

C A N A D A

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N° : 500-11-057570-190

**IN THE MATTER OF THE
COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985,
C. C-36, AS AMENDED**

9348069 CANADA INC.

-and-

4295862 CANADA INC.

-and-

MOTOVAN CORPORATION

-and-

MONCY HOLDING COMPANY INC.

-and-

MONCY FINANCIAL SERVICES COMPANY INC.

-and-

NICHOLS MOTORCYCLE SUPPLY INC.

-and-

MONCY LLC

-and-

**MOTORCYCLE TIRES & ACCESSORIES LLC
("MTA")**

CCAA Parties

- and-

KPMG INC.

Monitor

FIRST REPORT OF THE MONITOR

(Companies' Creditors Arrangement Act, R.S.C. 1985, C. C-36, As Amended)

DECEMBER 11, 2019

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A. INTRODUCTION AND PURPOSE OF THE MONITOR'S FIRST REPORT

1. On November 28, 2019, 9348069 Canada inc., 4295862 Canada inc. and Motovan Corporation (collectively "**Motovan**" or the "**Applicants**") filed an application before the Quebec Superior Court, Commercial Division (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").
2. On November 28, 2019, KPMG Inc., in its then capacity as proposed monitor, provided the Court with a pre-filing report dated November 29, 2019 (the "**Pre-Filing Report**") in connection with the Applicants' application seeking, *inter alia*, the issuance of an Initial Order granting the CCAA Parties protection under the CCAA and the granting of certain priority charges, namely an administration charge and a directors and officers' charge (the "**Proposed Initial Order**").
3. On December 2nd, 2019, the Court granted an initial order which provides for, among other things, the appointment of KPMG Inc. as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**") and a stay of proceedings until December 12, 2019, or such later date as the Court may order against the CCAA Parties (the "**Initial Order**").
4. On December 9, 2019, the Applicants filed a motion (the "**Motion**") with the Court, namely a Motion (I) for an Order Extending the Stay Period, (II) to Amend the Initial Order and (III) for the Approval of a Sale and Investment Solicitation Process (the "**Amending and Restated Order**").
5. The purpose of this report (the "**Report**") is to provide the following information to this Court:
 - a) The terms and reference and disclaimer for the Report (section **B**);
 - b) The Monitor's activities since the issuance of the Initial Order (section **C**);
 - c) The CCAA Parties' restructuring efforts since the issuance of the Initial Order (section **D**);
 - d) Motovan and MTA's actual receipts and disbursements for the three-week period ended December 7, 2019, as compared to the corresponding period reflected in the amended cash flow projections for Motovan (the "**Motovan Cash Flow Forecast**") and the cash flow projections for MTA (the "**MTA Cash Flow Forecast**"), previously filed as part of the Pre-Filing Report (section **E**);
 - e) The request for extension of the stay period up to January 31st, 2020 (the "**Stay Period**") (section **F**);
 - f) The Monitor's position on increasing the administrative charge (the "**Admin Charge**") and granting the CCAA Parties the rights that were removed from the Proposed Initial Order, as sought by the Applicants in the Motion (section **G**);
 - g) Motovan's Canadian assets and operations – Description of the SISF for Court approval (section **H**);
 - h) The Monitor's observations regarding the Applicants' request for relief as sought in the Motion (section **I**).

6. A more detailed description of the business operations of the CCAA Parties and background of its restructuring efforts to date is provided in the Motion.

B. RESTRICTIONS AND SCOPE LIMITATIONS

7. In preparing this Report, the Monitor has been provided with and has relied upon unaudited financial information, books and records prepared by certain senior management of the Applicants ("**Senior Management**"), and discussions with Senior Management (collectively, the "**Information**"). Except as further described in this Report:
 - a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* and accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
 - b) Some of the information referred to in this Report consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
8. Future oriented financial information referred to in this Report was prepared based on Senior Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections. Even if the assumptions materialize, the variations could be significant.
9. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Applicants.
10. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars, which is the Applicants' common Reporting currency.

C. MONITOR'S ACTIVITIES SINCE THE ISSUANCE OF THE INITIAL ORDER

11. Pursuant to paragraph 28 of the Initial Order, the Monitor:
 - a) On December 9, 2019, published a notice containing the information prescribed under CCAA in the newspapers *La Presse* and *The Gazette*. The notice is attached hereto as **Appendix "A"**. A second notice is set to be published on December 16, 2019, which will take into account the Amending and Restated Order;

- b) Within five (5) business days after the date of the Initial Order:
 - i. Posted on the Monitor's websites www.kpmg.com/ca/motovan and www.kpmg.com/ca/motovan-fr (the "**Website**") a notice containing the information prescribe under the CCAA and made the Initial Order publicly available in the manner prescribed under the CCAA;
 - ii. Sent, in the prescribed manner, a notice (the "**Notice to Creditors**") to all known creditors having a claim against the CCAA Parties of more than \$1,000 advising them that the Initial Order is publicly available. The Notice to Creditors is attached hereto as **Appendix "B"**; and
 - iii. Prepared a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and made it publicly available in the prescribed manner under the CCAA.

- 12. The Monitor published contact information in the Notice to Creditors and on the Monitor's Website to enable creditors or other interested parties to contact the Monitor and obtain additional information concerning the CCAA Proceedings.

- 13. The Monitor has furthermore:
 - a) Assisted the CCAA Parties with its communications with employees, suppliers, lenders and other parties;
 - b) Responded to telephone calls, emails and inquiries and addressed concerns from creditors and other stakeholders regarding the effect of the CCAA Proceedings;
 - c) Had numerous exchanges with the Bank of Montreal ("**BMO**") financial advisors, Richter;
 - d) Provided assistance to the CCAA Parties in:
 - i. Establishing a process between CCAA Parties and BMO for weekly fund requests as part of the cash management system and in accordance with the forbearance agreement agreed between the CCAA Parties and BMO (the "**Forbearance Agreement**");
 - ii. Preparation of weekly update of cash flows to be provided to BMO and Richter; and
 - iii. Preparation of weekly variance analysis on the cash flows to be provided to BMO and Richter.
 - e) Reviewed and commented on the SISP documentation, including the teaser, offer process letter, non-disclosure agreement, confidential information memorandum (the "**SISP Documentation**");
 - f) Reviewed and commented on the list of potential purchasers/investors/partners (collectively the "**Potential Purchasers**") identified by KPMG Corporate Finance Inc. ("**KPMG CF**");
 - g) Obtained the approval from the main secured creditors with regards to the SISP Documentation and the List of Potential Purchasers prior to confirm to Motovan and KPMG CF to go forward with the implementation of the SISP, as more fully described in section **H** of the Report.

