ca

TAKE NOTICE that the "Motion for Authorization to Sell Certain Assets of the Debtor, Directions and Other Related Orders" will be presented for adjudication to a Judge of the Superior Court, of the Province of Québec, of the District of Montréal, or to the Registrar thereof, on December 6, 2017 at 8:45 a.m. in room 16.10 of the Montréal Court House, 1 Notre Dame East, Montréal, Québec or so soon thereafter as counsel may be heard.

Montréal, December 1, 2017

(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP
Attorneys for Debtor/Petitioner

TRUE COPY

Kugler Kandestin LLP.
KUGLER KANDESTIN LLP

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the trade
name M0851);

Debtor/Petitioner

-and-

KPMG 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-causes

LIST OF EXHIBITS

EXHIBIT P-1	Trustee's Report
EXHIBIT P-2	Draft Approval and Vesting Order
EXHIBIT P-3	Offer to Purchase
EXHIBIT P-4	Search Summary
EXHIBIT P-5	Sale and Solicitation Process Request for Offers

Montreal, December 1, 2017

(SGD.) Kugler Kandestin LLP

KUGLER KANDESTIN LLP
Attorneys for Debtor/Petitioner

TRUE COPY

Kugler Kandestin LLP.
KUGLER KANDESTIN LLP

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

-and-

THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;

Mises-en-causes

EXHIBIT P-1

Trustee's Report

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION: 01- Montreal
S.C.: 500-11-063292-179
SUPER: 41-2297864

SUPERIOR COURT
(Commercial Division)

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

175413 CANADA INC. (doing business under the name of **m0851**), body, a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 201-5555, Casgrain Street, in the City of Montreal, province of Quebec, H2T 1Y1

Applicant

DRAFT

- and -

KPMG INC., a corporation duly incorporated under the *Canada Business Corporations Act* (Canada), having a place of business at 600, boul. De Maisonneuve Blvd. West, Suite 1500 Montreal, QC, H3A 0A3

Trustee

TRUSTEE'S REPORT ON THE SALE TRANSACTION OUTSIDE OF THE ORDINARY COURSE OF BUSINESS (SECTION 65.13) AND ON THE STATE OF THE INSOLVENT PERSON'S BUSINESS AND FINANCIAL AFFAIRS (PARAGRAPHS 50.4(7)(B) AND 50.4(9))

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF **175413 CANADA INC.**:

I, Stéphane De Broux, CPA, CA, CIRP, LIT of the firm KPMG Inc. ("**KPMG**" or the "**Trustee**"), the trustee under the Notice of Intention to Make a proposal filed by **175413 CANADA INC.** (hereinafter "**m0851**" or the "**Company**"), hereby report to the Court as follows.

INTRODUCTION

1. On September 27, 2017, m0851 filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"), and KPMG was appointed as Trustee to the NOI. As a result of the filing of the NOI, all proceedings against the Company and its assets were stayed until October 27, 2017 (the "**Stay Period**");
2. On October 6, 2017, the Trustee filed with the official receiver (i) a projected cash-flow statement for the period of October 2, 2017 to November 10 2017, (ii) the Company's report on its cash flow statement and (iii) The trustee report on said cash flow statement, in accordance with section 50.4(2) of the BIA and on October 4, 2017, the Trustee sent a copy of the NOI to all known creditors of m0851;

3. On October 6, 2017, the Company filed a motion, and the Court issued an Order, for the authorization to provide interim credit facilities by Continental Capital Investments Inc. (the "Interim Lender") to the Company in order to execute its restructuring and operate the "Business" (hereinafter defined) and approval for granting charges in favour of the Interim Lender (the "Interim Financing Charge") ranking in priority to the security interests currently held by the Company's secured lenders.
4. On October 12, 2017, the Trustee issued its certificate rendering the senior ranking Interim Financing Charge effective in favor of the Interim Lender.
5. On October 24, 2017, the Company filed an Application for extension of the delay to file a proposal until December 11, 2017 (the "**Application for extension**");
6. On October 26, 2017, the Trustee filed its report on the state of the Company's business and affairs in regards with the first application for extension of the delay to file a proposal, along with a projected weekly cash flow for the period ending on December 29, 2017.
7. On October 26, 2017, the Court granted the extension to file a proposal until December 11, 2017.
8. The Trustee developed an internet micro-site, where the Applications and Orders described above are available for creditors to review.
9. As part of its restructuring, the Company has mandated the Trustee to assist with initiating and pursuing a sale and solicitation process in order to market and solicit offers for the Business and assets relating thereto, as presented in the October 24, 2017 Application for extension (hereinafter the "**SSP**").
10. The purpose of this report is to provide this Honourable Court with information regarding:
 - a) Background information on m0851;
 - b) m0851's activities since the filing of the NOI;
 - c) The SSP, and
 - d) The Trustee's recommendation with respect to the SSP.

BACKGROUND INFORMATION

11. Founded in 1987, m0851 is a privately owned company and operates a vertically integrated Montreal based business which designs and manufactures high-quality and functional leather and fabric goods sold at the wholesale level, to franchised stores internationally and at its own retail stores in Canada and through its e-commerce site (the "Business").
12. The design, manufacturing, wholesale, warehousing and administrative divisions of the Business operate from the Company's leased head office premises in Montreal at 5555, avenue Casgrain, Suite 201.
13. The Company operates seven (7) retail stores in Canada with four (4) in the province of Québec and three (3) in Ontario. Each such store is the object of a lease between the Company and the respective landlord.
14. In addition to its own Canadian operations, the Company has entered into agreements whereby it licenses selling rights to parties operating retail outlets which exclusively offer the Company's products. In Canada, two (2) such outlets are located in the province of Québec and two (2) in the greater Vancouver area. In Japan, four (4) such outlets exist and the licensee thereof operates a distinct e-commerce site.

15. Additionally, the Company has two wholly owned subsidiaries, m0851 Products and Architectural Design Inc. and m0851 Trading (Beijing) Co. Ltd., which operate stores in the United States and Beijing (collectively the "Subsidiaries"). As a result of the liquidation of the Subsidiaries' inventories by or for the benefit of TD Bank, the Subsidiaries have no assets of significant value.
16. In order to operate the Business, the Company has a workforce of over 90 employees who work in various divisions of the Business.
17. The NOI was filed in a context where:
 - a) The distressed North American retail market and the fierce competition in the niche market of exclusive leather and lifestyle goods has caused the Company to experience a great degree of difficulty.
 - b) As a result of the above, the Business has been negatively impacted and its performance has decreased to the point of insolvency.
 - c) Consequently, on September 12, 2017, TD Bank issued a notice pursuant to Section 244 BIA of its intention to enforce its security on all or substantially all of the Property and has demanded repayment of such loans.
 - d) Given its defaults under the TD Bank credit facilities and its insolvency, it was determined that it was in the best interests of the Company to file the NOI and enter into a formal restructuring process.

M0851'S ACTIVITIES SINCE THE FILING OF THE NOI

18. After the Motion was granted to the Interim Lender, on October 6, 2017, an agreement was reached between the Interim Lender and the TD Bank for the partial reimbursement of its Canadian line of credit and as such, the interim financing was executed.
19. The Company has made certain changes to its retail operations:
 - a) Lease disclaimers were issued to two landlords on October 10, 2017, pursuant to subsection 65.2 (1) of the BIA, relative to a store located in Montreal and another one in Toronto. Pursuant to the issuance of these disclaimers, lease amendments were concluded with the respective landlords;
 - b) In order to reduce its operating costs, the Company has met with other landlords and as a result has obtained additional lease amendments from two landlords, relative to a store located in Montreal and another one in Toronto;
 - c) Discussions are currently being held with two landlords, relative to another store in Montreal and another in Toronto, in order to renegotiate the lease.
20. The interim financing provided under the agreement between m0851 and the Interim Lender is discretionary and becomes due on the earlier of demand, default or January 6, 2018.
21. The Company diligently maintained its manufacturing and store operations since the filing of the NOI, including advertising special discounts in stores and on its internet site in order to promote sales.

CASH FLOW RESULTS RELATIVE TO PROJECTIONS

22. Cash receipts and disbursements for the 34 day period ended on November 24, 2017 as compared to the cash flow projections, are summarized in the following table:

For the weeks ended from October 27 to November 24, 2017	Total		Total Variance
	Projections	Actuals	
Interim Lender Indebtedness - beginning of period	(\$1 660 013)	(\$1 660 013)	-
Receipts			
Proceeds from sales and collection of accounts receivables	1 606 956	1 313 970	(292 986)
Disbursements			
Purchases	150 000	83 961	(66 039)
Payroll/Group Insurance /Contractors	559 973	580 400	20 427
Rent	266 080	204 625	(61 455)
Insurance	6 000	10 264	4 264
Leases	22 200	13 216	(8 984)
Consultants/Legal/Accountants/Trustee	79 000	104 508	25 508
GST & QST	130 000	63 228	(66 772)
Credit Cards	55 000	32 434	(22 566)
Other expenses	141 000	109 670	(31 330)
Interests and Capital	30 114	-	(30 114)
	1 439 367	1 202 306	(237 061)
Net Cash Flow	167 589	111 664	(55 925)
Interim Lender Indebtedness - end of period	(\$1 492 424)	(\$1 548 349)	(55 925)

23. As at November 24, 2017, net advances by the Interim Lender to m0851 totaled \$1,548,000 (\$1,667,000 less cash in Bank of \$118,000) compared to a projection of \$1,492,000, representing a negative variance of \$56,000. As of November 29, 2017 the debt owed to the Interim Lender was \$1,724,000.
24. The negative net cash flow during the period was \$56,000 greater than projected. The main reasons for the net cash flow variance are summarized below:
- Total cash receipts during the period were lower than expected by \$293,000. This variance is for the most part related to the decision made by management to delay to December, the sample and liquidation sales.
 - Payments for the purchases of raw material are made only once confirmations are received from the overseas suppliers that the goods are ready to be shipped.
 - Payments of commissions to sales representatives at the stores were higher than the amounts projected.
 - A landlord has not yet cashed its rent for November 2017 and the company has obtained a lease reduction from another landlord.
 - The payment of the GST/QST will be made at month-end on November 30, 2017.
 - As part of its restructuring efforts, the Company has been able to reduce certain operating expenses, thus resulting in lower cash disbursements. Certain other cash disbursements were lower than forecasted due to timing differences.
25. m0851 has paid, and continues to pay for any goods and services received subsequent to the date of the filing of the NOI, including payroll, rent and new purchases.

SALE PROCESS

26. As part of its restructuring plan, the Company has put in place a SSP to sell all of its assets with the assistance and under the supervision of the Trustee in order to market and solicit offers for the Business and assets relating thereto, the whole pursuant to that "Request for Offers", a copy of which is annexed hereto as **Appendix A**.
27. The following summarizes the key elements that occurred between the launch of the SSP on October 27, 2017 and the bid deadline on November 24, 2017 at 12:00 P.M. (the "**Bid Deadline**"):
 - a) The Trustee and the Company, prior to the launch of the SSP, had prepared a list of potential interested parties active in the industry or a similar industry. During the solicitation period, additional names were added to the list. In all, the list contained the names of forty-three (43) companies, a copy of which is annexed hereto as **Appendix B**.
 - b) In addition, the Company communicated with certain other parties who could be potential investors or had shown interest in the business of m0851 in the past.
 - c) The Trustee contacted the potential interested parties on the list and twenty-six (26) of them provided the coordinates of a management representative to whom a description of the company and the assets for sale was provided, a copy of which is annexed hereto as **Appendix C**.
 - d) Certain companies indicated during the first communication with them that they were not interested in pursuing this opportunity.
 - e) Follow-up communications were made by the Trustee with the other potentially interested parties on the list, including those who had accepted to receive more information about the Company and the assets for sale.
 - f) Among those parties, six (6) of them requested and received a Non-Disclosure Agreement (the "**NDA**") and the Terms and Conditions of sale.
 - g) Four (4) parties signed the NDA and were granted access to the private virtual data room created by the Trustee.
28. The Interim Lender was kept informed of the steps taken by the Company and the Trustee during the SSP.
29. BDC Capital Inc (the "**BDC**"), one of the Company's secured creditors, was provided with the list of potential interested parties and was granted access to the virtual data room. The Trustee answered the questions received from the BDC, pursuant to its review of the information included in the virtual data room.
30. The Trustee informed other creditors and stakeholders that communicated with him, with regards to the status of the file and the SSP.
31. In accordance with the terms and conditions of the SSP, on November 24, 2017, the Trustee opened the only offer received at the Bid Deadline, a copy of which is annexed hereto as **Appendix D**. None of the other potential investors which the Trustee pursued garnered enough interest to make or participate in an offer.

PROPOSED OFFER TO PURCHASE

32. 10498700 Canada Inc. (the "**Proposed Purchaser**") has submitted an offer (the "**Proposed Offer**") pursuant to that certain Offer to Purchase submitted by the Proposed Purchaser under the SSP.
33. Although the Proposed Purchaser is not owned directly by the same shareholders of the Company, such shareholders direct the Proposed Purchaser and as such, the authorization of the Proposed Offer contemplated by the Application is being sought as though such proposed sale will be made to a person related to the Company pursuant to Section 65.13(5) BIA.
34. The Proposed Offer consists in the purchase of the following assets of m0851 (the "**Purchased Assets**"):
 - a) Certain of the retail store leases and head office lease (the "Acquired Premises Leases");
 - b) All license agreements;
 - c) Lease for certain equipment and such certain equipment;
 - d) All inventories;
 - e) All furniture, fixtures, computers, office equipment, store fixtures and equipment;
 - f) All intellectual properties;
 - g) All accounts receivable and other claims;
 - h) All goodwill pertaining to the business;
 - i) All monies and cash on hand held by m0851 or at a financial institution, and
 - j) All shares of m0851 Trading (Beijing) Co. Ltd.
35. The purchase price for the assets will be paid through the assumption by the Proposed Purchaser of certain debts (the "**Assumed Debts**").
 - a) All indebtedness owing to Continental Capital Investments Inc., the Interim Lender, as at and after the closing of the transaction. As at November 29, 2017, the amount due was 1 724 000 \$. This amount may vary somewhat until the contemplated date of the closing of the transaction;
 - b) All salaries and other remuneration and benefits owing to the current employees, from and after the closing of the transaction. The salaries are paid by the Company bi-weekly;
 - c) All indebtedness owing under the Acquired Premises Leases for the premises as at and after the closing of the transaction. Some of the leases have terms up to 2020 and 2021.
 - d) All indebtedness owing under the acquired equipment leases as at and after the closing of the transaction;
 - e) All amounts owing to suppliers of any in-transit inventory, and
 - f) Professional fees.
36. On November 27, 2017, m0851 informed the Trustee of its decision to accept the Proposed Offer and to sell the Purchased Assets, on an "as is, where is" basis to the Proposed Purchaser, subject to the approval of this Court, and the execution of an asset purchase agreement and other related agreements or documents satisfactory to them.

ANALYSIS OF THE PROPOSED OFFER

37. The Trustee respectfully makes the following comments to this Honourable Court:
38. The Trustee supports the request sought by the Company in its Application to obtain the approval from the Court of the Proposed Offer, for the reasons below. In supporting the Proposed Offer, the Trustee has considered the transaction as though the sale contemplated thereby will be made to a person related to the Company.
- a) The SSP was reasonable under the circumstances. The Company had a time frame of four weeks in order to identify potential interested parties, run a due diligence process and close a transaction, given that the agreement with the Interim Lender will expire on January 6, 2018. In addition, the Interim Lender has indicated to the Company that it will likely have no other alternative than to enforce its security unless the transaction is approved, considering the time of year and the limited period remaining until Christmas. Notwithstanding the tight timeframe under the current context, more than 40 potential interested parties were contacted.
- b) As appears from the table below, as at November 24, 2017, the estimated net realization value of m0851's assets in the context of a liquidation scenario is estimated to range between \$555,000 and \$1,398,000. Two (2) inventory valuations were completed in recent months, by professional appraisers, at the request of m0851. For the most part, the realization values for the inventories presented in the table and the associated liquidation costs, reflect the assumptions used by the appraisers.