- h) Assisted MTA in the discussions and signature of the letter of interest (the “**GB LOI**”) with Gordon Brothers for the orderly liquidation of the assets of MTA. The GB LOI is attached underseal hereto as **Appendix “C”**
- i) Assisted MTA in obtaining the approval of BMO for the signature of the letter of interest with Gordon Brothers.

D. CCAA PARTIES’ RESTRUCTURING EFFORTS SINCE THE ISSUANCE OF THE INITIAL ORDER

Motovan

- 14. Since the issuance of the Initial Order, Motovan has engaged KPMG CF to implement the SISP and KPMG CF has prepared the following SISP Documentation:
 - a) A list of more than 50 Potential Purchasers;
 - b) A teaser (the “**Teaser**”), the purpose of which is to solicit the interest of the Potential Purchasers by providing an overview of Motovan, its business, its financial and of the process, along with key investment highlights and contact information of KPMG CF. The Teaser is on an anonymous basis without reference to Motovan. The Teaser is attached hereto as **Appendix “D”**;
 - c) A non-disclosure agreement template (the “**NDA**”). The NDA is attached hereto as **Appendix “E”**;
 - d) A process letter (the “**Process Letter**”) addressed to the Potential Purchaser who has signed the NDA and providing them with the details, terms and condition of the SISP. The Process Letter is attached hereto as **Appendix “F”**;
 - e) A draft confidential information memorandum (the “**CIM**”) which provides detailed financial and non-financial information on Motovan to Potential Purchasers who has signed the NDA. The CIM is attached underseal hereto as **Appendix “G”**; and
 - f) An electronic data-room (the “**Data-Room**”) where the Potential Purchasers who has signed the NDA can have access to additional financial and non-financial information on Motovan.
- 15. The SISP is more fully described in section **H** of the Report.

MTA

- 16. After obtained the approval of BMO, MTA has signed a letter of interest on December 10, 2019 with Gordon Brothers for the orderly liquidation of its assets.

E. CASH FLOW RESULTS RELATIVE TO FORECASTS

Motovan

17. The following table summarizes the cash receipts and disbursements for the 21-day ended December 7, 2019, as compared to the Motovan Cash Flow Forecast:

Cumulative Cashflow Analysis - End of Week 3				
Period Starting 2019-11-17		Variance		
Period Ending 2019-12-07	Actual	Forecast	(\$)	(%)
(in CA \$)				
RECEIPTS				
Collections from opening balance	1 201 705	1 074 725	126 980	12%
Collections - New sales	321 138	-	321 138	
Total receipts	1 522 843	1 074 725	448 118	42%
DISBURSEMENTS				
Operating Disbursements				
Inventory Purchases	(103 142)	(190 000)	86 858	-46%
Freight/Packaging	(69 843)	(168 591)	98 748	-59%
Rent	(55 188)	(55 188)	-	0%
Utilities/Building & Moving Expenses	(95 499)	(92 605)	(2 894)	3%
Insurance	-	-	-	
Employee Expenses	(416 102)	(389 989)	(26 112)	7%
Tax/Duties/Customs	(184 767)	(276 246)	91 478	-33%
Vehicle Leases	(4 780)	(5 000)	220	-4%
Communication (Internet)	(6 647)	(5 000)	(1 647)	33%
Communication (Phone)	(1 228)	(8 000)	6 772	-85%
Bank Fees and Credit Card Fees	(20 143)	(40 000)	19 857	-50%
Contingency	(23 366)	(19 500)	(3 866)	20%
Total Operating Disbursements	(985 367)	(1 256 619)	271 252	-22%
Debt Service Disbursements				
Interest - Facility A	(49 431)	(46 916)	(2 515)	5%
Total Debt Service Disbursements	(49 431)	(46 916)	(2 515)	5%
Total Professional Fee Disbursements	-	(345 000)	345 000	-100%
Total Disbursements	(1 034 798)	(1 648 535)	613 737	-37%
Net cash flow	488 045	(573 810)	1 061 855	-185%
Opening Net bank indebtedness	(13 014 264)	(13 372 846)	358 582	-3%
Net cash flow	488 045	(573 810)	1 061 855	-185%
Ending Net bank indebtedness	(12 526 219)	(13 946 656)	1 420 437	-10%

18. As at December 7, 2019, Motovan's closing bank indebtedness was approximately of \$-12,526,000, which represents a favorable position of \$1,420,000 compared to forecast.
19. The opening bank indebtedness, as at November 17, 2019, was \$359,000 lower than forecasted due to the forecast deriving from forecasted balances.
20. The net cash flow during the period was approximately \$1,062,000 higher than projected. The primary reasons for the favorable net cash flow variance are summarized below:

- a) Total cash receipts during the period were approximately \$448,000 higher than forecasted mainly due to some accounts receivable cashed earlier than forecasted; and;
 - b) Total cash disbursements during the period were approximately \$614,000 lower than forecasted mainly due to:
 - i. Timing difference, especially with regards to the payment of the professional fees as invoices of most of the professionals were submitted to the Motovan in end of week 3 and week 4;
 - ii. Lower operating expenses (inventory purchases, freight & packaging and tax, duties & customs).
21. Motovan has paid, and continues to pay in the normal course of business for any goods and services received subsequent to the date of the Initial Order, including payroll, rent and new purchases.

MTA

22. The following table summarizes the cash receipts and disbursements for the 21-day ended December 7, 2019, as compared to the MTA Cash Flow Forecast:

Cumulative Cashflow Analysis - End of Week 3				
Period Starting 2019-11-17		Variance		
Period Ending 2019-12-07	Actual	Forecast	(\$)	(%)
<i>(in US \$)</i>				
RECEIPTS				
Collections from opening balance	727 898	1 520 357	(792 459)	-52%
Collections - New sales	335 066	-	335 066	
Total receipts	1 062 963	1 520 357	(457 393)	-30%
DISBURSEMENTS				
Operating Disbursements				
Inventory Purchase	(29 130)	-	(29 130)	
Freight	(277 294)	(93 500)	(183 794)	197%
Tarriffs/Customs/In-Bound Freight	-	(39 000)	39 000	-100%
Rent	(10 800)	(52 300)	41 500	-79%
Utilities/Building Expenses	(1 373)	(7 000)	5 627	-80%
Insurance	-	-	-	
Employee Expenses	(126 047)	(149 700)	23 653	-16%
Miscellaneous operating expenses	-	(6 500)	6 500	-100%
Bank Fees and Credit Card Fees	(12 576)	(53 000)	40 424	-76%
Communication (Internet/Phone)	(14 129)	(13 000)	(1 129)	9%
Contingency	(64 879)	(18 600)	(46 279)	249%
Total Operating Disbursements	(536 228)	(432 600)	(103 628)	24%
Debt Service Disbursements				
Interest - Facility B	(36 593)	(38 470)	1 878	-5%
Total Debt Service Disbursements	(36 593)	(38 470)	1 878	-5%
Total Professional Fee Disbursements	-	(120 000)	120 000	-100%
Total Disbursements	(572 821)	(591 070)	18 250	-3%
Net cash flow	490 143	929 287	(439 144)	-47%
Opening bank indebtedness	(7 196 261)	(8 287 338)	1 091 077	-13%
Net cash flow	490 143	929 287	(439 144)	-47%
Ending bank indebtedness	(6 706 118)	(7 358 051)	651 933	-9%

23. As at December 7, 2019, MTA's closing bank indebtedness was approximately \$-6,706,000, which represents a favorable position of \$652,000 compared to forecast.
24. The opening bank indebtedness, as at November 17, 2019, was \$1,091,000 lower than forecasted due to the forecast deriving from forecasted balances.
25. The net cash flow during the period was approximately \$439,000 lower than projected. The primary reasons for the unfavorable net cash flow variance are summarized below:
- Total cash receipts during the period were approximately \$457,000 lower than forecasted mainly due to some accounts being collected slower than anticipated. No collections issues are currently anticipated.

- b) Total cash disbursements during the period were approximately \$18,000 lower than forecasted mainly due to:
 - i. Timing difference, especially with regards to the payment of the professional fees as invoices of most of the professionals were submitted to the Motovan in end of week 3 and week 4;
 - ii. Higher operating expenses, mostly freight expenses, as the CCAA filing happened later than it was anticipated and MTA had to make payments prior to the Initial Order date. In the MTA Cash Flow Forecast, those disbursements were accounted as pre-filing obligations and therefore not to be disbursed.
26. MTA has paid, and continues to pay in the normal course of business for any goods and services received subsequent to the date of the Initial Order, including payroll, rent and new purchases.

F. REQUEST FOR AN EXTENSION OF THE STAY PERIOD

27. The stay period pursuant to the Initial Order expires on December 12, 2019. The Applicants are seeking an extension of the Stay Period to January 31st, 2020. This extension will allow Motovan to conduct the SISP and properly canvass the market for potential alternatives that ought to allow Motovan's business to continue on a going concern basis, the whole for the greater benefit of all stakeholders involved.
28. To date, the CCAA Parties have been acting diligently and in good faith. Senior Management has provided the Monitor with full co-operation and unrestricted access to CCAA Parties' premises, books and records upon requests by the Monitor.
29. Senior Management has also fully collaborate with KPMG CF in preparation and implementation of the SISP.
30. The CCAA Parties, with the assistance of the Monitor, have worked through the initial week of the CCAA Proceedings and continue to operate their remaining businesses in the ordinary course with the benefit of the Stay Period, which has provided stability to the business.
31. The Monitor supports the Applicants' Motion to extend the Stay Period to January 31st, 2020, for the following reasons:
- a) The CCAA Parties continue to operate their remaining businesses in the ordinary course;
 - b) Motovan requires additional time to complete the SISP and MTA to assess its alternatives in respect to its business and/or assets; and
 - c) With the support of their operational lender, BMO, the CCAA Parties have sufficient liquidity to continue their operations on a going concern basis during the extended Stay Period.

G. INCREASE OF THE ADMIN CHARGE AND GRANTING THE RIGHTS THAT WERE REMOVED FROM THE INITIAL ORDER

Admin Charge

32. The Proposed Initial Order was seeking the issuance of an Admin Charge of \$500,000 to secure the fees and disbursements of the Monitor, the Monitor's legal counsels, KPMG CF and the CCAA Parties' legal counsels. However, the Court decided to limit the Admin Charge to \$335,000 in the Initial Order based on the forecasted professional fees for the 2-week period ending November 30, 2019.
33. In the Motion, the Applicants is seeking for an increase of the Admin Charge up to \$500,000 as it was sought in the Proposed Initial Order.
34. The Monitor is of the view that the increase of the Admin Charge to \$500,000 is reasonable and appropriate in the circumstances having regard to the complexity of the proceedings, anticipated work levels of the applicable professional firms and the quantum of similar charges having been granted in comparable cases.

Rights removed from the Proposed Initial Order

35. The Proposed Initial Order was seeking to be granted the rights, subject to the approval of the Monitor or further order of the Court, to:
 - a) Subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the CCAA Parties and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
 - b) Subject to section 11.3 CCAA, assign any rights and obligations of CCAA Parties.
(Collectively the "**Rights to Disclaim or Resiliate Agreements and to Assign any Rights and Obligations**")
36. The Court decided to limit the rights that were granted to the CCAA Parties during the 10-day period of the Initial Order and remove from the Initial Order the Rights to Disclaim or Resiliate Agreements and to Assign any Rights and Obligations.
37. The Monitor is of the view that it is reasonable and appropriate for the Court to grant to the CCAA Parties the Rights to Disclaim or Resiliate Agreements and to Assign any Rights and Obligations as those rights, subject to the approval of the Monitor or further order of the Court, could be beneficial to the CCAA Parties during their restructuring process.

H. SISP (MOTOVAN)

38. On December 10, 2019, Motovan has implemented a SISP in respect of their Canadian business and assets which is conducted by KPMG CF acting as exclusive financial advisor to Motovan, under the supervision of the Monitor and the CCAA Court.
39. As mentioned to the Court on December 2, 2019 at the hearing seeking the issuance of the Initial Order, the SISP was implemented prior to its approval by the Court since the main secured creditors, namely BMO, BDC Capital Inc. and Investissement Québec, approved the SISP and its terms and conditions.
40. In view of maximizing the realization of Motovan's business and/or asset for the benefit of its creditors, KPMG CF will conduct a SISP under the supervision of the Monitor, in accordance with the following milestones:

Milestones	Expected Timing
Finalization of a list of Potential Purchasers	Completed
Communication of the Teaser to the Potential Purchasers	Ongoing
Establishment of an Electronic Data Room	Ongoing
Due diligence period	December 10, 2019 to January 22, 2020
Deadline for the filing of a bid	January 22, 2020
Filing and presentation of a motion seeking the issuance of an Approval and Vesting Order	Week ending on January 31, 2020
Closing of the transaction (s)	Week ending on February 7, 2020

41. During the SISP, Motovan intends to maintain its ongoing operations in order to continue generating sales and maximizing the value of its business and assets.
42. As mentioned in the Pre-filing Report, the Monitor has been informed that current members of Motovan's management team may be interested in participating or be associated with a bid in the context of the SISP. The SISP procedures have been drafted with a view of preserving the integrity of the process.
43. As of the date of the Report, KPMG CF has sent the Teaser to most of the Potential Purchasers.
44. KPMG CF will report on the status of the progression of the SISP on a weekly basis to the Monitor who will then report to Richter and the main secured creditors, namely BMO, BDC Capital Inc. and Investissement Québec. To preserve the integrity of the SISP, Senior Management of Motovan will not receive such weekly status report.