175413 Canada Inc.			
Estimated Net Orderly Liquidation Value in a liquidation context			
As of November 24, 2017			
	Book Value	Estimated Realization Value in a liquidation	
		Low	High
Cash	118,233	118,233	118,233
Accounts receivables	413,861	157,207	190,895
Inventories	3,904,827	1,662,192	3,369,336
Security deposits (Lanlords)	416,401	-	-
Advances to shareholder / Parent company	941,678	-	-
Fixes assets (incl. Leasehold improv. and Capital leases)	2,201,514	56,698	113,395
Goodwill	97,102	-	-
Estimated realization from Assets	8,093,616	1,994,330	3,791,859
Less: priority charges		(184,000)	(184,000)
Less: Estimated Realization Costs		(1,254,936)	(2,210,000)
Estimated Net Realization available to creditors		555,394	1,397,859

- c) The book values presented in the table were derived from the unaudited financial statements of m0851.
- d) As at November 29, 2017, the debt owed to the Interim Lender was \$1,724,000.
- e) The net realization value in the context of a bankruptcy / liquidation scenario (range of \$555,000 to \$1,398,000) is estimated to be fairly lower than the amount of secured claims which are estimated at \$4,889,394, including the indebtedness of \$1,724,000 owing to the senior ranking Interim Lender as at November 29, 2017), thus yielding no recoveries for the unsecured creditors and no business continuity for the employees, contractors, suppliers and holders of license agreements. Additionally, these values assume a timely liquidation leading up to the holiday season, in general, and do not take into account the diminished value which

will result from the few selling days remaining before Christmas, in particular. Therefore, the consideration to be received for the Purchased Assets is reasonable and fair, taking into account their estimated value in the current context.

- f) An important portion of the fixed assets of the Company is comprised of leasehold improvements and certain equipment under capital leases, which have no value in the context of a liquidation. The remaining computer, office and manufacturing equipment, and furniture and fixtures would have limited realization value.
- g) The m0851 brand has little value for other manufacturers / retailers, as evidenced by the absence of offers received from the potential interested parties that were contacted by the Company and the Trustee. The value of the brand is closely tied to its founder and current president, Mr. Frédéric Mamarbachi.
- h) The Proposed Offer provides for the assumption of the debt of the Interim Lender and of the Acquired Premises Leases, for the benefit of the various stakeholders.
- i) m0851 would be under the management of the same directors of the Company, who have a thorough knowledge of the business and it's industry.
- j) The Proposed Purchaser has advised the Trustee that it has secured the working capital necessary in order to obtain financial commitments from lenders in order to support the Business and refinance the Interim Financing expiring on January 6, 2018. The Proposed Purchaser is confident to obtain these commitments very shortly.
- k) The sale would ensure that the majority of the over 90 jobs would be maintained at the head office, including the skilled labour production force, and at the retail stores and provides for the assumption of any debts owing to such employees.
- l) The independent contractors doing production work for m0851, with a total workforce of approximately 50 employees, would retain an important client.
- m) Six (6) stores would remain in operations in Québec and in Ontario, as the leases would be assigned to the Proposed Purchaser.
- n) The Proposed Purchaser would continue the licensing agreements, thus maintaining the operations of four (4) independent stores in Québec and in British-Columbia.
- o) The Proposed Purchaser would also maintain its licensing agreement in Japan with a company operating four (4) stores, thus maintaining a volume of sales overseas.
- p) The supply relationships and orders with the Company's current suppliers would also be maintained by the Proposed Purchaser.

ASSIGNMENT AGREEMENTS

39. With respect to the assignment of the leases for retail stores, the head office lease, the equipment lease and the license agreements, the Trustee approves such assignments for the following reasons:
- a) All rentals and/or other amounts or obligations owing or to become owing to the lessors of the premises leases and the equipment lease to be acquired will be assumed by the Proposed Purchaser. Additionally, the Proposed Purchaser will assume any and all defaults under such leases, to the extent same are owed.
 - b) The proposed Purchaser will operate the Business in the same manner as the Company previously operated the Business and will maintain the licensing arrangements pursuant to the license agreements and the retail selling of the same merchandise under the same trade name.

- c) The Proposed Purchaser has secured the working capital necessary in order to obtain commitments from lenders to support the operation of the Business.

TRUSTEE'S RECOMMENDATIONS

40. In light of the above, The Trustee has therefore come to the conclusion that the transaction contemplated by the Proposed Offer would be more beneficial to the Debtor's stakeholders generally than a liquidation and the consideration to be received is reasonable taking into account their market and liquidation values. In addition, the transaction coupled with the assignment of the agreements mentioned above represents the best solution in the present circumstances.
41. Additionally, given Continental's position, the Transaction must occur imminently in order to avoid a liquidation.
42. The failure to conclude the transaction will result in the Company's bankruptcy, the liquidation of the Company's assets and thus cause significant prejudice to the Company's Interim Lender, Continental, suppliers and landlords, as well as to employees, independent contractors and other stakeholders.

All of which is respectively submitted this 1st day of December, 2017.

KPMG INC., in its capacity
as Trustee of 175413 Canada Inc.



Stéphane De Broux, CPA, CA, CIRP, LIT

APPENDIX A

REQUEST FOR OFFERS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 175413 CANADA INC.

KPMG Inc. ("**KPMG**") acts as trustee to the notice of intention to make a proposal of 175413 Canada Inc. (operating under the trade name "M0851") (the "**Debtor**") filed on September 27, 2017.

The Debtor has mandated KPMG to initiate and conduct a sale and solicitation process to market the Debtor's business and the assets related thereto. Any transaction in connection with the Debtor's business and/or the assets will require Court approval.

As part of this solicitation process, KPMG will allow Qualified Bidders to access (at KPMG's choice, either through KPMG's virtual data room or through other means chosen by KPMG) all documents and information which the Debtor believes to be required in order for a Qualified Bidder to be in a position to make an offer or propose a transaction in connection with the Debtor's business or the Assets (the "**Information**").

The present Request for Offers (the "**Request**") is subject to and governed by the following conditions and terms:

1. **VENDOR.** The Vendor of the Assets will be either the Debtor, a receiver to be appointed in respect of the Assets or, in the event of the Debtor's bankruptcy, the Debtor's bankruptcy trustee ("**Vendor**").
2. **ASSETS.** The assets forming the object of any Qualified Bid (the "**Assets**") will consist of the whole or any portion of all of the Debtor's corporeal and incorporeal, tangible and intangible property and any interests of the Debtor therein (to the extent of such interests) including, without limitation, all inventory, accounts receivable, leasehold improvements, leasehold rights, contractual rights under agreements, fixed assets, intellectual property and goodwill and shares in all of the Debtor's subsidiaries including, without limitation, M0851 Products and Architectural Design Inc. and M 0851 Trading (Beijing) Co. Ltd.
3. **QUALIFIED BIDDER.** The Debtor will only consider Qualified Bids from bidders who have provided to KPMG a fully executed "Confidentiality and Non-Disclosure Agreement" (the "**NDA**") to the Debtor's complete satisfaction (a "**Qualified Bidder**").
4. **DUE DILIGENCE.** Upon request made by a Qualified Bidder to KPMG, the Qualified Bidder may be granted access to the Information, in order to allow the Qualified Bidder to complete its due diligence prior to submitting a bid, all subject to and in accordance with the provisions of the NDA.

5. **QUALIFIED BID.** The Debtor shall only consider bids which meet the following conditions (a "Qualified Bid"), namely:
- (a) the bid is submitted by a Qualified Bidder;
 - (b) the bid is submitted by the Bid Deadline;
 - (c) the bid pertains to the acquisition or liquidation of the whole or any portion of the Assets or a transaction in connection with the investment or partnership in the Debtor's business;
 - (d) the bid indicates the consideration offered for the Assets to be purchased or the proposed transaction (the "**Purchase Price**") and the method of its payment;
 - (e) the bid is not conditional upon the outcome of unperformed due diligence or the obtaining of financing;
 - (f) the bid is conditional upon the issuance by the Commercial Division of the Quebec Superior Court for the District of Montreal (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 expired without an appeal having been lodged or, an appeal having been lodged, the Order having been confirmed on appeal withdrawn which:
 - (i) authorizes Vendor (**A**) in the case of the sale of Assets, to sell the relevant Assets to the Qualified Bidder, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than any expressly assumed by the Qualified Bidder in its Qualified Bid, and/or (**B**) to enter into and complete the proposed transaction with the Qualified Bidder, the whole in accordance with the terms and conditions of the Qualified Bid;
 - (ii) in the case of the Assets comprising leasehold rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all leases creating such leasehold rights; and
 - (iii) in the case of Assets comprising contractual rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all agreements creating such contractual rights.
 - (g) in the case of a sale of the Assets, the bid is accompanied by a deposit equal to the lesser of \$50,000 or 5% of the Purchase Price (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, payable to "KPMG Inc. – In Trust";

- (h) the bid provides for a closing of the transaction envisaged by the Qualified Bid (the "**Contemplated Transaction**") by no later than 5 o'clock p.m. (Montreal time) on December 5, 2017 (the "**Closing Date**"); and
 - (i) the Qualified Bid provides for the following acknowledgments and representations from the Qualified Bidder, namely that:
 - (i) the Qualified Bidder has had the opportunity to conduct all due diligence regarding the Assets and/or the Debtor, before submitting its bid;
 - (ii) the Qualified Bidder acknowledges and recognizes that the Contemplated Transaction will be made on an "*as is / where is*" basis, at the Qualified Bidder's own risk and peril, without any representations or warranties of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise, with respect to the Assets and/or the Debtor;
 - (iii) the Qualified Bidder, in submitting its bid, has relied solely upon its own independent review, investigation and/or inspection of the Assets and the Information concerning the Assets and/or the Debtor;
 - (iv) the Qualified Bidder, in submitting its bid, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Assets and/or the Debtor or regarding any Information or the completeness thereof; and
 - (v) the bid is accompanied by such other information as may be reasonably requested by the Debtor and/or KPMG.
6. **BID DEADLINE.** Qualified Bids accompanied by the Deposit must be received in a sealed envelope by KPMG by no later than noon (Montreal time) on November 24, 2017 (the "**Bid Deadline**"). Such sealed envelope must clearly be marked "BID – 175413 CANADA INC.".
 7. **OPENING OF QUALIFIED BIDS.** Qualified Bids will be opened at KPMG's offices upon the expiry of the Bid Deadline. No bidder will be present at the opening of bids.
 8. **WITHDRAWAL OF A QUALIFIED BID.** All Qualified Bids submitted constitute a firm offer and cannot be revoked, unless a written notice of withdrawal of the Qualified Bid is received by KPMG prior to the expiry of the Bid Deadline.
 9. **RETAINED BIDDER AND CONTEMPLATED TRANSACTION.** KPMG, after consultation with the Debtor, and/or the Debtor, will determine which of the Qualified Bids, if any, is acceptable. KPMG may elect to reject any or all of the Qualified Bids and is under no obligation to accept the highest Qualified Bid or to accept any of the Qualified Bids. The Qualified Bidders will be informed in writing by no later than 5 o'clock p.m. (Montreal time)

on November 27, 2017 of the decision in respect of their respective Qualified Bids as follows:

- (a) if a Qualified Bid is accepted, the Qualified Bidder will receive a notice of acceptance from KPMG (the "**Notice of Acceptance**") confirming that the Debtor agrees to complete the Contemplated Transaction with the Qualified Bidder (each a "**Retained Bidder**"), the whole subject to the issuance of the Approval Order (each a "**Retained Bid**"); and
 - (b) if a Qualified Bid is dismissed, the Qualified Bidder will receive notice of dismissal from KPMG and the Deposit (without any accrued interest thereon) will be promptly returned by KPMG to the Qualified Bidder. The Qualified Bidder recognizes and acknowledges that it has absolutely no recourse against KPMG and/or the Debtor as a result of the dismissal of its Qualified Bid, save and except with respect to the return of its Deposit (without any accrued interest thereon).
10. **DEFINITIVE AGREEMENTS.** Following receipt of a Notice of Acceptance, the Retained Bidder, the Debtor and KPMG undertake to negotiate in good faith to finalize the definitive agreements necessary to fully implement the Contemplated Transaction (the "**Definitive Agreements**").
 11. **APPLICATION TO THE COURT.** Unless the Debtor otherwise agrees, the Application to the Court seeking issuance of the Approval Order will not be filed with the Court prior to the drafts of the Definitive Agreements having been approved in writing by each of the Debtor, KPMG and the Retained Bidder.
 12. **CLOSING.** Closing of the Contemplated Transaction(s) will occur no later than the Closing Date.
 13. **LIABILITY FOR TAXES.** All applicable duties and taxes (including all sales taxes) that may be payable as a result of or in connection with the Contemplated Transaction will be paid by the Retained Bidder (in addition to the Purchase Price) in full at closing.
 14. **WITHDRAWAL OF ACCEPTANCE.** The Debtor may withdraw its Notice of Acceptance at any time prior to the closing of the Contemplated Transaction. In the event of such withdrawal, KPMG will immediately return the Deposit (without any accrued interest thereon) to the Retained Bidder and the Retained Bidder will have no further rights or recourses whatsoever against the Debtor and/or KPMG.
 15. **EXCLUSION OF WARRANTIES.** Any Contemplated Transaction will be made strictly on an "*as is / where is*" basis, without any representations or warranties on the part of the Debtor, any other Vendor or KPMG, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the Assets and/or the Debtor, all such representations or warranties being expressly excluded from the Contemplated Transaction. Without limiting the generality of the foregoing, in connection with a sale of the Assets, the Qualified Bidder acknowledges (and will acknowledge in the Definitive

Agreements) having examined the Assets in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with a sale of the Assets, the Retained Bidder recognizes and acknowledges (and will recognize and acknowledge in the Definitive Agreements) that the Debtor and any other Vendor is not a professional seller of the Assets.

16. **POSSESSION.** Upon occurrence of closing on the Closing Date, in the event the contemplated transaction is in respect of the Assets, the Retained Bidder will take possession of the Assets strictly on an "as is / where is" basis, at its own cost and expense, without any liability on the part of the Debtor or KPMG. The Retained Bidder will indemnify and hold each of the Debtor and KPMG harmless for and against all claims in connection with any damages caused to any premises where the Assets are located as a result of the Qualified Bidder's taking possession thereof.
17. **TITLE.** Title to the Assets will not pass to the Retained Bidder nor will the Retained Bidder be entitled to possession thereof until the occurrence of closing on the Closing Date.
18. **DEFAULT OF A QUALIFIED BIDDER.** If a Qualified Bidder fails to comply with any of the terms, conditions and provisions of this Request, the NDA or its Qualified Bid, the Qualified Bidder will indemnify and hold harmless each of the Debtor and KPMG for any damages incurred as a result of such failure.
19. **DEFAULT OF A RETAINED BIDDER.** If a Retained Bidder fails to complete the Contemplated Transaction or breaches the terms, conditions and provisions of this Request or the NDA, then:
 - (a) such Retained Bidder will be absolutely deemed to have completely forfeited its Deposit to and in favour of the Debtor and KPMG shall immediately remit such Deposit to the Debtor, which the Debtor shall be entitled to retain as pre-determined partial damages (and not as a penalty) resulting from such Retained Bidder's default; and
 - (b) the Debtor and/or KPMG, as the case may be, will be entitled to claim damages from the Retained Bidder resulting from such Retained Bidder's default in excess of the Deposit.
20. **NO ASSIGNMENT.** Neither a Qualified Bidder nor a Retained Bidder will be entitled to transfer or assign, in whole or in part, any of its rights, title and/or interest in or to its Qualified Bid and/or Retained Bid, except with the express prior written consent of the Debtor. If such consent is given by the Debtor, such Qualified Bidder, the Retained Bidder and the designated transferee/assignee will be solidarily (jointly and severally) liable towards the Debtor for all of the obligations of the Qualified Bidder and/or the Retained Bidder under its Qualified Bid and/or Retained Bid.
21. **NOTICE.** All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted under this Request shall be in writing,

sent by personal delivery, courier, facsimile or electronic transmission at the following coordinates:

(a) For any Qualified Bidders: At the coordinates indicated in their respective bids;

(b) For the Debtor: 175413 CANADA INC.

5555 avenue Casgrain
Suite 201
Montréal, Québec H2T 1Y1
Attention: Frederic Mamarbachi
Daniel Becker
E-Mail: frederic@m0851.com
daniel@m0851.com

(c) To KPMG: KPMG INC.

600 Maisonneuve Blvd West
Suite 1500
Montreal, Quebec H3A 0A3
Attention: Stéphane De Broux
Richard Lépine
E-Mail: sdebroux@kpmg.ca
rlépine@kpmg.ca

- 22. APPLICABLE LAW AND JURISDICTION.** This Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s) will be subject to and governed by the laws of the Province of Quebec and the laws of Canada in force therein from time to time. Each Qualified Bidder, the Debtor and KPMG attorns to the exclusive jurisdiction of the Court with respect to any and all legal proceedings or remedies related, directly or indirectly, to this Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s).
- 23. DELAYS.** If any delay provided for herein expires on a day that is not a business day (i.e. any day other than a Saturday, Sunday or statutory holiday in the Province of Quebec or any other day on which banks are generally closed for business in the Province of Quebec), the delay will be extended to the next business day. All delays set forth in this Request, including, without limitation, the Bid Deadline, the Closing Date and the delays set forth in Sections 7 and 9 hereof, may be extended by the Debtor, with the consent of KPMG.
- 24. WAIVER OR VARIANCE OF CONDITIONS.** All of the conditions set forth in this Request, the NDA and the Contemplated Transaction will enure to the exclusive benefit of the Debtor or any other Vendor and, accordingly, the Debtor or any other Vendor alone (and

expressly not any Qualified Bidder or any Retained Bidder) will be entitled to waive or vary any of such conditions.

- 25. LANGUAGE.** Each of the Debtor, KPMG and the Qualified Bidders agree that this Request, the NDA, the Definitive Agreements, the Contemplated Transaction and all related documents be drawn up solely in the English language. / *Chacun des "Debtor", "KPMG" et "Qualified Bidders" consentent à ce que ce "Request", "Confidentiality Agreement", "Definitive Agreements", "Contemplated Transaction" et tous les documents y afférents soient rédigés dans la langue anglaise.*

MONTREAL, October 30, 2017

KPMG INC., in its capacity as Trustee
to the Notice of Intention to Make a Proposal of
175413 Canada Inc.

APPENDIX B

175413 Canada Inc.

List of potential interested parties

Nom de la compagnie

Groupe Dynamite Inc.
Gildan Apparel Inc.
Le Château
Lowell MTL / LEF industries
Point Zero
Collection La Marque Inc.
Pajar
Nobis
Quartz and Co
Sorel - Columbia
Brave Leather
Arcteryx
Erin Templeton
Laura
Jack & Jones - Bestsellers
Frank & Oak
Reitmans
Joseph Ribkoff, Inc.
Canada Leathers
Eileen Fisher, Inc.
James Perse Enterprises, Inc.
Tristan
Aritzia
Kanuk / Champlain
Frank Lyman
Joe Fashions / Premium Retail Group
Canada Goose Holdings Inc.
Roots Canada Ltd.
Lulu Lemon
Elle Tahari, Ltd.
Lafayette 148 New York Inc.
Andrew & Suzanne Company, Inc.
Audvik
APP Group - Mackage
The Levy Group, Inc.
Peerless Garments LP
DK Company
Overland Sheepskin Company, Inc.
Soprano Handbags
NYGÅRD International Partnership
Danier Leather Inc.
Jaw Leather Goods
Vince Holding Corp.

APPENDIX C



Designer, Manufacturer and Retailer in the textile industry (clothing, bags and accessories)

Communications

All communications regarding this opportunity should be directly sent to:
KPMG inc.

600, de Maisonneuve W,
Suite 1500
Tour KPMG
Montreal (QC) H3A 0A3
Canada

Contact Information

Richard Lépine
Vice-President
+1 (514) 840 -2501
rlépine@kpmg.ca

Additional Informations

Please contact the representative of the Trustee to obtain a copy of the call for tender, which includes the details of the Assets and the conditions.

Context

The Company started a restructuring process on September 27, 2017, by the filing of a notice of intention to file a proposal (hereinafter the "NOI") pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (hereinafter the "BIA"). KPMG inc. (hereinafter "KPMG") has been appointed as trustee to the NOI.

As part of its restructuring process, the Company, with the support and supervision of KPMG, solicits offers for the purchase of its assets, subject to the approval of the Superior Court of Quebec.

The offers must be received by no later than November 24, 2017.

Company profile

A private company with a manufacturing, distribution and Head Office complex located in Montreal, Quebec.

With 30 years of experience, the Company designs and manufactures leather bags, accessories, jackets and outerwear, with high-end raw materials sourced around the world.

The Company caters to a diverse clientele through its own network of Canadian corporate and franchisee stores, in the US and abroad, through corporate stores owned by related companies and selected third party retail stores.

The Company :

- ❖ In operation since 1987
- ❖ High-quality leather and fabric products designed and manufactured locally.
- ❖ Creative design house of international reputation
- ❖ Products distributed in concept boutiques in Canada, the USA and various cities around the world.
- ❖ Carries approximately 400 different product styles.

Business assets offered for sales:

All the assets of the Company , including among others:

- ❖ Manufacturing operations based in Montreal, including equipment
- ❖ Inventories located at the head office and accounts receivable.
- ❖ Canadian corporate stores operations, including inventories, and furniture and fixtures
- ❖ Leasehold rights
- ❖ Contractual rights under agreements
- ❖ Intellectual property;
- ❖ Shares in subsidiaries (USA and China)

Important notice

This document contains basic information, statements and estimates provided to KPMG Inc. by the Company and its management. This document contains certain statements, estimates and projections with respect to the anticipated future performance of the Company. Such statements, estimates and projections reflect various assumptions made by the management of the Company concerning anticipated results, which assumptions may or may not prove to be correct. No representation is made as to the accuracy of such statements, estimates and projections.

Any person including any purchaser referred to in this document or any business or assets referred to herein must satisfy himself as to all matters relating to that Company or such business assets including all the information and statement contained herein.

KPMG Inc. on behalf of itself and all other member firms of KPMG, and all partners, staff and agents thereof, does not accept responsibility for any information contained herein and disclaims all liability to any person or entity arising out of or in connection with such information. KPMG Inc. is a division of KPMG LLP which is authorized and regulated by the Financial Services Authority for investment business activities.

APPENDIX D

OFFER TO PURCHASE

175413 CANADA INC.
c/o KPMG Inc.
600 de Maisonneuve Blvd. West
Montreal, Quebec
H3A 0A3

ATTENTION: Stéphane De Broux

Gentlemen:

10498700 Canada Inc. ("**Purchaser**"), hereby offers to purchase from Vendor all corporeal/tangible and incorporeal/intangible property, of any nature, form or location whatsoever which is, as of the Closing Date, owned by 175413 Canada Inc. ("**Debtor**") or in which the Debtor has any right, title or interest (to the extent of such interest), save and except for the Excluded Assets, but including, without limitation, the following:

- A. all leases and similar agreements including all amendments thereto and offers to lease (the "**Premises Leases**") for the Debtor's occupancy of the following (collectively the "**Acquired Premises Leases**"):
 - (i) each and every one of the retail store premises marked by Purchaser as being "ACQUIRED" on **Schedule "A"** hereto; and
 - (ii) the Debtor's head office and warehouse located at 5555 Casgrain, Suite 201, Montreal, Quebec H2T 1Y1;
- B. all contractual rights under all of the trademark license agreements to which the Debtor is party as licensor as more fully described at "**Schedule B**" hereto (the "**License Agreements**");
- C. the equipment lease and similar agreements more fully described at "**Schedule C**" hereto for the Debtor's leasing of certain equipment (the "**Acquired Equipment Lease**");
- D. all of the equipment which is the object of the Acquired Equipment Lease;
- E. all of the Debtor's goods, wares, merchandise and inventory wherever situated, including, without limitation, all in-transit inventory and/or on-order inventory (the "**In-Transit Inventory**"), the full benefit of all deposits or other partial payments made by the Debtor to the suppliers of all of the foregoing (collectively the "**Inventory**");

- F. all of the Debtor's furniture, fixtures, computers, office equipment and other equipment other than the Non-Acquired Equipment, store fixtures and store equipment wherever situated;
- G. all intellectual property in its broadest sense including, without limitation, all patents, trademarks, copyrights, tradenames and all other intellectual property (including, without limitation, the trademarks/names "m 0851" and/or "m0851");
- H. all accounts receivable and other claims;
- I. all goodwill pertaining to the business carried on by the Debtor (the "**Business**") including, without limitation, the right of Purchaser to continue to carry on the Business for the Purchaser's own account and to the complete exoneration of the Debtor;
- J. all monies and cash on hand held by the Debtor or held by any financial institution(s) on behalf of the Debtor; and
- K. all shares held by the Debtor in the Debtor's subsidiary: M0851 Trading (Beijing) Co. Ltd.,

(all collectively the "**Purchased Assets**"), subject to and upon the following conditions and terms, namely:

1. **DEFINITIONS**

1.1. In addition to words and terms otherwise defined herein, whenever used herein, the following words and terms shall have the following meanings:

(a) "**Approval Order**" means a Final Judgment which:

- (i) authorizes Vendor to 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 the Assumed Charges;
- (ii) authorizes Vendor to enter into and complete the sale of the Purchased Assets to Purchaser, the whole in accordance with the terms and conditions of this Offer;
- (iii) orders the assignment by Vendor to Purchaser of all of the following:
 - a. Acquired Premises Leases;
 - b. Acquired Equipment Lease; and
 - c. License Agreements.

- (b) **"Assumed Charges"** means any and all of the charges, hypothecs, prior claims, security interests, liens or encumbrances, enumerated in **Schedule "D"** hereto;
- (c) **"Assumed Debts"** means:
 - (i) all salaries, other remuneration and benefits owing or to become owing to all Assumed Employees from and after the Closing Date;
 - (ii) all indebtedness owing by the Debtor under the Acquired Premises Leases (the **"Acquired Premises Lease Debts"**) as at and after the Closing Date;
 - (iii) all indebtedness owing by the Debtor under the Acquired Equipment Lease as at and after the Closing Date;
 - (iv) all amounts owing to suppliers of any In-Transit Inventory, whether prior to or after the Closing Date, and all costs and expenses of shipping and landing such In-Transit Inventory in Canada (including, without limitation, all shipping charges, customs duties, sales taxes, other taxes, brokerage fees and other charges); and
 - (v) the Professional Fees;
- (d) **"Assumed Employees"** means any and all of Debtor's current (but not past) employees;
- (e) **"Closing Date"** has the meaning ascribed thereto in **Clause 6.1** hereof;
- (f) **"Closing Deadline"** means the date which is no later than **5 o'clock P.M.** (Montreal time) on **December 5, 2017** or such later date as may be agreed to in writing by the Debtor, Purchaser and the Trustee;
- (g) **"Court"** means the Commercial Division of the Quebec Superior Court for the District of Montreal;
- (h) **"Escrow Agent"** means KPMG Inc.;
- (i) **"Excluded Assets"** means:
 - (i) the Non-Acquired Equipment;
 - (ii) the Non-Acquired Equipment Lease;
 - (iii) the Non-Acquired Premises Leases;
 - (iv) all shares held by the Debtor in the Debtor's US subsidiary: M0851 Products and Architectural Design Inc.;

- (v) all right, title and interest in and to any and all leases, or similar agreements, and amendments thereto, for the Debtor's occupancy of that certain premises known as 134 Newbury Street, Boston, Massachusetts; and
- (vi) any and all tax credits owing or to become owing by fiscal authorities to the Debtor;
- (j) **"Final Judgment"** means a judgment or order of the Court which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having expired without an appeal having been lodged or, an appeal having been lodged, such judgment or order having been confirmed on appeal or appeal withdrawn;
- (k) **"Interim Financing Debt"** means the aggregate amount of all debts and obligations owing by the Debtor to Continental Capital Investments Inc. ("**Continental**") as at and after the Closing Date (including all capital, interest, fees and charges) in respect of the revolving operating facility extended by Continental to the Debtor pursuant to the terms of that certain "Commitment Letter" issued by Continental on October 2, 2017 and accepted by the Debtor on October 3, 2017 and thereafter authorized and ratified by the Court pursuant to the "Charge Order" issued by the Court on October 6, 2017 under Court number 500-11-053292-179;
- (l) **"Non-Acquired Equipment"** means the Debtor's right, title and interest (to the extent of such interest) in and to the equipment which is the object of the Non-Acquired Equipment Lease including, without limitation: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01;
- (m) **"Non-Acquired Equipment Lease"** means the "Equipment Lease Agreement" between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010794 and lessee no. 698466984 for the lease of, *inter alia*: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01;
- (n) **"Non-Acquired Premises Leases"** means the Premises Leases for the Debtor's occupancy of the retail store premises marked by Purchaser as "NOT ACQUIRED" on **Schedule "A"** hereto;
- (o) **"Offer"** means this Offer to Purchase including all Schedules hereto;
- (p) **"Professional Fees"** means the aggregate amount of all fees and disbursements of the Trustee, the Trustee's legal counsel (if applicable) and the Debtor's legal counsel which remain outstanding on the Closing Date and which may become owing after the Closing Date;

- (q) **"Trustee"** means KPMG Inc., in its capacity as Trustee to the Debtor's notice of intention to make a proposal filing; and
- (r) **"Vendor"** means the Debtor, a Court appointed receiver or interim receiver in respect of the Debtor or the Debtor's bankruptcy trustee, in each case authorized by the Court pursuant to the Approval Order.

2. PURCHASE PRICE

- 2.1. The total purchase price for the sale and purchase of the Purchased Assets envisaged by this Offer shall be the sum of the following (collectively the **"Purchase Price"**), payable by Purchaser as follows, namely:
 - (a) the Interim Financing Debt, which shall be paid by Purchaser's full assumption of the Interim Financing Debt to the Debtor's complete exoneration; and
 - (b) the Assumed Debts, which shall be paid by Purchaser's full assumption of such Assumed Debts to the Debtor's complete exoneration.
- 2.2. With and as a condition of submitting this Offer, Purchaser shall remit to the Escrow Agent in trust a deposit of \$50,000 (the **"Deposit"**) by immediately available funds. Such Deposit shall be dealt with by the Escrow Agent as follows:
 - (a) in the event that Closing occurs by the Closing Deadline, the Deposit shall be returned by the Escrow Agent to Purchaser;
 - (b) in the event that this Offer becomes null, void and inoperative as a result of the non-occurrence/non-fulfillment of all of the Closing Conditions by the Closing Deadline, the Deposit shall be immediately returned by the Escrow Agent to Purchaser;
 - (c) in the event that the Closing Conditions have occurred by the Closing Deadline and the Purchaser fails to proceed to and effect Closing on the Closing Date, the Deposit shall be deemed, for all purposes, to have been forfeited by Purchaser to the Debtor as pre-determined and liquidated damages (and not as a penalty) resulting from Purchaser's breach of this Offer and shall be remitted by the Escrow Agent to the Debtor;
 - (d) the Escrow Agent, provided only that it has acted honestly and in good faith having regard to all of the circumstances, shall have absolutely no liability whatsoever towards Vendor or Purchaser as a result of anything done or not done by the Escrow Agent in the fulfillment of or related to fulfillment of the Escrow Agent's duties hereunder;
- 2.3. At Closing, Vendor and Purchaser shall sign and thereafter file with the relevant taxation authorities all such elections as may be necessary in order to exempt

Vendor from collecting and Purchaser from paying any Canadian goods and services tax and Quebec sales tax (collectively the "**Sales Taxes**") in respect of the sale and purchase of the Purchased Assets envisaged hereby. If such elections are not possible, Purchaser shall, at Closing, in addition to the Purchase Price, pay all of the Sales Taxes to Vendor.