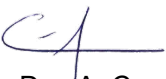
I. THE MONITOR'S RECOMMENDATIONS

45. The Monitor respectfully submits that the Amending and Restated Order should be granted;
46. The Monitor is of the view that:
- a) **Extension of the Stay Period**: The extension of the Stay Period until January 31, 2020 will afford the Applicants to conduct the SISP in the best context, while preserving the going concern operations of their business for the greater benefit of all stakeholders involved;
 - b) **Increase of the Admin Charge**: The increase of the Admin Charge to \$500,000 is reasonable in the circumstances and, in the view of the Monitor, shall allow the Applicants' to continue their operations in the normal course of business while conducting a SISP aimed at maximizing the value of their business and assets, for the greater benefit of all stakeholders involved;
 - c) **Additional Rights for the Applicants**: It is reasonable and appropriate for the Court to grant to the CCAA Parties the Rights to Disclaim or Resiliate Agreements and to Assign any Rights and Obligations as those rights could be beneficial to the CCAA Parties during their restructuring process.
 - d) **Approval of the SISP**: The SISP will properly canvass the market for potential alternatives that ought to allow Motovan's business to continue on a going concern basis, the whole for the greater benefit of all stakeholders involved.
47. The Monitor confirms that:
- a) The CCAA Parties have acted and are continuing to act in good faith with due diligence;
 - b) If the Extension of the Stay Period as sought by Applicants is granted by the Court, the CCAA Parties will be able to continue their restructuring efforts with a view to maximize the valorization of their business and assets, and for Motovan preserve the going concern operations of the business.

All of which is respectively submitted to this Honourable Court this 11th day of December 2019.

KPMG INC.

in its capacity as the Monitor of
9348069 Canada Inc.;
4295862 Canada Inc.;
Motovan Corporation;
Moncy Holding Company Inc.;
Moncy Financial Services Company Inc.;
Nichols Motorcycle Supply Inc.;
Moncy LLC &
Motorcycle Tires and Accessories LLC.


Per: Dev A. Coossa, CIRP, LIT
Partner

**APPENDIX A – NOTICE PUBLISHED IN THE NEWSPAPER LA PRESSE
AND THE GAZETTE**

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COMPANIES' CREDITORS ARRANGEMENT ACT
NOTICE TO CREDITORS

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT OF:

9348069 CANADA INC.

-and-

4295862 CANADA INC.

-and-

MOTOVAN CORPORATION

-and-

MONCY HOLDING COMPANY INC.

-and-

MONCY FINANCIAL SERVICES COMPANY INC.

-and-

NICHOLS MOTORCYCLE SUPPLY INC.

-and-

MONCY LLC

-and-

MOTORCYCLE TIRES AND ACCESSORIES LLC

CCAA Parties

Be advised that, the Commercial Division of the Quebec Superior Court of the District of Montreal (the "Court") has issued an order (the "Initial Order") on December 2, 2019 under the Companies' Creditors Arrangement Act ("CCAA") granting a stay of proceedings against the CCAA Parties until December 12, 2019 (the "Stay") under Court number 500-11-057570-190. The Court has appointed KPMG Inc. as monitor (the "Monitor") to the CCAA Parties.

The Monitor will communicate with the creditors again in the manner prescribed under the CCAA or by the Court, in particular in the event of the implementation of a process for submitting proofs of claim or of meeting(s) of creditors in order to consider a plan of arrangement. Copies of the motions in the court record, the orders to be rendered by the Court, including the Initial Order, the Monitor's reports, as well as a list of the names and addresses of each of the known creditors and the estimated amounts of their claims, and eventually all documents relating to the filing of proofs of claim or meeting(s) of creditors regarding a plan or plans of arrangement, as the case may be, will be made available on the Monitor's Website at: www.kpmg.com/ca/motovan.

If you are unable to access the documents, please contact with us by e-mail at motovan@kpmg.ca by leaving your name and phone number, as well as your fax number, e-mail or postal address according to the transmission mode desired.

DATED at Montreal, this 9th day of December 2019.

KPMG INC.

In its capacity as Monitor of the CCAA Parties
600, de Maisonneuve Blvd. West
Suite 1500
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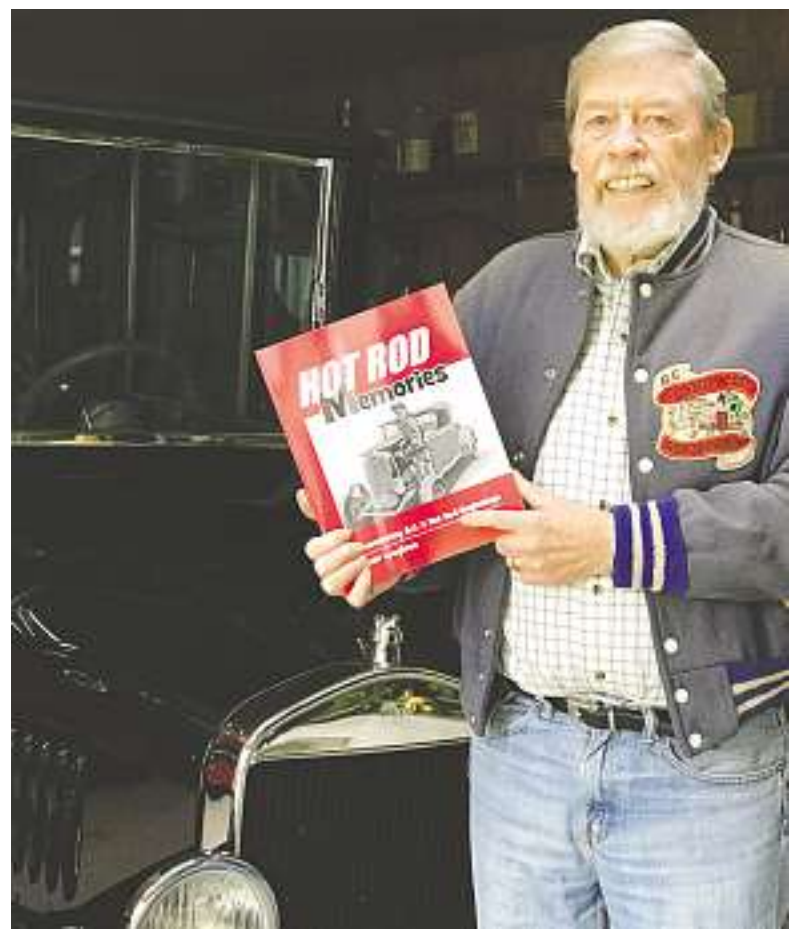
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Hot Rod Memories author Bernie Loughran, shown with his Ford Model T hotrod, has been a part of the Vancouver hotrod scene for almost 70 years.