3. EXCLUDED ASSETS AND LIABILITIES

- 3.1.** The sale and purchase envisaged hereby shall exclude all of the Debtor's property other than the Purchased Assets and expressly excludes the Excluded Assets.
- 3.2.** Other than the Assumed Debts and the Interim Financing Debt, Purchaser shall neither assume nor bear any responsibility whatsoever for any of the Debtor's debts, liabilities and obligations, including, without limitation, any debts and liabilities secured by the Non-Acquired Equipment. Notwithstanding the foregoing, there is no representation or warranty extended by Vendor to Purchaser with respect to Purchaser's potential debts or obligations towards Debtor's employees.

4. WARRANTIES

- 4.1.** Vendor, at Closing, shall warrant to Purchaser that:
- (a) the Approval Order has been issued by the Court;
 - (b) Vendor is duly empowered and authorized to effect the sale to Purchaser of the Purchased Assets in accordance with the terms and conditions of this Offer and the Approval Order;
 - (c) Debtor has not disposed of any of the Purchased Assets (other than sales of Inventory in the ordinary course of business) prior to the Closing Date;
 - (d) Debtor is not a non-resident of Canada under the relevant provisions of the *Income Tax Act*, Canada and the *Taxation Act*, Quebec; and
 - (e) Debtor shall have paid and shall pay all Acquired Premises Lease Debts accruing up until (but not after) the Closing Date.
- 4.2.** The warranties set forth in **Clause 4.1** hereof are the only warranties and representations, of any nature or form whatsoever, made or to be extended or to be made and extended at Closing by Vendor to Purchaser.
- 4.3.** Without limiting the generality of **Clauses 4.1** and **4.2** hereof, Purchaser acknowledges and represents that:
- (a) Purchaser has had the opportunity to conduct all due diligence regarding the Purchased Assets and/or the Debtor, before submitting this Offer;

- (b) Purchaser has examined the Purchased Assets in all respects and having been completely satisfied with their existence, state, condition, salability, quality and quantity in all respects;
- (c) Purchaser acknowledges and recognizes that the sale and purchase envisaged 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 or explicit, legal or conventional, statutory or otherwise, with respect to the Purchased Assets and/or the Debtor;
- (d) Purchaser, in submitting this Offer, has relied solely upon its own independent review, investigation and/or inspection of the Assets and all information furnished to Purchaser concerning the Purchased Assets and/or the Debtor; and
- (e) Purchaser, in submitting this Offer, has not relied upon any written or oral representations, warranties, guarantees or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Purchased Assets and/or the Debtor or regarding any information furnished to Purchaser or the completeness thereof.

5. CLOSING CONDITIONS

5.1. The sale and purchase of the Purchased Assets envisaged hereby are subject to the occurrence and/or fulfillment of each of the following conditions (the "**Closing Conditions**"), namely:

- (a) the issuance of the Approval Order; and
- (b) all of the warranties set forth in **Clause 4.1** hereof being true and accurate,

by no later than the Closing Deadline.

5.2. The Closing Conditions shall 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 fulfillment of all of the Closing Conditions (unless waived by Purchaser) by the Closing Deadline, closing of the sale and purchase of the Purchased Assets contemplated hereby shall occur on or before the Closing Deadline (the "**Closing Date**") at the offices of Kugler Kandestin LLP, 1 Place Ville Marie, Suite 1170, Montreal, Quebec H3B 2A7, which shall consist of the following (collectively the "**Closing**"), namely:

- (a) the signature by Vendor and Purchaser of an Agreement of Sale effecting the sale and purchase of the Purchased Assets envisaged hereby in accordance with the terms and conditions of this Offer;
- (b) the written assumption by Purchaser of the Interim Financing Debt and the Assumed Debts in the Agreement of Sale referred to in **Clause 6.1(a)** above;
- (c) the signature, execution and delivery of the exemption regarding payment and collection of sales taxes as envisaged by **Clause 2.3** hereof and, failing such election, the payment by Purchaser to Vendor of the Sales Taxes; and
- (d) the signature by Vendor and Purchaser of all other documents and the doing by Vendor and Purchaser of all other things in order to give full and proper effect to the sale and purchase of the Purchased Assets envisaged hereby.

7. GENERAL

- 7.1. Except to the extent inconsistent with the terms, conditions and provisions of this Offer, all of the terms, conditions and provisions of the "Request for Offers" issued by the Trustee in respect of the Debtor shall be deemed to form part of this Offer and shall bind both Vendor and Purchaser.
- 7.2. The interpretation, validity and enforcement of this Offer and the sale and purchase of the Purchased Assets envisaged hereby shall be subject to and governed by the laws of the Province of Quebec and the laws of Canada applicable therein.
- 7.3. These presents may be executed in one or more counterparts in photocopy, facsimile or pdf format, each of which shall be deemed to be an original and all of which together shall constitute one and the same document.
- 7.4. 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 shall be and remain open for acceptance by Debtor's signing where indicated below and returning a signed copy of this Offer to Purchaser (in person, by messenger, by facsimile transmission or by e-mail) at Purchaser's coordinates set forth below by no later than **5 o'clock P.M.** on **November 27, 2017** (or such later date to which Purchaser may, in its discretion, agree to in writing), failing which this Offer shall lapse and become null, void and inoperative for all purposes, in which case the Deposit shall be immediately returned by the Escrow Agent to Purchaser.

9. LANGUAGE


- 9.1.** The parties hereto acknowledge that they have required that this agreement and all related documents be prepared in English. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

[Signature page follows]

MONTREAL, this 23rd day of November, 2017:

10498700 CANADA INC.

Per:



Faye Mamarbachi, President

COORDINATES OF PURCHASER:

Address: 5555 Casgrain, Suite 201
Montreal, Quebec
H2T 1Y1

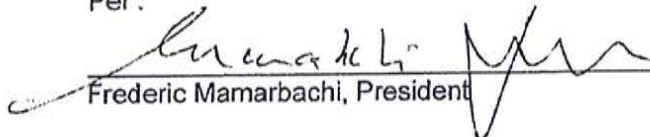
E-Mail: faye@m0851.com

ACCEPTANCE:

The Debtor hereby accepts this Offer at 10 o'clock on November 27, 2017.

175413 CANADA INC.

Per:



Frederic Mamarbachi, President

[Signature page to Offer to Purchase]

SCHEDULE "A"

ACQUIRED STORE LEASES

(Purchaser is to mark with a check whether it will acquire the Premises Leases
for each of the following retail store premises)

	RETAIL STORE PREMISES	ACQUIRED	NOT ACQUIRED
1.	3526 Blvd. Saint-Laurent Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.	2305 Chemin Rockland (Rockland Shopping Centre) Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.	677 Sainte-Catherine West Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.	4925 Sherbrooke Street West Westmount, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.	38 Avenue Road Toronto, Ontario	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.	2901 Bayview Avenue North York, Ontario	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.	220 Yonge Street Toronto, Ontario	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SCHEDULE "B"

LICENSE AGREEMENTS

- (a)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and Lapine Co., Ltd., as licensee, dated January 2015;
- (b)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 0806433 BC Ltd., as licensee, dated March 2012; and
- (c)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 9265-6057 Quebec Inc., as licensee, dated September 12, 2012.

SCHEDULE "C"

ACQUIRED EQUIPMENT LEASE

- "Equipment Lease Agreement" dated as of September 25, 2013 between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010795 and lessee no. 698466984.

SCHEDULE "D"

ASSUMED CHARGES

- (a) Rights arising under a lease by 175413 Canada Inc., as lessee, and Royal Bank of Canada, as lessor, with respect to the standard equipment lease dated September 25, 2013, together with all attachments, accessories, replacements, substitutions and proceeds thereof, published by notice thereof at the Register of Personal and Movable Real Rights (the "RDPRM") on October 4, 2013 under no. 13-0881781-0001; and

- (b) That certain "Interim Financing Charge" in favour of Continental Capital Investments Inc. created pursuant to the "Charge Order" issued by the Commercial Division of the Superior Court of Quebec on October 6, 2017 under Court no. 500-11-053292-179 charging all of the Debtor's present and future assets, rights, undertakings and property, movable, personal, corporeal or incorporeal, tangible or intangible and wherever situate, including all proceeds thereof, to the extent of the aggregate principal amount of \$2,400,000 plus interest at the rate of 17% *per annum*, and any and all publications/registrations thereof including, without limitation, that certain publication registered by notice at the RDPRM on November 22, 2017 under no. 17-1239293-0001.

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

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

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

175413 CANADA INC. (operating under the trade
name M0851);

-and- **Debtor/Petitioner**

KPMG INC., **Trustee**

-and-

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

Mises-en-causes

EXHIBIT P-1

Me Gerald F. Kandestin
Me Jeremy Cutilier

KuglerKandestin

1 Place Ville Marie, Suite 1170
Montréal (Québec) Canada H3B 2A7


T: 514 878-2861

F: 514 875-8424

gkandestin@kklex.com

jcutilier@kklex.com

BG 0132

 : 6342-01

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

-and-

THE PARTIES LISTED IN THE ATTACHED
SERVICE LIST;

Mises-en-causes

EXHIBIT P-2

Draft Approval and Vesting Order

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No. 500-11-053292-179
DATE: December , 2017

PRESIDING:

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

175413 CANADA INC. (operating under the trade name M0851)

Debtor/Petitioner

-and-

KPMG INC.

Trustee/Monitor

-and-

THE PARTIES LISTED IN THE ANNEXED SERVICE LIST

-and-

THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL
RIGHTS (Québec)

Mises-en-Cause

APPROVAL AND VESTING ORDER

- [1] **ON READING** 175413 Canada Inc.'s (the "**Debtor**") *Motion for Authorization to Sell Certain Assets of the Debtor, Directions and Other Related Orders* (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 (collectively, the "**Transaction**") contemplated by the Offer to Purchase, dated November 23, 2017 (the "**Offer**") by and between the Debtor (the "**Vendor**"), as vendor, and 10498700 Canada Inc. (the "**Purchaser**"), as purchaser, a copy of which was filed as **Exhibit P-3** to the Motion, and vesting in the Purchaser the assets described in the Offer (the "**Purchased Assets**") and as set forth at **Schedule "A"** hereto.

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 by Vendor and Purchaser, 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 "Agreement of Sale" contemplated by the Offer), subject to non-material alterations, changes, amendments, deletions or additions thereto as may be agreed by Vendor and Purchaser 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 right, title and interest in and to the Purchased Assets 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, charges, right of retention, 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 Assets, or other claims or encumbrances, whether or not they have been attached or 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* 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 Assets, other than the Permitted Encumbrances, be cancelled, expunged and discharged as against the Purchased Assets, 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, all of the Vendor's right, title and interest in and to and obligations under the agreements listed on **Schedule "D"** hereto (the "**Assigned Lease Agreements**") and **Schedule "E"** hereto (the "**Assigned License Agreements**") are assigned and transferred to the Purchaser (collectively the "**Assigned Agreements**").
- [13] **ORDERS** that, in addition to the Vendor, the Purchaser will henceforth be liable to fulfill all of the Vendor's obligations under the Assigned Agreements.
- [14] **ORDERS** that any anti-assignment and consent to assignment provisions in the Assigned Lease 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 Lease Agreements by the Vendor to the Purchaser and shall not restrict, limit, impair, prohibit or otherwise affect the transfer and assignment of the Assigned Lease Agreements.
- [15] **ORDERS** that all monetary defaults in relation to the Assigned Lease 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.

- [16] **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*.
- [17] **ORDERS** and **DIRECTS** the Trustee to communicate a copy of this Order to every party to the Assigned Lease Agreements by email or registered mail.
- [18] **ORDERS** and **DIRECTS** the Trustee to file with the Court a copy of the Certificate, forthwith after issuance thereof.

CANCELLATION OF SECURITY REGISTRATIONS

- [19] **ORDERS** that, upon the issuance of the Certificate, the Registrar of the Quebec Register of Personal and Movable Real Rights (the "RDPRM") shall, upon presentation of the required form with a true copy of this Order and the Certificate, strike, radiate and discharge the following publications in order to allow the transfer to the Purchaser of the Purchased Assets free and clear of such registrations and that, although it may not be all of the Vendor's assets that are being sold to the Purchaser, **ORDERS** that the following registrations be totally and entirely radiated in respect of all of the Vendor's assets and not only in respect of the Purchased Assets:

NATURE OF SECURITY REGISTRATION	PUBLICATION NO. (registration)	DATE OF PUBLICATION	SECURED PARTY
Conventional hypothec without delivery	17-0900621-0001	2017-08-25	THINKING CAPITAL
Conventional hypothec without delivery	17-0761911-0002	2017-07-21	EVOLOCITY FINANCIAL GROUP INC.
Conventional hypothec without delivery	16-0870209-0001	2016-09-06	BDC CAPITAL INC.
Conventional hypothec without delivery	16-0824961-0001	2016-08-24	THE TORONTO-DOMINION BANK
Conventional hypothec without delivery	14-0461539-0003	2014-05-26	INVESTISSEMENT QUÉBEC
Conventional hypothec without delivery	14-0461539-0001	2014-05-26	BANQUE DE DÉVELOPPEMENT DU CANADA

NATURE OF SECURITY REGISTRATION	PUBLICATION NO. (registration)	DATE OF PUBLICATION	SECURED PARTY
Conventional hypothec without delivery	13-0417365-0002	2013-05-21	BANQUE ROYALE DU CANADA
Conventional hypothec without delivery	11-0923977-0001	2011-11-30	INVESTISSEMENT QUÉBEC
Conventional hypothec without delivery	11-0624842-0008	2011-08-16	BANQUE ROYALE DU CANADA
Conventional hypothec without delivery	08-0477528-0001	2008-08-15	BANQUE ROYALE DU CANADA

INTERIM FINANCING CHARGE

- [20] **ORDERS** and **DECLARES** that the Purchaser's present and future assets, rights, undertakings and property, movable, personal, corporeal or incorporeal, tangible or intangible and wherever situate, including all proceeds thereof (collectively the "**Property**") shall remain and is hereby charged by and subject to a security and charge to the aggregate principal amount of \$2,400,000 plus interest at the rate of 17% *per annum* in favour of the Interim Lender, as continuing and collateral security for all obligations and indebtedness of the Vendor owing to Continental Capital Investments Inc. ("**Continental**") under the credit facility provided by Continental to the Vendor pursuant to the terms and conditions of the commitment letter issued by Continental on October 2, 2017, as assumed by the Purchaser pursuant to Offer (the "**Assumed Debt Charge**").
- [21] **ORDERS** and **DECLARES** that the Assumed Debt Charge shall be effective and attach to the Property as and from 12:01 a.m. Montreal time, province of Quebec, on the date of this Order.
- [22] **DECLARES** that the Assumed Debt Charge shall subsist without necessity of any publication, registration, recording, filing or perfection.
- [23] **ORDERS** the Registrar of the Québec Register of Personal and Movable Real Rights, upon application by Continental, to register in the RDPRM, the Assumed Debt Charge created by this Order against the Property situated in the province of Quebec.
- [24] **ORDERS** that, upon the issuance of the Certificate, the Assumed Debt Charge shall be cancelled, radiated and discharged against the Property and shall be deemed to be cancelled, radiated and discharged for all purposes.

VALIDITY OF THE TRANSACTION

[25] **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* ("**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 Assets 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

[26] **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 Assets. The Trustee shall not, as a result of this Order, be deemed to be in possession of any of the Purchased Assets within the meaning of environmental legislation, the whole pursuant to the terms of the BIA.