ALYN EDWARDS/DRIVING

RECALLING VANCOUVER'S HOTROD HEYDAY

ALYN EDWARDS

Bernie Loughran was 10 years old when he saw his first hotrod. He was riding with his parents late at night when two pair of lights were coming toward them. His mother gasped as his father quickly pulled to the side of Vancouver's Fraser Street as two low-slung coupes roared by, side by side.

This was the lad's first taste of the hotrod racing that had taken over Vancouver streets beginning in the late-1940s. He was hooked.

Growing up in Vancouver's east end, Loughran would see the cut-down coupes and roadsters with chromed-up modified engines parked at the Aristocratic Drive-in restaurant at Fraser and Kingsway or Kings Burgers further up Kingsway, where hamburgers cost 19 cents. In 1952, he and his buddy rode their bicycles to see the lineup of hotrods at the first meetings of the British Columbia Custom Car Association, held at the Horticultural Hall on 20th Avenue at Clark Drive. Vancouver's teenagers were deep into the hotrod and custom car culture that spread north from Southern California.

Loughran has relived many of those motoring memories in a self-published book that chronicles the street scene in Vancouver, beginning in 1948, that captivated the city's youth and horrified many of its citizens. The retired auto-body shop owner, graphic artist and lifelong hotrod enthusiast has compiled hundreds of photos and descriptions to relive the golden age of hotrodding, rock and roll, drive-in movies and teen dances.

After the war, Vancouver's yards and alleys were a treasure trove of discarded Model T Fords, Model A roadsters and coupes from the early 1930s. Teenagers wanted to build their own cars and hotrod and custom car magazines from California showed them how. The opening of Digney Speedway, off Kingsway in Burnaby, was a place for some to race their cars. But street racing and catch-me-if-you-can police baiting became the sport of choice with the lightweight, high powered hotrods easily outrunning Vancouver police-issue six-cylinder Plymouth coupes.

Loughran's book details the infamous hotrod race of January 1949 when a 1932 Ford roadster hotrod driven by teenager Larry McBride locked front wheels with a 1933 Ford sedan being driven down Fraser Street at high speed by Len Biskey. McBride's roadster went out of control, slid up a hydro guide wire, sheared off the pole, left part of the car hanging 40 feet in the air, and severely injured its occupants. Newspaper headlines screamed, "Hot rod crash injures two" and "Hot rod drivers lose licenses for 3 years." This brought community concern to near hysteria.

Loughran writes that Vancouver

police traffic officers Alan Rossiter and Bernie Smith helped turn the unused wartime Abbotsford Airport into a drag strip to be run by the B.C. Custom Car Association as a move to get racing off the streets.

When drag racing got underway in 1954, Bernie Loughran begged his mother to drive him and two friends to Abbotsford to see hotrods face off on the strip.

Photos of all the cars built in Vancouver through the Fabulous Fifties and the young people who created them illustrate how the city was ahead of any other in the country for fostering the strong hotrod and custom car culture that continues today.

In September 1953, Loughran and friends took the bus to attend Canada's first hotrod show, with 35 of the city's best rides displayed on the skating rink floor of the new Kerrisdale Arena. It would be the first of what would be annual Pacific International Motorama shows held into the 1970s at the Pacific International Exhibition.

Photos of the 1953 show feature Jim McGowan's 1932 Ford roadster, the 1932 Ford Victoria hotrod built by Jim Greenlees from the car his parents bought new, and the radically customized Oldsmobile-powered 1950 Ford convertible built by Gord McDougall.

Loughran writes about his first hotrod, built when he was 16, in 1957 — the peak of the hotrod rage in Vancouver. He bought a 1926 Ford Model T roadster pickup body and mounted it on the chassis of a 1932 Ford sedan with a V8 motor purchased for \$50. He was thrilled when he won a case of oil at his first hotrod show at the newly opened Simpson-Sears shopping centre in Burnaby in 1958.

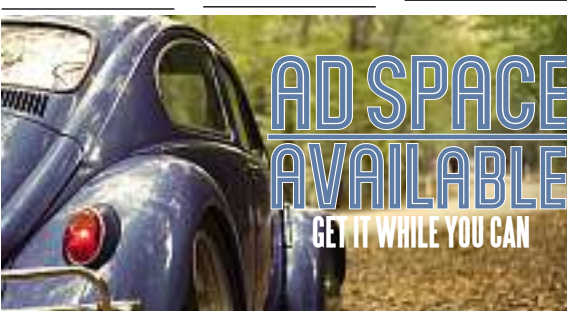
His book compiles photos and information collected over 10 years, with information based on being part of Vancouver's hotrod scene for nearly 70 years.

Bernie Loughran and wife Caroline have two hotrods garaged at their south Vancouver home: a 1926 Ford Model T touring car — commonly known as a bathtub — and a rare 1915 Ford Model T "centre door" sedan.

The cover of the book features a youthful Bob George in 1954 building a hotrod in the lane behind his parents' False Creek-area home. The photo captures what many consider to be the best of times in Vancouver, when young people used their energy and creativity to build engineering and design marvels in the form of hotrods.

Hot Rod Memories can be purchased by contacting author Bernie Loughran at berniebathtub@gmail.com.

Alyn Edwards is a classic car enthusiast and partner in Peak Communications, a Vancouver-based public relations company. aedwards@peakco.com Driving.ca



AD SPACE
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GET IT WHILE YOU CAN

MÉMO : LA PRESSE+

Pour publication une fois dans l'édition du
LUNDI, 9 DÉCEMBRE 2019

Sur une colonne **avec logo**, dans la page des annonces
légales et avec caractères suivant :
- modèle ci-dessous.

LOI SUR LES ARRANGEMENTS AVEC LES CRÉANCIERS DES COMPAGNIES

AVIS AUX CRÉANCIERS

DANS L'AFFAIRE DU PLAN D'ARRANGEMENT EN VERTU
DE LA *LOI SUR LES ARRANGEMENTS AVEC LES
CRÉANCIERS DES COMPAGNIES* DE :

9348069 CANADA INC.

-et-

4295862 CANADA INC.

-et-

MOTOVAN CORPORATION

-et-

MONCY HOLDING COMPANY INC.

-et-

MONCY FINANCIAL SERVICES COMPANY INC.

-et-

NICHOLS MOTORCYCLE SUPPLY INC.