[27] **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 Trustee shall benefit from the protection arising under the present paragraph.

GENERAL

[28] **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.

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

[30] **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.

[31] **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.

[32] **ORDERS** the provisional execution of the present 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
Attorneys for the Debtor/Petitioner

SCHEDULE "A"
PURCHASED ASSETS

All corporeal/tangible and incorporeal/intangible property, of any nature, form or location whatsoever which is, as of the "Closing Date" (as defined in the Offer), owned by the Debtor or in which the Debtor has any right, title or interest (to the extent of such interest), save and except for the hereafter defined "Excluded Assets", but including, without limitation, the following:

- A. all Assigned Lease Agreements;
- B. all Assigned License Agreements;
- C. all of the equipment which is the object of the "Equipment Lease Agreement" dated as of September 25, 2013 between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010795 and lessee no. 698466984;
- D. all of the Debtor's goods, wares, merchandise and inventory wherever situated, including, without limitation, all in-transit inventory and/or on-order inventory, the full benefit of all deposits or other partial payments made by the Debtor to the suppliers of all of the foregoing;
- E. all of the Debtor's furniture, fixtures, computers, office equipment and other equipment other than the "Non-Acquired Equipment" (as defined in the Offer), store fixtures and store equipment wherever situated;
- F. all intellectual property in its broadest sense including, without limitation, all patents, trademarks, copyrights, tradenames and all other intellectual property (including, without limitation, the trademarks/names "m 0851" and/or "m0851");
- G. all accounts receivable and other claims;
- H. all goodwill pertaining to the business carried on by the Debtor (the "**Business**") including, without limitation, the right of Purchaser to continue to carry on the Business for the Purchaser's own account and to the complete exoneration of the Debtor;
- I. all monies and cash on hand held by the Debtor or held by any financial institution(s) on behalf of the Debtor; and
- J. all shares held by the Debtor in the Debtor's subsidiary: M0851 Trading (Beijing) Co. Ltd.,

but excluding the following (the "**Excluded Assets**"):

- K. the Debtor's right, title and interest (to the extent of such interest) in and to the equipment which is the object of the hereafter defined "Non-Acquired Equipment Lease" including, without limitation: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01;
- L. the "Equipment Lease Agreement" between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010794 and lessee no. 698466984 for the lease of, *inter alia*: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01 (the "**Non-Acquired Equipment Lease**");
- M. all right, title and interest in and to any and all leases, or similar agreements, and amendments thereto, for the Debtor's occupancy of that certain retail store premises known as 2901 Bayview Avenue, North York, Ontario;
- N. all shares held by the Debtor in the Debtor's US subsidiary: M0851 Products and Architectural Design Inc.;
- O. all right, title and interest in and to any and all leases, or similar agreements, and amendments thereto, for the Debtor's occupancy of that certain premises known as 134 Newbury Street, Boston, Massachusetts; and
- P. any and all tax credits owing or to become owing by fiscal authorities to the Debtor.

SCHEDULE "B"
DRAFT CERTIFICATE OF THE TRUSTEE

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
File No.: 500-11-053292-179

SUPERIOR COURT
Commercial Division

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

175413 CANADA INC. (operating under the
trade name M0851)

Debtor/Petitioner

-and-

KPMG INC.

Trustee

-and-

THE PARTIES LISTED IN THE ANNEXED
SERVICE LIST

-and-

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS
(Québec)

Mises-en-cause

CERTIFICATE OF THE TRUSTEE

RECITALS:

WHEREAS on ●, 2017, the Superior Court of Quebec (the "**Court**") issued an order (the "**Vesting Order**") pursuant to the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**") thereby, *inter alia*, authorizing and approving the execution by 175413 Canada Inc. (the "**Debtor**") of that certain offer to purchase made by 10498700 Canada Inc. (the "**Purchaser**") on November 23, 2017 and accepted by the Debtor on November 27, 2017 (the "**Offer**"), a copy of which was filed into the Court record, and into all of the sale and other transactions contemplated therein (the "**Transaction**") with such non-substantial modifications, changes, amendments, deletions or additions thereto as may be agreed by the Debtor, the Purchaser and the Trustee;

WHEREAS the Vesting Order contemplates the issuance of this Certificate of the Trustee once:

- (a) the Agreement of Sale contemplated by the Offer (the "**Agreement of Sale**") has been executed and delivered;
- (b) the "Purchase Price" (as defined in the Offer) (the "**Purchase Price**") has been paid by the Debtor's assumption of certain indebtedness as set forth in the Offer;
- (c) all conditions to the closing of the Transaction have been satisfied or waived by all parties thereto; and
- (d) the Debtor's interim lender, Continental Capital Investments Inc. ("**Continental**"), has been fully repaid the indebtedness under the credit facility provided by Continental to the Debtor pursuant to the commitment letter issued by Continental on October 2, 2017 (the "**Interim Facility Indebtedness**").

THE TRUSTEE CERTIFIES THE FOLLOWING:

- (a) the Agreement of Sale has been executed and delivered;
- (b) the Purchase Price has been paid by the Debtor's assumption of certain indebtedness as set forth in the Offer;
- (c) all conditions to the closing of the Transaction have been satisfied or waived by the parties thereto; and
- (d) Continental has been fully repaid the Interim Facility Indebtedness.

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

KPMG INC., in its capacity as Trustee to the Notice of Intention to Make a Proposal of 175413 Canada Inc., and not in its personal capacity.

Name: _____

Title: _____

SCHEDULE "C"
PERMITTED ENCUMBRANCES

- (a) Rights arising under a lease by 175413 Canada Inc., as lessee, and Royal Bank of Canada, as lessor, with respect to the standard equipment lease dated September 25, 2013, together with all attachments, accessories, replacements, substitutions and proceeds thereof, published by notice thereof at the Register of Personal and Movable Real Rights (the "RDPRM") on October 4, 2013 under no. 13-0881781-0001; and

- (b) That certain "Interim Financing Charge" in favour of Continental Capital Investments Inc. created pursuant to the "Charge Order" issued by the Commercial Division of the Superior Court of Quebec on October 6, 2017 under Court no. 500-11-053292-179 charging all of the Debtor's present and future assets, rights, undertakings and property, movable, personal, corporeal or incorporeal, tangible or intangible and wherever situate, including all proceeds thereof, to the extent of the aggregate principal amount of \$2,400,000 plus interest at the rate of 17% *per annum*, and any and all publications/registrations thereof including, without limitation, that certain publication registered by notice at the RDPRM on November 22, 2017 under no. 17-1239293-0001.

SCHEDULE "D"

ASSIGNED LEASE AGREEMENTS

- A. leases or similar agreements, including all amendments thereto and offers to lease, for the Debtor's occupancy of the following premises:

PREMISES	
(1)	3526 Blvd. Saint-Laurent Montreal, Quebec
(2)	2305 Chemin Rockland (Rockland Shopping Centre) Montreal, Quebec
(3)	677 Sainte-Catherine West Montreal, Quebec
(4)	4925 Sherbrooke Street West Westmount, Quebec
(5)	38 Avenue Road Toronto, Ontario
(6)	220 Yonge Street Toronto, Ontario
(7)	5555 Casgrain, Suite 201 Montreal, Quebec

- B. that certain "Equipment Lease Agreement" dated as of September 25, 2013 bearing lease no. 201000010795 between Royal Bank of Canada, as lessor, and the Debtor, as lessee, for the Debtor's leasing of certain equipment, published by notice thereof at the RDPRM on October 4, 2013 under no. 13-0881781-0001.

SCHEDULE "E"

ASSIGNED LICENSE AGREEMENTS

- (a)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and Lapine Co., Ltd., as licensee, dated January 2015;
- (b)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 0806433 BC Ltd., as licensee, dated March 2012; and
- (c)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 9265-6057 Quebec Inc., as licensee, dated September 12, 2012.

SERVICE LIST	
<u>PARTY:</u>	<u>COORDINATES:</u>

KPMG INC.

Trustee
 600 Boulevard de Maisonneuve O.
 Suite 1500
 Montréal, Quebec
 H3A 0A3

Attention: Stéphane De Broux
 Richard Lépine

E-mail: sdebroux@kpmg.ca
rlepine@kpmg.ca

The Toronto Dominion Bank

KAUFMAN LLP
 800 René-Lévesque Blvd. West
 Suite 2220
 Montreal, Quebec
 H3B 1X9

Attention: Me Steven Shein
 Me Martin P. Jutras

E-mail: sshein@klcanada.com
MJutras@klcanada.com

Continental Capital Investments Inc.

GAGNON, BRUNET & KILANI S.E.N.C.
 1440 rue Sainte-Catherine O.
 Suite 714
 Montreal, Quebec
 H3G 1R8

Attention: Me Raymond Gagnon

E-mail: rgagnon@gbklegal.com

Royal Bank of Canada

1 Place Ville Marie
 North Wing
 2nd Floor
 Montreal, Quebec
 H3C 3A9

Royal Bank of Canada

300-5575 North Service Rd.
 Burlington, Ontario
 L7L 6M1

SERVICE LIST	
<u>PARTY:</u>	<u>COORDINATES:</u>

Royal Bank of Canada

1 Place Ville Marie
East Wing, 12th floor
Montreal, Quebec
H3B 2B6

Royal Bank of Canada

630 Boul. Rene-Levesque O.
1st floor
Montreal, Quebec
H3B 3C1

Business Development Bank of Canada

SOCIÉTÉ D'AVOCATS DEXAR INC.
Attorneys for Business Development Bank of Canada
1590 rue Ampère
Bureau 200
Boucherville, Quebec
J4B 7L4

Attention: Me Bernard Gravel
Me Guillaume Hébert

E-mail: bgravel@dexar.ca
ghebert@dexar.ca

BDC Capital Inc.

SOCIÉTÉ D'AVOCATS DEXAR INC.
Attorneys for BDC Capital Inc.
1590 rue Ampère
Bureau 200
Boucherville, Quebec
J4B 7L4

Attention: Me Bernard Gravel
Me Guillaume Hébert

E-mail: bgravel@dexar.ca
ghebert@dexar.ca

Investissement Québec

600 rue de la Gauchetière Ouest
Suite 1500
Montreal, Quebec
H3B 4L8

SERVICE LIST	
<u>PARTY:</u>	<u>COORDINATES:</u>

Investissement Québec

3300 Boul. de la Côte-Vertu
Bureau 210
Montreal, Quebec
H4R 2B7

Thinking Capital Financial Corporation

4200 Dorchester Blvd. West
Suite 300
Montreal, Quebec
H3Z 1V4

Evolocity Financial Group Inc.

1100 René-Lévesque Blvd. West
Suite 1825
Montreal, Quebec
H3B 4N4

Bel Air Properties, Inc.

c/o Philip S. Lapatin, Esq.
HOLLAND & KNIGHT LLP
10 St. James Avenue
Boston, MA 02116
USA

E-mail: philip.lapatin@hklaw.com

Cominar

GOWLING WLG (CANADA) LLP
1, Place Ville Marie
Bureau 3700
Montréal, Quebec
H3B 3P4

Attention: Me François Viau

E-mail: francois.viau@gowlingwlg.com
(Store : Rockland)

9164-6505 Québec Inc.

c/o Kimwood Nun's Island Holdings ULC
4 Place du Commerce
Suite 500
Montreal, Quebec
H3E 1J4
(Store: 3526 Blvd. St Laurent)

SERVICE LIST	
<u>PARTY:</u>	<u>COORDINATES:</u>

Immeubles 667 Sainte-Catherine Inc.

c/o its Property Manager Ivanhoé Cambridge
 1001 square Victoria
 Bureau C-500
 Montreal, Quebec
 H2Z 2B5
 (Store: 677 Sainte-Catherine West)

Gestion Immobiliere Salice Inc.

c/o Cromwell Management Quebec Inc.
 A-3488 Côte des Neiges Road
 Montreal, Quebec
 H3H 2M6
 (Store: 4925 Sherbrooke Street West)

No. 257 Seabright Holdings Ltd.

2780 Granville St.
 Vancouver, British Columbia
 V6H 3J3

Attention: President

w/copy to:
Avison Young
 150 York Street
 Suite 900
 Toronto, Ontario
 M5H 3S5

Attention: Jordan Karp, Vice-President
 (Store: 38 Avenue Road)

Toronto Eaton Centre

220 Yonge Street
 Suite 110
 Toronto, Ontario
 M5B 2H1

Attention: Vice-President, Shopping Centre
 Operations

w/copy to: Shopping Centre Manager
 (Store: 220 Yonge Street)

***ESTATE GERALD BROWNSTEIN and HAROLD
 BROWNSTEIN***

5555 Casgrain
 Montreal, Quebec
 H2T 1Y1
 (Head office premises)

SERVICE LIST	
<u>PARTY:</u>	<u>COORDINATES:</u>

0806433 BC Ltd.

NORTON ROSE FULBRIGHT CANADA LLP
 400 3rd Avenue SW
 Suite 3700
 Calgary, Alberta
 T2P 4H2

Attention: Meghan Parker
 Aditya Badami
 Sam Khajeei

E-mail: meghan.parker@nortonrosefulbright.com
aditya.badami@nortonrosefulbright.com
sam.khajeei@nortonrosefulbright.com

10498700 Canada Inc.

BORDEN LADNER GERVAIS, S.E.N.C.R.L., S.R.L.
 1000 rue de la Gauchetière Ouest
 Bureau 900
 Montréal, Quebec
 H3B 5H4

Attention: Me Marc Duchesne
 E-mail: mduchesne@blg.com

Registrar of the RDPRM

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

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

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

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

175413 CANADA INC. (operating under the trade
name M0851);

-and- **Debtor/Petitioner**

KPMG INC., **Trustee**

-and-

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

Mises-en-causes

EXHIBIT P-2

Me Gerald F. Kandestin
Me Jeremy Cuttler
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

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

-and-

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

Mises-en-causes

EXHIBIT P-3

Offer to Purchase

OFFER TO PURCHASE

175413 CANADA INC.

c/o KPMG Inc.
600 de Maisonneuve Blvd. West
Montreal, Quebec
H3A 0A3

ATTENTION: Stéphane De Broux

Gentlemen:

10498700 Canada Inc. ("**Purchaser**"), hereby offers to purchase from Vendor all corporeal/tangible and incorporeal/intangible property, of any nature, form or location whatsoever which is, as of the Closing Date, owned by 175413 Canada Inc. ("**Debtor**") or in which the Debtor has any right, title or interest (to the extent of such interest), save and except for the Excluded Assets, but including, without limitation, the following:

- A. all leases and similar agreements including all amendments thereto and offers to lease (the "**Premises Leases**") for the Debtor's occupancy of the following (collectively the "**Acquired Premises Leases**"):
 - (i) each and every one of the retail store premises marked by Purchaser as being "ACQUIRED" on **Schedule "A"** hereto; and
 - (ii) the Debtor's head office and warehouse located at 5555 Casgrain, Suite 201, Montreal, Quebec H2T 1Y1;
- B. all contractual rights under all of the trademark license agreements to which the Debtor is party as licensor as more fully described at "**Schedule B**" hereto (the "**License Agreements**");
- C. the equipment lease and similar agreements more fully described at "**Schedule C**" hereto for the Debtor's leasing of certain equipment (the "**Acquired Equipment Lease**");
- D. all of the equipment which is the object of the Acquired Equipment Lease;
- E. all of the Debtor's goods, wares, merchandise and inventory wherever situated, including, without limitation, all in-transit inventory and/or on-order inventory (the "**In-Transit Inventory**"), the full benefit of all deposits or other partial payments made by the Debtor to the suppliers of all of the foregoing (collectively the "**Inventory**");

- F. all of the Debtor's furniture, fixtures, computers, office equipment and other equipment other than the Non-Acquired Equipment, store fixtures and store equipment wherever situated;
- G. all intellectual property in its broadest sense including, without limitation, all patents, trademarks, copyrights, tradenames and all other intellectual property (including, without limitation, the trademarks/names "m 0851" and/or "m0851");
- H. all accounts receivable and other claims;
- I. all goodwill pertaining to the business carried on by the Debtor (the "**Business**") including, without limitation, the right of Purchaser to continue to carry on the Business for the Purchaser's own account and to the complete exoneration of the Debtor;
- J. all monies and cash on hand held by the Debtor or held by any financial institution(s) on behalf of the Debtor; and
- K. all shares held by the Debtor in the Debtor's subsidiary: M0851 Trading (Beijing) Co. Ltd.,

(all collectively the "**Purchased Assets**"), subject to and upon the following conditions and terms, namely:

1. **DEFINITIONS**

1.1. In addition to words and terms otherwise defined herein, whenever used herein, the following words and terms shall have the following meanings:

(a) "**Approval Order**" means a Final Judgment which:

- (i) authorizes Vendor to 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 the Assumed Charges;
- (ii) authorizes Vendor to enter into and complete the sale of the Purchased Assets to Purchaser, the whole in accordance with the terms and conditions of this Offer;
- (iii) orders the assignment by Vendor to Purchaser of all of the following:
 - a. Acquired Premises Leases;
 - b. Acquired Equipment Lease; and
 - c. License Agreements.