-et-

MONCY LLC

-et-

MOTORCYCLE TIRES AND ACCESSORIES LLC

Parties LACC

Soyez avisés que, le 2 décembre 2019, la Chambre commerciale de la Cour supérieure du Québec du district de Montréal (le « **Tribunal** ») a rendu une ordonnance (l' « **Ordonnance Initiale** ») en vertu de la *Loi sur les arrangements avec les créanciers des compagnies* (la « **LACC** »), octroyant une suspension des procédures envers les Parties LACC jusqu'au 12 décembre 2019 (la « **Suspension** ») sous le numéro de Cour 500-11-057570-190. Aux termes de l'Ordonnance Initiale, KPMG Inc. a été nommée contrôleur (le « **Contrôleur** ») des Parties LACC.

Le Contrôleur communiquera à nouveau avec les créanciers suivant les modalités prescrites par la LACC ou par le Tribunal, notamment advenant la mise en place d'un processus pour la production de preuves de réclamation ou la tenue d'assemblée(s) de créanciers pour se prononcer à l'égard d'un plan d'arrangement. Copie des procédures au dossier, des ordonnances à être rendues par le Tribunal, y compris l'Ordonnance Initiale, des rapports du Contrôleur, de même qu'une liste des noms et adresses de chacun des créanciers connus et des montants estimés de leurs réclamations, et éventuellement tous les documents relatifs à la production de preuves de réclamation ou encore la tenue d'assemblées de créanciers en lien avec un ou des plans d'arrangements, le cas échéant, seront disponibles sur le site Web du Contrôleur à l'adresse : www.kpmg.com/ca/motovan-fr

Si vous ne pouvez y accéder, veuillez communiquer avec nous par courriel à motovan@kpmg.ca en nous laissant votre nom et numéro de téléphone ainsi que votre numéro de télécopieur, adresse courriel ou postale selon le mode de transmission désiré.

FAIT à Montréal, le 9^e jour de décembre 2019.

KPMG INC.

En sa qualité de Contrôleur des Parties LACC

600, boul. de Maisonneuve Ouest

Bureau 1500

Montréal (Québec) H3A 0A3

APPENDIX B – NOTICE TO CREDITORS



KPMG inc.
Tour KPMG
Bureau 1500
600, boul. de Maisonneuve Ouest
Montréal (Québec) H3A 0A3

Téléphone (514) 840-2100
Télécopieur (514) 840-2121
Internet www.kpmg.ca

**CANADA
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL**

N° de division : 01 - Montréal
N° de cour : 500-11-057570-190

COUR SUPÉRIEURE
(Chambre commerciale)

**DANS L'AFFAIRE DU PLAN D'ARRANGEMENT EN VERTU
DE LA LOI SUR LES ARRANGEMENTS AVEC LES
CRÉANCIERS DES COMPAGNIES DE :**

9348069 CANADA INC., corporation légalement constituée selon la *Loi canadienne sur les sociétés par actions*, ayant son siège social au 1100, boul. René-Lévesque Ouest, bureau 2500, dans la ville et le district de Montréal, province de Québec, H3B 5C9;

-et-

4295862 CANADA INC., corporation légalement constituée selon la *Loi canadienne sur les sociétés par actions*, ayant son siège social au 1100, boul. René-Lévesque Ouest, bureau 2500, dans la ville et le district de Montréal, province de Québec, H3B 5C9;

-et-

MOTOVAN CORPORATION, corporation légalement constituée selon la *Loi canadienne sur les sociétés par actions*, ayant son siège social au 1100, boul. René-Lévesque Ouest, bureau 2500, dans la ville et le district de Montréal, province de Québec, H3B 5C9.

(collectivement ci-après les « **Requérantes** »)

-et-

MONCY HOLDING COMPANY INC., personne morale domiciliée et enregistrée au 160, Greentree Dr, Suite 101, dans la ville de Dover, province de Kent, Delaware, États-Unis, DE 19904;

-et-

MONCY FINANCIAL SERVICES COMPANY INC., personne morale domiciliée et enregistrée au 160, Greentree Dr, Suite 101, dans la ville de Dover, comté de Kent, Delaware, États-Unis, DE 19904;

-et-

NICHOLS MOTORCYCLE SUPPLY INC., personne morale domiciliée et enregistrée au 16525 W 159th Street, Suite 134, dans la ville de Lockport, Illinois, États-Unis, IL 60441;

-et-

Avis aux créanciers

N° de cour : 500-11-057570-190

MONCY LLC, personne morale domiciliée et enregistrée au 160, Greentree Dr, Suite 101, dans la ville de Dover, comté de Kent, Delaware, États-Unis , DE 19904;

-et-

MOTORCYCLE TIRES AND ACCESSORIES LLC, personne morale domiciliée et enregistrée au 600 N. King Street, Suite 400, dans la ville de Wilmington, comté de New Castle, Delaware, États-Unis, DE 19801;

(collectivement ci-après les « **Mises en Cause** »)

(Les Requérantes et les Mises en Cause sont collectivement ci-après les « **Parties LACC** »)

- et -

KPMG INC., Dev A. Coossa, CIRP, SAI, ayant une place d'affaires au 600, boul. de Maisonneuve Ouest, bureau 1500, Montréal (Québec), H3A 0A3.

Contrôleur

AVIS AUX CRÉANCIERS

Soyez avisés que les Requérantes ont déposé une requête en vertu de la *Loi sur les arrangements avec les créanciers des compagnies* (la « **LACC** ») devant la Chambre commerciale de la Cour supérieure du Québec du district de Montréal (le « **Tribunal** »), le 28 novembre 2019.

Le 2 décembre 2019, le Tribunal a rendu une ordonnance (l'« **Ordonnance Initiale** ») en vertu de la LACC, qui prévoit une suspension des procédures à l'encontre des Parties LACC jusqu'au 12 décembre 2019 (la « **Suspension** »). L'Ordonnance Initiale vise les Parties LACC. Aux termes de l'Ordonnance Initiale, KPMG inc. a été nommée contrôleur (le « **Contrôleur** ») des Parties LACC.

La Suspension des procédures a été accordée dans le but de protéger les Parties LACC, leurs actifs ainsi que les intérêts de leurs créanciers, et afin de leur accorder un délai afin de formuler et mettre en œuvre leur processus de restructuration et possiblement un plan d'arrangement pour leurs créanciers. La LACC prévoit que le Tribunal peut prolonger la période de Suspension des procédures suivant les termes et conditions qu'il estime appropriés. Une date d'audience pour le renouvellement de la Suspension des procédures a été fixée au 12 décembre 2019 à 14 h 15 au Palais de justice de Montréal.

Le Contrôleur communiquera à nouveau avec les créanciers suivant les modalités prescrites par la LACC ou par le Tribunal, notamment advenant la mise en place d'un processus pour la production de preuves de réclamation ou la tenue d'assemblée(s) de créanciers pour se prononcer à l'égard d'un plan d'arrangement. Copie des procédures au dossier, des ordonnances à être rendues par le Tribunal, y compris l'Ordonnance Initiale, des rapports du Contrôleur, de même qu'une liste des noms et adresses de chacun des créanciers connus et des montants estimés de leurs réclamations, et éventuellement tous les documents relatifs à la production de preuves de réclamation ou encore la tenue d'assemblées de créanciers en lien avec un ou des plans d'arrangement, le cas échéant, seront disponibles sur le site Web du Contrôleur à l'adresse : www.kpmg.com/ca/motovan-fr

Si vous ne pouvez y accéder, veuillez communiquer avec le Contrôleur par courriel à motovan@kpmg.ca en laissant votre nom et numéro de téléphone ainsi que votre numéro de télécopieur, adresse courriel ou postale selon le mode de transmission désiré.

Fait à Montréal, le 9^e jour de décembre 2019.

KPMG INC.
Contrôleur



KPMG Inc.
Tour KPMG
Suite 1500
600 de Maisonneuve Blvd. West
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2121
Internet www.kpmg.ca

**CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL**

Division No. : 01 - Montreal
Court No. : 500-11-057570-190

SUPERIOR COURT
(Commercial Division)

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT OF:**

9348069 CANADA INC., legal party duly constituted under the *Canada Business Corporations Act*, having its legal place of business at 1100, René-Lévesque blvd. West, Suite 2500, in the city and district of Montréal, province of Québec, H3B 5C9;

-and-

4295862 CANADA INC., legal party duly constituted under the *Canada Business Corporations Act*, having its legal place of business at 1100, René-Lévesque blvd. West, Suite 2500, in the city and district of Montréal, province of Québec, H3B 5C9;

-and-

MOTOVAN CORPORATION, legal party duly constituted under the *Canada Business Corporations Act*, having its legal place of business at 1100, René-Lévesque blvd. West, Suite 2500, in the city and district of Montréal, province of Québec, H3B 5C9

(collectively hereafter the "**Petitioners**")

-and-

MONCY HOLDING COMPANY INC., legal person domiciled and registered at 160, Greentree Dr, Suite 101, City of Dover, County of Kent, Delaware, U.S.A., DE 19904;

-and-

MONCY FINANCIAL SERVICES COMPANY INC., legal person domiciled and registered at 160, Greentree Dr, Suite 101, City of Dover, County of Kent, Delaware, U.S.A., DE 19904;

-and-

NICHOLS MOTORCYCLE SUPPLY INC., legal person domiciled and registered at 16525 W 159th Street, Suite 134, City of Lockport, Illinois, U.S.A., IL 60441;

-and-

MONCY LLC, legal person domiciled and registered at 160, Greentree dr. Suite 101, City of Dover, County of Kent, Delaware, U.S.A., DE 19904;

-and-

Notice to creditors

Court No.: 500-11-057570-190

MOTORCYCLE TIRES AND ACCESSORIES LLC, legal person domiciled and registered at 600 N. King Street, Suite 400, City of Wilmington, County of New Castle, Delaware, U.S.A., DE 19801;

(collectively hereafter the "**Mises en Cause**")

(Petitioners and the Mises en Cause are collectively hereafter the "**CCAA Parties**")

- and -

KPMG INC., Dev A. Coossa, CIRP, LIT, having a place of business at 600 de Maisonneuve Blvd. West, Suite 1500, Montreal, Quebec, H3A 0A3.

Monitor

NOTICE TO CREDITORS

Please be informed that the Petitioners filed a motion pursuant the *Companies' Creditors Arrangement Act* ("**CCAA**") before the Commercial Division of the Quebec Superior Court of the District of Montreal (the "**Court**"), on November 28, 2019.

The Court has issued an order (the "**Initial Order**") on December 2, 2019 under the CCAA for a stay of proceedings against the CCAA Parties until December 12, 2019 (the "**Stay**"). The Initial Order applies to the CCAA Parties. The Court has appointed KPMG Inc. as monitor (the "**Monitor**") of the CCAA Parties.

The Stay of proceedings was granted to protect the CCAA Parties, their assets and the interests of their creditors, and give the CCAA Parties time to formulate and implement their restructuring process and potentially a plan of arrangement for their creditors. Under the CCAA, the Stay of proceedings may be extended on such terms and with such modifications as the Court considers appropriate. A hearing date for the renewal of the Stay of proceedings has been set by the Court for December 12, 2019 at 2:15 pm at the Montreal Courthouse.

The Monitor will communicate with the creditors again in the manner prescribed under the CCAA or by the Court, in particular in the event of the implementation of a process for submitting proofs of claim or of meeting(s) of creditors in order to consider a plan of arrangement. Copies of the motions in the court record, the orders to be rendered by the Court, including the Initial Order, the Monitor's reports, as well as a list of the names and addresses of each of the known creditors and the estimated amounts of their claims, and eventually all documents relating to the filing of proofs of claim or meeting(s) of creditors regarding a plan or plans of arrangement, as the case may be, will be made available on the Monitor's Website at: www.kpmg.com/ca/motovan

If you are unable to access the documents, please contact the Monitor by email at motovan@kpmg.ca by leaving your name and phone number, as well as your fax number, e-mail or postal address according to the transmission mode desired.

Dated at Montreal, this 9th day of December 2019.

KPMG INC.
Monitor

APPENDIX C – GORDON BROTHERS LETTER OF INTENTION (UNDERSEAL)

APPENDIX D – TEASER



Project Rider

Investment Opportunity

December 2019



Unique Opportunity to Acquire an Established Powersports Products Distributor with Proprietary Lines, Deep Client Relationships and a Strong Canadian Footprint

Overview

- KPMG Corporate Finance Inc. ("KPMG CF") has been retained as exclusive advisor and intermediary in connection with the sale of the Company's Canadian assets and operations, as part of a Court supervised sale process conducted as part of proceedings pursuant to the Companies' Creditors Arrangement Act ("CCAA").
- We are looking for an acquirer who will ideally purchase the Canadian assets and operations of the Company and leverage its market position, relationships and exclusive access to branded products.
- Current management is ready to cooperate with a new owner to ensure a seamless transition.
- The Company is a proud distributor of high-end parts, tires, accessories and gear for the powersports industry.
- Forged over 35 years of operations, the Company has deep connections with industry leading product manufacturers in addition to its own well respected proprietary brands.
- The Company has a vast Canadian distribution footprint with a dealer/retailer network that counts in excess of 3,000 locations.
- Customer concentration risk is very low with no single B2B customer constituting more than 5% of revenue.