- (b) **"Assumed Charges"** means any and all of the charges, hypothecs, prior claims, security interests, liens or encumbrances, enumerated in **Schedule "D"** hereto;
- (c) **"Assumed Debts"** means:
 - (i) all salaries, other remuneration and benefits owing or to become owing to all Assumed Employees from and after the Closing Date;
 - (ii) all indebtedness owing by the Debtor under the Acquired Premises Leases (the **"Acquired Premises Lease Debts"**) as at and after the Closing Date;
 - (iii) all indebtedness owing by the Debtor under the Acquired Equipment Lease as at and after the Closing Date;
 - (iv) all amounts owing to suppliers of any In-Transit Inventory, whether prior to or after the Closing Date, and all costs and expenses of shipping and landing such In-Transit Inventory in Canada (including, without limitation, all shipping charges, customs duties, sales taxes, other taxes, brokerage fees and other charges); and
 - (v) the Professional Fees;
- (d) **"Assumed Employees"** means any and all of Debtor's current (but not past) employees;
- (e) **"Closing Date"** has the meaning ascribed thereto in **Clause 6.1** hereof;
- (f) **"Closing Deadline"** means the date which is no later than **5 o'clock P.M.** (Montreal time) on **December 5, 2017** or such later date as may be agreed to in writing by the Debtor, Purchaser and the Trustee;
- (g) **"Court"** means the Commercial Division of the Quebec Superior Court for the District of Montreal;
- (h) **"Escrow Agent"** means KPMG Inc.;
- (i) **"Excluded Assets"** means:
 - (i) the Non-Acquired Equipment;
 - (ii) the Non-Acquired Equipment Lease;
 - (iii) the Non-Acquired Premises Leases;
 - (iv) all shares held by the Debtor in the Debtor's US subsidiary: M0851 Products and Architectural Design Inc.;

- (v) all right, title and interest in and to any and all leases, or similar agreements, and amendments thereto, for the Debtor's occupancy of that certain premises known as 134 Newbury Street, Boston, Massachusetts; and
- (vi) any and all tax credits owing or to become owing by fiscal authorities to the Debtor;
- (j) **"Final Judgment"** means a judgment or order of the Court which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having expired without an appeal having been lodged or, an appeal having been lodged, such judgment or order having been confirmed on appeal or appeal withdrawn;
- (k) **"Interim Financing Debt"** means the aggregate amount of all debts and obligations owing by the Debtor to Continental Capital Investments Inc. ("**Continental**") as at and after the Closing Date (including all capital, interest, fees and charges) in respect of the revolving operating facility extended by Continental to the Debtor pursuant to the terms of that certain "Commitment Letter" issued by Continental on October 2, 2017 and accepted by the Debtor on October 3, 2017 and thereafter authorized and ratified by the Court pursuant to the "Charge Order" issued by the Court on October 6, 2017 under Court number 500-11-053292-179;
- (l) **"Non-Acquired Equipment"** means the Debtor's right, title and interest (to the extent of such interest) in and to the equipment which is the object of the Non-Acquired Equipment Lease including, without limitation: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01;
- (m) **"Non-Acquired Equipment Lease"** means the "Equipment Lease Agreement" between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010794 and lessee no. 698466984 for the lease of, *inter alia*: (a) the Teseo S.P.A. 3230 TH Automatic Leather Cutting Line; and (b) the Morgan Tecnica S.P.A. Razor 50 Split mod 01;
- (n) **"Non-Acquired Premises Leases"** means the Premises Leases for the Debtor's occupancy of the retail store premises marked by Purchaser as "NOT ACQUIRED" on **Schedule "A"** hereto;
- (o) **"Offer"** means this Offer to Purchase including all Schedules hereto;
- (p) **"Professional Fees"** means the aggregate amount of all fees and disbursements of the Trustee, the Trustee's legal counsel (if applicable) and the Debtor's legal counsel which remain outstanding on the Closing Date and which may become owing after the Closing Date;

- (q) "Trustee" means KPMG Inc., in its capacity as Trustee to the Debtor's notice of intention to make a proposal filing; and
- (r) "Vendor" means the Debtor, a Court appointed receiver or interim receiver in respect of the Debtor or the Debtor's bankruptcy trustee, in each case authorized by the Court pursuant to the Approval Order.

2. PURCHASE PRICE

- 2.1. The total purchase price for the sale and purchase of the Purchased Assets envisaged by this Offer shall be the sum of the following (collectively the "Purchase Price"), payable by Purchaser as follows, namely:
 - (a) the Interim Financing Debt, which shall be paid by Purchaser's full assumption of the Interim Financing Debt to the Debtor's complete exoneration; and
 - (b) the Assumed Debts, which shall be paid by Purchaser's full assumption of such Assumed Debts to the Debtor's complete exoneration.
- 2.2. With and as a condition of submitting this Offer, Purchaser shall remit to the Escrow Agent in trust a deposit of \$50,000 (the "Deposit") by immediately available funds. Such Deposit shall be dealt with by the Escrow Agent as follows:
 - (a) in the event that Closing occurs by the Closing Deadline, the Deposit shall be returned by the Escrow Agent to Purchaser;
 - (b) in the event that this Offer becomes null, void and inoperative as a result of the non-occurrence/non-fulfillment of all of the Closing Conditions by the Closing Deadline, the Deposit shall be immediately returned by the Escrow Agent to Purchaser;
 - (c) in the event that the Closing Conditions have occurred by the Closing Deadline and the Purchaser fails to proceed to and effect Closing on the Closing Date, the Deposit shall be deemed, for all purposes, to have been forfeited by Purchaser to the Debtor as pre-determined and liquidated damages (and not as a penalty) resulting from Purchaser's breach of this Offer and shall be remitted by the Escrow Agent to the Debtor;
 - (d) the Escrow Agent, provided only that it has acted honestly and in good faith having regard to all of the circumstances, shall have absolutely no liability whatsoever towards Vendor or Purchaser as a result of anything done or not done by the Escrow Agent in the fulfillment of or related to fulfillment of the Escrow Agent's duties hereunder;
- 2.3. At Closing, Vendor and Purchaser shall sign and thereafter file with the relevant taxation authorities all such elections as may be necessary in order to exempt

Vendor from collecting and Purchaser from paying any Canadian goods and services tax and Quebec sales tax (collectively the "**Sales Taxes**") in respect of the sale and purchase of the Purchased Assets envisaged hereby. If such elections are not possible, Purchaser shall, at Closing, in addition to the Purchase Price, pay all of the Sales Taxes to Vendor.

3. EXCLUDED ASSETS AND LIABILITIES

- 3.1.** The sale and purchase envisaged hereby shall exclude all of the Debtor's property other than the Purchased Assets and expressly excludes the Excluded Assets.
- 3.2.** Other than the Assumed Debts and the Interim Financing Debt, Purchaser shall neither assume nor bear any responsibility whatsoever for any of the Debtor's debts, liabilities and obligations, including, without limitation, any debts and liabilities secured by the Non-Acquired Equipment. Notwithstanding the foregoing, there is no representation or warranty extended by Vendor to Purchaser with respect to Purchaser's potential debts or obligations towards Debtor's employees.

4. WARRANTIES

- 4.1.** Vendor, at Closing, shall warrant to Purchaser that:
- (a) the Approval Order has been issued by the Court;
 - (b) Vendor is duly empowered and authorized to effect the sale to Purchaser of the Purchased Assets in accordance with the terms and conditions of this Offer and the Approval Order;
 - (c) Debtor has not disposed of any of the Purchased Assets (other than sales of Inventory in the ordinary course of business) prior to the Closing Date;
 - (d) Debtor is not a non-resident of Canada under the relevant provisions of the *Income Tax Act*, Canada and the *Taxation Act*, Quebec; and
 - (e) Debtor shall have paid and shall pay all Acquired Premises Lease Debts accruing up until (but not after) the Closing Date.
- 4.2.** The warranties set forth in **Clause 4.1** hereof are the only warranties and representations, of any nature or form whatsoever, made or to be extended or to be made and extended at Closing by Vendor to Purchaser.
- 4.3.** Without limiting the generality of **Clauses 4.1** and **4.2** hereof, Purchaser acknowledges and represents that:
- (a) Purchaser has had the opportunity to conduct all due diligence regarding the Purchased Assets and/or the Debtor, before submitting this Offer;

- (b) Purchaser has examined the Purchased Assets in all respects and having been completely satisfied with their existence, state, condition, salability, quality and quantity in all respects;
- (c) Purchaser acknowledges and recognizes that the sale and purchase envisaged 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 or explicit, legal or conventional, statutory or otherwise, with respect to the Purchased Assets and/or the Debtor;
- (d) Purchaser, in submitting this Offer, has relied solely upon its own independent review, investigation and/or inspection of the Assets and all information furnished to Purchaser concerning the Purchased Assets and/or the Debtor; and
- (e) Purchaser, in submitting this Offer, has not relied upon any written or oral representations, warranties, guarantees or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Purchased Assets and/or the Debtor or regarding any information furnished to Purchaser or the completeness thereof.

5. CLOSING CONDITIONS

- 5.1. The sale and purchase of the Purchased Assets envisaged hereby are subject to the occurrence and/or fulfillment of each of the following conditions (the "**Closing Conditions**"), namely:
- (a) the issuance of the Approval Order; and
 - (b) all of the warranties set forth in **Clause 4.1** hereof being true and accurate,

by no later than the Closing Deadline.

- 5.2. The Closing Conditions shall 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 fulfillment of all of the Closing Conditions (unless waived by Purchaser) by the Closing Deadline, closing of the sale and purchase of the Purchased Assets contemplated hereby shall occur on or before the Closing Deadline (the "**Closing Date**") at the offices of Kugler Kandestin LLP, 1 Place Ville Marie, Suite 1170, Montreal, Quebec H3B 2A7, which shall consist of the following (collectively the "**Closing**"), namely:

- (a) the signature by Vendor and Purchaser of an Agreement of Sale effecting the sale and purchase of the Purchased Assets envisaged hereby in accordance with the terms and conditions of this Offer;
- (b) the written assumption by Purchaser of the Interim Financing Debt and the Assumed Debts in the Agreement of Sale referred to in **Clause 6.1(a)** above;
- (c) the signature, execution and delivery of the exemption regarding payment and collection of sales taxes as envisaged by **Clause 2.3** hereof and, failing such election, the payment by Purchaser to Vendor of the Sales Taxes; and
- (d) the signature by Vendor and Purchaser of all other documents and the doing by Vendor and Purchaser of all other things in order to give full and proper effect to the sale and purchase of the Purchased Assets envisaged hereby.

7. GENERAL

- 7.1. Except to the extent inconsistent with the terms, conditions and provisions of this Offer, all of the terms, conditions and provisions of the "Request for Offers" issued by the Trustee in respect of the Debtor shall be deemed to form part of this Offer and shall bind both Vendor and Purchaser.
- 7.2. The interpretation, validity and enforcement of this Offer and the sale and purchase of the Purchased Assets envisaged hereby shall be subject to and governed by the laws of the Province of Quebec and the laws of Canada applicable therein.
- 7.3. These presents may be executed in one or more counterparts in photocopy, facsimile or pdf format, each of which shall be deemed to be an original and all of which together shall constitute one and the same document.
- 7.4. 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 shall be and remain open for acceptance by Debtor's signing where indicated below and returning a signed copy of this Offer to Purchaser (in person, by messenger, by facsimile transmission or by e-mail) at Purchaser's coordinates set forth below by no later than **5 o'clock P.M. on November 27, 2017**(or such later date to which Purchaser may, in its discretion, agree to in writing), failing which this Offer shall lapse and become null, void and inoperative for all purposes, in which case the Deposit shall be immediately returned by the Escrow Agent to Purchaser.

9. **LANGUAGE**


- 9.1. The parties hereto acknowledge that they have required that this agreement and all related documents be prepared in English. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

[Signature page follows]

MONTREAL, this 23rd day of November, 2017:

10498700 CANADA INC.

Per:



Faye Mamarbachi, President

COORDINATES OF PURCHASER:

Address: 5555 Casgrain, Suite 201
Montreal, Quebec
H2T 1Y1

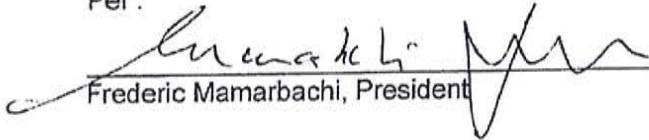
E-Mail: faye@m0851.com

ACCEPTANCE:

The Debtor hereby accepts this Offer at 10 o'clock on November 27, 2017.

175413 CANADA INC.

Per:




Frederic Mamarbachi, President

[Signature page to Offer to Purchase]

MONTREAL, this 23rd day of November, 2017:

10498700 CANADA INC.

Per:



Faye Mamarbachi, President

COORDINATES OF PURCHASER:

Address: 5555 Casgrain, Suite 201
Montreal, Quebec
H2T 1Y1

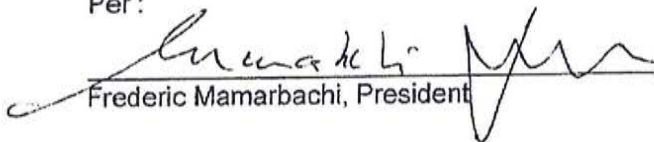
E-Mail: faye@m0851.com

ACCEPTANCE:

The Debtor hereby accepts this Offer at 10 o'clock on November 27, 2017.

175413 CANADA INC.

Per:



Frederic Mamarbachi, President

[Signature page to Offer to Purchase]

SCHEDULE "A"

ACQUIRED STORE LEASES

(Purchaser is to mark with a check whether it will acquire the Premises Leases
for each of the following retail store premises)

	RETAIL STORE PREMISES	ACQUIRED	NOT ACQUIRED
1.	3526 Blvd. Saint-Laurent Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.	2305 Chemin Rockland (Rockland Shopping Centre) Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.	677 Sainte-Catherine West Montreal, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.	4925 Sherbrooke Street West Westmount, Quebec	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.	38 Avenue Road Toronto, Ontario	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.	2901 Bayview Avenue North York, Ontario	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.	220 Yonge Street Toronto, Ontario	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SCHEDULE "B"

LICENSE AGREEMENTS

- (a)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and Lapine Co., Ltd., as licensee, dated January 2015;
- (b)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 0806433 BC Ltd., as licensee, dated March 2012; and
- (c)** "Trademark License Agreement" between 175413 Canada Inc., as licensor, and 9265-6057 Quebec Inc., as licensee, dated September 12, 2012.

SCHEDULE "C"

ACQUIRED EQUIPMENT LEASE

- "Equipment Lease Agreement" dated as of September 25, 2013 between Royal Bank of Canada, as lessor, and 175413 Canada Inc., as lessee, bearing lease no. 201000010795 and lessee no. 698466984.

SCHEDULE "D"

ASSUMED CHARGES

- (a) Rights arising under a lease by 175413 Canada Inc., as lessee, and Royal Bank of Canada, as lessor, with respect to the standard equipment lease dated September 25, 2013, together with all attachments, accessories, replacements, substitutions and proceeds thereof, published by notice thereof at the Register of Personal and Movable Real Rights (the "RDPRM") on October 4, 2013 under no. 13-0881781-0001; and
- (b) That certain "Interim Financing Charge" in favour of Continental Capital Investments Inc. created pursuant to the "Charge Order" issued by the Commercial Division of the Superior Court of Quebec on October 6, 2017 under Court no. 500-11-053292-179 charging all of the Debtor's present and future assets, rights, undertakings and property, movable, personal, corporeal or incorporeal, tangible or intangible and wherever situate, including all proceeds thereof, to the extent of the aggregate principal amount of \$2,400,000 plus interest at the rate of 17% *per annum*, and any and all publications/registrations thereof including, without limitation, that certain publication registered by notice at the RDPRM on November 22, 2017 under no. 17-1239293-0001.

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

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

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

175413 CANADA INC. (operating under the trade
name M0851);

-and- **Debtor/Petitioner**

KPMG INC., **Trustee**

-and-

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

Mises-en-causes

EXHIBIT P-3

Me Gerald F. Kandestin
Me Jeremy Cuttler
KuglerKandestin
1 Place Ville Marie, Suite 1170
Montreal (Québec) Canada H3B 2A7
T: 514 878-2861
F: 514 875-8424
gkandestin@kklex.com
jcuttler@kklex.com

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

-and-

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

Mises-en-causes

EXHIBIT P-4

Search Summary

EXHIBIT P-4 - SEARCH SUMMARY

175413 CANADA INC.

I. Bank of Canada, Montreal Branch (Section 427 Bank Act Security)

Searches conducted current as at: October 3, 2017

Names searched: **175413 CANADA INC.**
3027244 CANADA INC.

	Name and Address of Company	Registration Date and No.	Expiry Date	Name and Address of Bank
1.	175413 Canada Inc. 5555 Casgrain Unit 201 Montreal, Quebec H2T 1Y1	May 8, 2014 01292349	December 31, 2019	La Banque Toronto-Dominion (Transit 42801) 433 rue Chabanel Ouest Montreal, Quebec H2N 2J3

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

Searches conducted current as at: November 29, 2017

Names searched: **175413 CANADA INC.**
3027244 CANADA INC.
M0851

	Parties	Registration No.	Date	Nature of Right
1.	<u>Creditor:</u> CONTINENTAL CAPITAL INVESTMENTS INC. <u>Grantor:</u> 175413 CANADA INC.	17-1239293-0001	2017-11-22	<u>Conventional hypothec without delivery</u> in the amount of \$2.4 Million plus interest at the rate of 17% per annum, charging the universality of all of the Grantor's present and future assets, rights, undertakings and property, movable, personal, corporeal or incorporeal, tangible or intangible and wherever situate, including all proceeds thereof; <u>Expiry date:</u> November 19, 2027 <u>Note:</u> This hypothec results from that certain "Charge Order" issued by the Commercial Division of the Superior Court of Quebec on October 6, 2017 under Court number 500-11-053292-179;

2.	<p><u>Lessor:</u> Audi Popular</p> <p><u>Lessee:</u> 175413 CANADA INC.</p> <p><u>Assignee:</u> VW Credit Canada Inc.</p>	17-1181409-0005	2017-11-07	<p><u>Rights arising under a lease and assignment of rights</u> with respect to a 2018 Audi A5 Technik, VIN No. WAUFNCF55JA043077;</p> <p><u>Expiry date:</u> November 6, 2022</p>
3.	<p><u>Creditor:</u> THINKING CAPITAL</p> <p><u>Grantor:</u> -175413 CANADA INC. -M0851</p>	17-0900621-0001	2017-08-25	<p><u>Conventional hypothec without delivery</u> in the amount of \$310,282.87 charging the universality of present and future movable/personal property, books, assets and undertakings, corporeal and incorporeal, now or hereafter acquired by the merchant;</p> <p><u>Expiry date:</u> August 24, 2020</p>
4.	<p><u>Creditor:</u> BDC CAPITAL INC.</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	17-0775540-0001	2017-07-25	<p><u>Conventional hypothec without delivery</u> in the amount of \$600,000 plus interest at the rate of 25% per annum, plus an additional hypothec in the amount of \$120,000 charging all sums payable and all rights, title, interest, dividends in respect of the Royal & Sun Alliance du Canada insurance policy dated November 26, 1997 on the life of Frédéric Mamarbachi, bearing number ULS37201, including all renewals or replacements thereof. The Grantor has designated the Creditor as beneficiary and hypothecary creditor of this life insurance policy.</p> <p><u>Expiry date:</u> July 18, 2027</p>
5.	<p><u>Creditor:</u> EVOLOCITY FINANCIAL GROUP INC.</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	17-0761911-0002	2017-07-21	<p><u>Conventional hypothec without delivery</u> in the amount of \$300,000 charging all movable and personal property, present and future, corporeal and incorporeal, wherever it may be up to an amount of \$300,000;</p> <p><u>Expiry date:</u> July 19, 2020</p>

<p>6.</p>	<p><u>Creditor:</u> BDC CAPITAL INC.</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	<p>16-0870209-0001</p>	<p>2016-09-06</p>	<p><u>Conventional hypothec without delivery</u> in the amount of \$2,000,000, with interest at the rate of 25% per annum, plus an addition hypothec in the amount of \$400,000 charging the universality of present and future movable and immovable property, corporeal and incorporeal, present and future of whatever nature and wherever situated, including intellectual property;</p> <p><u>Expiry date:</u> September 6, 2026</p> <p><u>Cession of rank</u> registered on September 13, 2016 under number 16-0896232-0001 by Banque de Développement du Canada in favour of BDC Capital Inc. with respect to the universality of inventory;</p> <p><u>Cession of rank</u> registered on September 13, 2016 under number 16-0896232-0002 by Investissement Québec in favour of BDC Capital Inc. with respect to present and future inventory;</p> <p><u>Cession of rank</u> registered on September 19, 2016 under number 16-0914780-0001 by The Toronto-Dominion Bank in favour of BDC Capital Inc. only with respect to intellectual property;</p>
<p>7.</p>	<p><u>Creditor:</u> THE TORONTO-DOMINION BANK</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	<p>16-0824961-0001</p>	<p>2016-08-24</p>	<p><u>Conventional hypothec without delivery</u> in the amount of \$7,200,000.00 charging the universality of all present and future property in stock, claims, receivables, securities, equipment, vehicles, intellectual property, leasehold improvements and all movable property, corporeal or incorporeal, present and future, all fruits and revenues emanating therefrom;</p> <p><u>Expiry date:</u> August 23, 2026</p> <p><u>Cession of rank</u> registered on September 19, 2016 under number 16-0914780-0001 by The Toronto-Dominion Bank in favour of BDC</p>

				Capital Inc. only with respect to intellectual property; <u>Cession of rank</u> registered on September 27, 2016 under number 16-0947201-0001 by Investissement Québec in favour of The Toronto-Dominion Bank;
8.	<u>Lessor:</u> -Nissan Canada Finance a division of Nissan Canada Inc. -Services Financiers Infiniti, une division de Nissan Canada Inc. <u>Lessee:</u> 175413 CANADA INC.	15-1047395-0001	2015-10-28	<u>Rights arising under a leasing agreement or finance lease</u> with respect to a 2015 Infiniti QX50, VIN: JN1BJ0HRXFM773118; <u>Expiry date:</u> October 7, 2020
9.	<u>Lessor:</u> -RCAP Leasing Inc. -Crédit-bail RCap Inc. <u>Lessee:</u> -175413 CANADA INC. -175413 CANADA INC. M0851 -M0851 PRODUCTS AND ARCHITECTURAL DESIGN -PRODUCTS AND ARCHITECTURAL DESIGN	15-0255028-0004	2015-03-27	<u>Rights arising under a leasing agreement or finance lease</u> with respect to 1-E Studio 2555CNAF Serie/ C7AE6845; <u>Expiry date:</u> March 27, 2022
10.	<u>Creditor:</u> INVESTISSEMENT QUÉBEC <u>Grantor:</u> 175413 CANADA INC.	14-0461539-0003 <i>*Pari passu with Banque de Développement du Canada</i> (see item 11 of present summary)	2014-05-26	<u>Conventional hypothec without delivery</u> in the amount of \$1,200,000.00 with interest at the rate of 25% charging the universality of movable property, present and future, corporeal and incorporeal of whatever nature and wherever situated; <u>Expiry date:</u> May 22, 2024

				<p>Cession of rank registered on June 30, 2014 under number 14-0590667-0001 by The Toronto-Dominion Bank in favour of Banque de Développement du Canada and Investissement Québec with the exception of inventory and claims;</p> <p>Cession of rank registered on September 13, 2016 under number 16-0896232-0002 by Investissement Québec in favour of BDC Capital Inc. with respect to present and future inventory;</p> <p>Cession of rank registered on September 27, 2016 under number 16-0947201-0001 by Investissement Québec in favour of The Toronto-Dominion Bank;</p>
11.	<p><u>Creditor:</u> BANQUE DE DÉVELOPPEMENT DU CANADA</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	<p>14-0461539-0001</p> <p><i>*Pari passu with Investissement Québec</i></p> <p>(see item 10 of present summary)</p>	2014-05-26	<p>Conventional hypothec without delivery in the amount of \$720,000.00 with interest at the rate of 25% charging the universality of movable property, present and future, corporeal and incorporeal or whatever nature and wherever situated, including proceeds of sale, insurance indemnities, fruits and revenues, securities and title documents;</p> <p>*NOTE: the section “<i>autres mentions</i>” provides that, with respect to inventory and claims charged by this hypothec, this hypothec shall be subordinated and shall rank after any other hypothec that may be granted by the Grantor in favour of any bank or institution granting it operating loans</p> <p><u>Expiry date:</u> May 22, 2024</p> <p>Cession of rank registered on June 30, 2014 under number 14-0590667-0001 by The Toronto-Dominion Bank in favour of Banque de Développement du Canada and Investissement Québec with the exception of inventory and claims;</p>

				Cession of rank registered on September 13, 2016 under number 16-0896232-0001 by Banque de Développement du Canada in favour of BDC Capital Inc. with respect to the universality of inventory;
12.	<u>Lessor:</u> Les Automobiles Poplar <u>Lessee:</u> -175413 CANADA INC. -Frederic Mamarbachi -M0851 <u>Assignee:</u> VW Credit Canada Inc.	14-0053736-0062	2014-01-24	<u>Rights arising under a lease and assignment of rights</u> with respect to a 2014 Audi Q5 Komfort, VIN: WA11CF000EA061071; <u>Expiry date:</u> January 22, 2019
13.	<u>Lessor:</u> Les Automobiles Poplar <u>Lessee:</u> -175413 CANADA INC. -M0851 <u>Assignee:</u> VW Credit Canada Inc.	13-1120052-0016	2013-12-19	<u>Rights arising under a lease and assignment of rights</u> with respect to a 2014 Audi Q5 Progressive, VIN: WA11LF000EA052915; <u>Expiry date:</u> December 16, 2018
14.	<u>Lessor:</u> Royal Bank of Canada <u>Lessee:</u> 175413 CANADA INC.	13-0881781-0001	2013-10-04	<u>Rights arising under a lease</u> pursuant to lease dated Sept. 25, 2013 with respect to equipment and all attachments, accessories, additions, improvements etc., proceeds, money, accounts receivable, documents of title, insurance indemnities etc.; <u>Expiry date:</u> September 25, 2019
15.	<u>Lessor:</u> Royal Bank of Canada <u>Lessee:</u> 175413 CANADA INC.	13-0760474-0001	2013-08-29	<u>Rights arising under a leasing agreement or finance lease</u> with respect to equipment SLB #201000010794 dated August 21, 2013, together with all attachments, accessories, additions, improvements etc., proceeds, money, accounts receivable, documents of title, insurance indemnities etc.; <u>Expiry date:</u> August 28, 2019

<p>16.</p>	<p><u>Lessor:</u> Les Automobiles Poplar</p> <p><u>Lessee:</u> -175413 CANADA INC. -Frederic Mamarbachi -M0851</p> <p><u>Assignee:</u> VW Credit Canada Inc.</p>	<p>13-0597025-0001</p>	<p>2013-07-11</p>	<p><u>Rights arising under a lease and assignment of rights</u> with respect to a 2013 Audi A4 Premium Plus, VIN:W4UKFCFL2DN028513;</p> <p><u>Expiry date:</u> July 8, 2018</p>
<p>17.</p>	<p><u>Creditor:</u> Banque Royale du Canada</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	<p>13-0417365-0002</p>	<p>2013-05-21</p>	<p><u>Conventional hypothec without delivery</u> in the amount of \$299,000.00 with interest at the preferential rate plus 0% charging a specific list of machinery and equipment, together with accessories as well as all present and proceeds, claims, fruits, revenues, insurance indemnities, rights, title, replacements, renewals or substitutions thereto;</p> <p><u>Expiry date:</u> May 16, 2023</p> <p><u>Cession of rank</u> registered on May 29, 2013 under number 13-0450118-0001 by Investissement Quebec in favour of Banque Royale du Canada;</p>
<p>18.</p>	<p><u>Creditor:</u> INVESTISSEMENT QUÉBEC</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	<p>11-0923977-0001</p>	<p>2011-11-30</p>	<p><u>Conventional hypothec without delivery</u> in the amount of \$900,000.00 with interest at the rate of 25% per annum as and from November 21, 2011, charging the universality of movable property, present and future, corporeal and incorporeal of whatever nature and wherever situated including all right, title and interest acquired after November 21, 2011, including intellectual property;</p> <p><u>Expiry date:</u> November 21, 2021</p> <p><u>Rectification</u> registered on January 10, 2012 under number 12-0015301-0001 to change the amount of the hypothec to be "\$1,080,000 including an additional hypothec in the amount of \$180,000";</p>

				<p>Cession of rank registered on May 29, 2013 under number 13-0450118-0001 by Investissement Quebec in favour of Banque Royale du Canada;</p> <p>Voluntary reduction registered on September 23, 2013 under number 13-0838937-0001 with respect to a specific list of equipment;</p> <p>Cession of rank registered on September 13, 2016 under number 16-0896232-0002 by Investissement Québec in favour of BDC Capital Inc. with respect to present and future inventory;</p> <p>Cession of rank registered on September 27, 2016 under number 16-0947201-0001 by Investissement Québec in favour of The Toronto-Dominion Bank;</p>
19.	<p><u>Creditor:</u> Banque Royale du Canada</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	11-0624842-0008	2011-08-16	<p>Conventional hypothec without delivery in the amount of \$253,000 with interest at the preferential rate plus 5%, charging specific machinery and equipment, together with accessories as well as all present and future proceeds, claims, fruits, revenues, insurance indemnities, rights, title, replacements, renewals or substitutions thereto;</p> <p><u>Expiry date:</u> August 12, 2021</p>
20.	<p><u>Lessor:</u> Roynat Inc.</p> <p><u>Lessee:</u> 175413 CANADA INC.</p>	11-0173231-0003	2011-03-17	<p>Rights arising under a leasing agreement or finance lease with respect to photocopier E Studio 2830c N/S CXA129570, together with all attachments, accessories, additions, improvements, proceeds., insurance indemnities;</p> <p><u>Expiry date:</u> March 17, 2018</p> <p>Assignment of rights registered on May 26, 2016 under number 16-0491352-0001 by Roynat Inc. in favour of Meridian OneCap Credit Corp.;</p>

				<p>Rectification registered on October 7, 2016 under number 16-0985318-0001 with respect to the Assignment of Rights whereby registration number 14-1047470-0001 should have been included in the list of registrations which are subject to the Assignment of rights;</p>
21.	<p><u>Creditor:</u> Banque Royale du Canada</p> <p><u>Grantor:</u> 175413 CANADA INC.</p>	08-0477528-0001	2008-08-15	<p>Conventional hypothec without delivery in the amount of \$103,500 with interest at the preferential rate plus 2.5%, charging the universality of tax credits, tax refunds, present and future movable property, corporeal and incorporeal and all replacements thereof, all present and future proceeds, claims, fruits, revenues, insurance indemnities, rights, title, replacements, renewals or substitutions thereto;</p> <p><u>Expiry date:</u> August 11, 2018</p>

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

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

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

175413 CANADA INC. (operating under the trade
name M0851);

-and- **Debtor/Petitioner**

KPMG INC., **Trustee**

-and-

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

Mises-en-causes

EXHIBIT P-4

Me Gerald F. Kandestin
Me Jeremy Couttier
KuglerKandestin
1 Place Ville Marie, Suite 1170
Montréal (Québec) Canada H3B 2A7
T: 514 878-2861
F: 514 875-8424
gkandestin@kklex.com
jcuttier@kklex.com

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-053292-179
ESTATE NO.: 41- 2297864

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:

175413 CANADA INC. (operating under the
trade name M0851);

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

-and-

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

Mises-en-causes

EXHIBIT P-5

Sale and Solicitation Process Request for Offers

REQUEST FOR OFFERS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 175413 CANADA INC.

KPMG Inc. ("**KPMG**") acts as trustee to the notice of intention to make a proposal of 175413 Canada Inc. (operating under the trade name "M0851") (the "**Debtor**") filed on September 27, 2017.

The Debtor has mandated KPMG to initiate and conduct a sale and solicitation process to market the Debtor's business and the assets related thereto. Any transaction in connection with the Debtor's business and/or the assets will require Court approval.

As part of this solicitation process, KPMG will allow Qualified Bidders to access (at KPMG's choice, either through KPMG's virtual data room or through other means chosen by KPMG) all documents and information which the Debtor believes to be required in order for a Qualified Bidder to be in a position to make an offer or propose a transaction in connection with the Debtor's business or the Assets (the "**Information**").

The present Request for Offers (the "**Request**") is subject to and governed by the following conditions and terms:

1. **VENDOR.** The Vendor of the Assets will be either the Debtor, a receiver to be appointed in respect of the Assets or, in the event of the Debtor's bankruptcy, the Debtor's bankruptcy trustee ("**Vendor**").
2. **ASSETS.** The assets forming the object of any Qualified Bid (the "**Assets**") will consist of the whole or any portion of all of the Debtor's corporeal and incorporeal, tangible and intangible property and any interests of the Debtor therein (to the extent of such interests) including, without limitation, all inventory, accounts receivable, leasehold improvements, leasehold rights, contractual rights under agreements, fixed assets, intellectual property and goodwill and shares in all of the Debtor's subsidiaries including, without limitation, M0851 Products and Architectural Design Inc. and M0851 Trading (Beijing) Co. Ltd.
3. **QUALIFIED BIDDER.** The Debtor will only consider Qualified Bids from bidders who have provided to KPMG a fully executed "Confidentiality and Non-Disclosure Agreement" (the "**NDA**") to the Debtor's complete satisfaction (a "**Qualified Bidder**").
4. **DUE DILIGENCE.** Upon request made by a Qualified Bidder to KPMG, the Qualified Bidder may be granted access to the Information, in order to allow the Qualified Bidder to complete its due diligence prior to submitting a bid, all subject to and in accordance with the provisions of the NDA.

5. **QUALIFIED BID.** The Debtor shall only consider bids which meet the following conditions (a "Qualified Bid"), namely:
- (a) the bid is submitted by a Qualified Bidder;
 - (b) the bid is submitted by the Bid Deadline;
 - (c) the bid pertains to the acquisition or liquidation of the whole or any portion of the Assets or a transaction in connection with the investment or partnership in the Debtor's business;
 - (d) the bid indicates the consideration offered for the Assets to be purchased or the proposed transaction (the "**Purchase Price**") and the method of its payment;
 - (e) the bid is not conditional upon the outcome of unperformed due diligence or the obtaining of financing;
 - (f) the bid is conditional upon the issuance by the Commercial Division of the Quebec Superior Court for the District of Montreal (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 expired without an appeal having been lodged or, an appeal having been lodged, the Order having been confirmed on appeal withdrawn which:
 - (i) authorizes Vendor (**A**) in the case of the sale of Assets, to sell the relevant Assets to the Qualified Bidder, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than any expressly assumed by the Qualified Bidder in its Qualified Bid, and/or (**B**) to enter into and complete the proposed transaction with the Qualified Bidder, the whole in accordance with the terms and conditions of the Qualified Bid;
 - (ii) in the case of the Assets comprising leasehold rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all leases creating such leasehold rights; and
 - (iii) in the case of Assets comprising contractual rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all agreements creating such contractual rights.
 - (g) in the case of a sale of the Assets, the bid is accompanied by a deposit equal to the lesser of \$50,000 or 5% of the Purchase Price (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, payable to "KPMG Inc. – In Trust";

- (h) the bid provides for a closing of the transaction envisaged by the Qualified Bid (the "**Contemplated Transaction**") by no later than 5 o'clock p.m. (Montreal time) on December 5, 2017 (the "**Closing Date**"); and
 - (i) the Qualified Bid provides for the following acknowledgments and representations from the Qualified Bidder, namely that:
 - (i) the Qualified Bidder has had the opportunity to conduct all due diligence regarding the Assets and/or the Debtor, before submitting its bid;
 - (ii) the Qualified Bidder acknowledges and recognizes that the Contemplated Transaction will be made on an "*as is / where is*" basis, at the Qualified Bidder's own risk and peril, without any representations or warranties of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise, with respect to the Assets and/or the Debtor;
 - (iii) the Qualified Bidder, in submitting its bid, has relied solely upon its own independent review, investigation and/or inspection of the Assets and the Information concerning the Assets and/or the Debtor;
 - (iv) the Qualified Bidder, in submitting its bid, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Assets and/or the Debtor or regarding any Information or the completeness thereof; and
 - (v) the bid is accompanied by such other information as may be reasonably requested by the Debtor and/or KPMG.
6. **BID DEADLINE.** Qualified Bids accompanied by the Deposit must be received in a sealed envelope by KPMG by no later than noon (Montreal time) on November 24, 2017 (the "**Bid Deadline**"). Such sealed envelope must clearly be marked "BID – 175413 CANADA INC.".
7. **OPENING OF QUALIFIED BIDS.** Qualified Bids will be opened at KPMG's offices upon the expiry of the Bid Deadline. No bidder will be present at the opening of bids.
8. **WITHDRAWAL OF A QUALIFIED BID.** All Qualified Bids submitted constitute a firm offer and cannot be revoked, unless a written notice of withdrawal of the Qualified Bid is received by KPMG prior to the expiry of the Bid Deadline.
9. **RETAINED BIDDER AND CONTEMPLATED TRANSACTION.** KPMG, after consultation with the Debtor, and/or the Debtor, will determine which of the Qualified Bids, if any, is acceptable. KPMG may elect to reject any or all of the Qualified Bids and is under no obligation to accept the highest Qualified Bid or to accept any of the Qualified Bids. The Qualified Bidders will be informed in writing by no later than 5 o'clock p.m. (Montreal time)

on November 27, 2017 of the decision in respect of their respective Qualified Bids as follows:

- (a) if a Qualified Bid is accepted, the Qualified Bidder will receive a notice of acceptance from KPMG (the "**Notice of Acceptance**") confirming that the Debtor agrees to complete the Contemplated Transaction with the Qualified Bidder (each a "**Retained Bidder**"), the whole subject to the issuance of the Approval Order (each a "**Retained Bid**"); and
 - (b) if a Qualified Bid is dismissed, the Qualified Bidder will receive notice of dismissal from KPMG and the Deposit (without any accrued interest thereon) will be promptly returned by KPMG to the Qualified Bidder. The Qualified Bidder recognizes and acknowledges that it has absolutely no recourse against KPMG and/or the Debtor as a result of the dismissal of its Qualified Bid, save and except with respect to the return of its Deposit (without any accrued interest thereon).
10. **DEFINITIVE AGREEMENTS.** Following receipt of a Notice of Acceptance, the Retained Bidder, the Debtor and KPMG undertake to negotiate in good faith to finalize the definitive agreements necessary to fully implement the Contemplated Transaction (the "**Definitive Agreements**").
 11. **APPLICATION TO THE COURT.** Unless the Debtor otherwise agrees, the Application to the Court seeking issuance of the Approval Order will not be filed with the Court prior to the drafts of the Definitive Agreements having been approved in writing by each of the Debtor, KPMG and the Retained Bidder.
 12. **CLOSING.** Closing of the Contemplated Transaction(s) will occur no later than the Closing Date.
 13. **LIABILITY FOR TAXES.** All applicable duties and taxes (including all sales taxes) that may be payable as a result of or in connection with the Contemplated Transaction will be paid by the Retained Bidder (in addition to the Purchase Price) in full at closing.
 14. **WITHDRAWAL OF ACCEPTANCE.** The Debtor may withdraw its Notice of Acceptance at any time prior to the closing of the Contemplated Transaction. In the event of such withdrawal, KPMG will immediately return the Deposit (without any accrued interest thereon) to the Retained Bidder and the Retained Bidder will have no further rights or recourses whatsoever against the Debtor and/or KPMG.
 15. **EXCLUSION OF WARRANTIES.** Any Contemplated Transaction will be made strictly on an "*as is / where is*" basis, without any representations or warranties on the part of the Debtor, any other Vendor or KPMG, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the Assets and/or the Debtor, all such representations or warranties being expressly excluded from the Contemplated Transaction. Without limiting the generality of the foregoing, in connection with a sale of the Assets, the Qualified Bidder acknowledges (and will acknowledge in the Definitive

Agreements) having examined the Assets in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with a sale of the Assets, the Retained Bidder recognizes and acknowledges (and will recognize and acknowledge in the Definitive Agreements) that the Debtor and any other Vendor is not a professional seller of the Assets.

16. **POSSESSION.** Upon occurrence of closing on the Closing Date, in the event the contemplated transaction is in respect of the Assets, the Retained Bidder will take possession of the Assets strictly on an "as is / where is" basis, at its own cost and expense, without any liability on the part of the Debtor or KPMG. The Retained Bidder will indemnify and hold each of the Debtor and KPMG harmless for and against all claims in connection with any damages caused to any premises where the Assets are located as a result of the Qualified Bidder's taking possession thereof.
17. **TITLE.** Title to the Assets will not pass to the Retained Bidder nor will the Retained Bidder be entitled to possession thereof until the occurrence of closing on the Closing Date.
18. **DEFAULT OF A QUALIFIED BIDDER.** If a Qualified Bidder fails to comply with any of the terms, conditions and provisions of this Request, the NDA or its Qualified Bid, the Qualified Bidder will indemnify and hold harmless each of the Debtor and KPMG for any damages incurred as a result of such failure.
19. **DEFAULT OF A RETAINED BIDDER.** If a Retained Bidder fails to complete the Contemplated Transaction or breaches the terms, conditions and provisions of this Request or the NDA, then:
 - (a) such Retained Bidder will be absolutely deemed to have completely forfeited its Deposit to and in favour of the Debtor and KPMG shall immediately remit such Deposit to the Debtor, which the Debtor shall be entitled to retain as pre-determined partial damages (and not as a penalty) resulting from such Retained Bidder's default; and
 - (b) the Debtor and/or KPMG, as the case may be, will be entitled to claim damages from the Retained Bidder resulting from such Retained Bidder's default in excess of the Deposit.
20. **NO ASSIGNMENT.** Neither a Qualified Bidder nor a Retained Bidder will be entitled to transfer or assign, in whole or in part, any of its rights, title and/or interest in or to its Qualified Bid and/or Retained Bid, except with the express prior written consent of the Debtor. If such consent is given by the Debtor, such Qualified Bidder, the Retained Bidder and the designated transferee/assignee will be solidarily (jointly and severally) liable towards the Debtor for all of the obligations of the Qualified Bidder and/or the Retained Bidder under its Qualified Bid and/or Retained Bid.
21. **NOTICE.** All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted under this Request shall be in writing,

sent by personal delivery, courier, facsimile or electronic transmission at the following coordinates:

(a) For any Qualified Bidders: At the coordinates indicated in their respective bids;

(b) For the Debtor: 175413 CANADA INC.

5555 avenue Casgrain
Suite 201
Montréal, Québec H2T 1Y1
Attention: Frederic Mamarbachi
Daniel Becker
E-Mail: frederic@m0851.com
daniel@m0851.com

(c) To KPMG: KPMG INC.

600 Maisonneuve Blvd West
Suite 1500
Montreal, Quebec H3A 0A3
Attention: Stéphane De Broux
Richard Lépine
E-Mail: sdebroux@kpmg.ca
rlépine@kpmg.ca

- 22. APPLICABLE LAW AND JURISDICTION.** This Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s) will be subject to and governed by the laws of the Province of Quebec and the laws of Canada in force therein from time to time. Each Qualified Bidder, the Debtor and KPMG attorns to the exclusive jurisdiction of the Court with respect to any and all legal proceedings or remedies related, directly or indirectly, to this Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s).
- 23. DELAYS.** If any delay provided for herein expires on a day that is not a business day (i.e. any day other than a Saturday, Sunday or statutory holiday in the Province of Quebec or any other day on which banks are generally closed for business in the Province of Quebec), the delay will be extended to the next business day. All delays set forth in this Request, including, without limitation, the Bid Deadline, the Closing Date and the delays set forth in Sections 7 and 9 hereof, may be extended by the Debtor, with the consent of KPMG.
- 24. WAIVER OR VARIANCE OF CONDITIONS.** All of the conditions set forth in this Request, the NDA and the Contemplated Transaction will enure to the exclusive benefit of the Debtor or any other Vendor and, accordingly, the Debtor or any other Vendor alone (and

expressly not any Qualified Bidder or any Retained Bidder) will be entitled to waive or vary any of such conditions.

- 25. LANGUAGE.** Each of the Debtor, KPMG and the Qualified Bidders agree that this Request, the NDA, the Definitive Agreements, the Contemplated Transaction and all related documents be drawn up solely in the English language. / *Chacun des "Debtor", "KPMG" et "Qualified Bidders" consentent à ce que ce "Request", "Confidentiality Agreement", "Definitive Agreements", "Contemplated Transaction" et tous les documents y afférents soient rédigés dans la langue anglaise.*

MONTREAL, October 30, 2017

KPMG INC., in its capacity as Trustee
to the Notice of Intention to Make a Proposal of
175413 Canada Inc.

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

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

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

175413 CANADA INC. (operating under the trade
name M0851);

Debtor/Petitioner

-and-

KPMG INC.,

Trustee

-and-

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

Mises-en-causes

EXHIBIT P-5

Me Gerald F. Kandestin
Me Jeremy Cuttler
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

NO.: 500-11-053292-179
ESTATE NO.: 41-2297864

SUPERIOR COURT
(Commercial Division)
*(Bankruptcy and Insolvency Act, Canada, RSC 1985,
c. B-3)*

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

175413 CANADA INC. (operating under the trade name
M0851);

Debtor/Petitioner

-and-

KPMG INC.,

Trustee

-and-

THE PARTIES LISTED IN THE ATTACHED SERVICE LIST

Mises-en-causes

MOTION FOR THE AUTHORIZATION TO SELL CERTAIN
ASSETS OF THE DEBTOR, DIRECTIONS AND OTHER
RELATED ORDERS
(Sections 65.13, 66(1.1) AND 84.1 of the *Bankruptcy and
Insolvency Act, R.S.C. 1985, c. B-3*)

COPY

Me Gerald F. Kandestin
Me Jeremy Cuttler

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