Key Investment Highlights

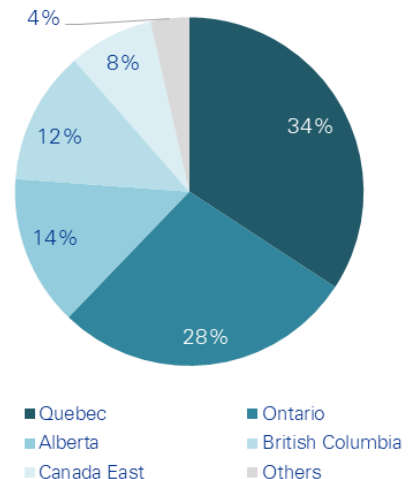
Robust Product Offerings

- Access to premium products from proven international brands.
- Offering over 75,000 SKUs.
- Deep catalogue of aftermarket powersports products and accessories servicing multiple market segments, including dirt bikes, motorcycles, ATVs, snowmobiles, and more.

Deep National Coverage

- Canada-wide network of sales agents catering to a well established retail presence.

Canadian Sales by Geography 2018



Global Powersports Market Growth



Important Notice

This investment overview does not constitute an offer or invitation to persons to subscribe for or purchase any shares, assets or other securities in any company or for persons to enter or offer to enter into an investment agreement or to exercise any rights conferred by an investment to acquire, dispose of, underwrite or convert an investment.

The investment overview contains basic information, statements, and estimates provided to KPMG Corporate Finance Inc. ("KPMG CF") by the Company and its management. Any person including any proposed acquirer of securities or assets of the Company referred to in this document, or any business or assets referred to herein, must satisfy himself as to all matters relating to the Company or such business assets including all the information and statements contained herein.

The investment overview may contain 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.

KPMG CF has not independently verified and does not accept any 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 CF is a wholly-owned subsidiary of KPMG LLP.

Financial Overview

CAD '000	FY17	FY18	FY19 YTD	FY20
	Internal	Internal	Oct. 31, 2019 Internal	Forecast
Revenue	77 330	76 688	46 153	38 257
Gross Margin	21 645	20 434	11 523	10 404
GM%	28.0%	26.6%	25.0%	27.2%
Op. Ex.	21 154	21 942	15 159	9 873
EBITDA	491	-1 508	-3 636	532
A/R	20 178	17 256	7 570	n.a.
Inventory	25 609	28 112	16 052	n.a.

Key Notes on Financial Overview

- Strong inventory and accounts receivable base that can be leveraged for future growth opportunities.
- Average gross margins of 27% over the last 4 years.
- Clear vision on opportunity to create value through operational synergies via a strategic acquirer.

Transaction Process

This introductory document has been distributed to a limited number of prospective parties. Parties interested in further discussions will be requested to sign a non disclosure agreement. Upon delivery of the signed agreement, KPMG CF will provide additional information.

Interested parties are directed to communicate exclusively with KPMG CF, and to refrain from communicating with the shareholder(s), management, employees, customers or suppliers of the Company, in connection with this opportunity and sale process conducted in the context of on-going CCAA proceedings.

KPMG CF has compiled this document from information supplied by the Company and outside research. Neither KPMG CF, nor the Company, make any representations or warranties as to the accuracy or completeness of this material. Nothing obtained herein is or shall be relied upon as a promise or representation of future developments.

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APPENDIX E – NON-DISCLOSURE AGREEMENT (NDA)

December 9, 2019

CONFIDENTIAL

<Name of potential investor>

<Address>

<Address>

[NTD: MAY NEED TO BE ADJUSTED TO CONFORM WITH COURT APPROVED SISP]

RE: Potential investor

You have requested certain information regarding the Canadian assets and operations of Motovan Corporation (the “**Corporation**”) in connection with a possible investment in the Corporation or purchase of the assets of the Corporation (the “**Transaction**”). As a condition to furnishing such information to you, we are requiring that you agree, as set forth below, to treat confidentially such information and any other information that we, or any of our Affiliates (as defined below), or our Affiliates’ directors, officers, partners, employees, agents, advisors or other representatives, including KPMG Corporate Finance Inc. (“**KPMG CF**”), KPMG Inc., acting as Monitor under the CCAA proceedings initiated by the Corporation and al, and their affiliates, directors, officers or employees (collectively “**Our Representatives**”) furnish to you, your directors, officers, employees, agents, advisors or other representatives (collectively “**Your Representatives**”), whether furnished before or after the date of this letter (collectively, the “**Evaluation Material**”).

More particularly, “**Evaluation Material**” includes, without limitation:

- (i) information relating to the Corporation or any of its Affiliates (as defined under the *Canada Business Corporations Act*) in written form, magnetically encoded, electronic files, transmitted verbally, through a virtual data room or in any other form or media and regardless of the manner in which it is furnished, which is in possession of the Corporation or Our Representatives and includes, without limitation, all copies, reproductions, summaries, reports, analyses, compilations, memoranda, notes, extracts, studies or other writings or documents (collectively, the “**Notes**”) prepared by you or Your Representatives or on your behalf or on behalf of any of Your Representatives to the extent they contain, reflect or are based upon or derived from any such information;
- (ii) the existence of this agreement or its contents, or the fact that Evaluation Material has been made available to you or Your Representatives; and
- (iii) any information concerning the possible Transaction, or the terms and conditions or other facts related thereto, including without limitation, the fact that discussions or negotiations are taking place with respect thereto or the status thereof.

DRAFT FOR DISCUSSION PURPOSES ONLY

The term “**Evaluation Material**” does not include information which (i) currently is or becomes generally available to the public other than as a result of a disclosure by you or Your Representatives, (ii) as evidenced by written records, was available to you on a non-confidential basis prior to its disclosure to you by the Corporation from a source which is not bound by a confidentiality agreement with the Corporation, or otherwise not prohibited by contractual, legal or fiduciary obligation from transmitting the Evaluation Material to you, or (iii) becomes available to you on a non-confidential basis from a source other than the Corporation or Our Representatives, provided that such source is not bound by a confidentiality agreement with the Corporation or otherwise not prohibited by contractual, legal or fiduciary obligation from transmitting the Evaluation Material to you.

1. Non-Disclosure and Use of Evaluation Material

You and Your Representatives

- (i) will keep the Evaluation Material confidential and will not disclose any Evaluation Material in any manner whatsoever, in whole or in part,
- (ii) will not use, directly or indirectly, any Evaluation Material except for the evaluation of the possible Transaction, provided, however, that you may reveal the Evaluation Material or portions thereof to Your Representatives
 - a. who need to know the Evaluation Material for the purposes of evaluating the potential Transaction,
 - b. who are informed by you of this agreement and of the confidential nature of the Evaluation Material and
 - c. who are directed by you to treat the Evaluation Material in a manner consistent with the terms of this agreement.

You shall not otherwise use the Evaluation Material for your own benefit or for the benefit of any other person. You agree to use the same level of diligence to protect the Evaluation Material from unauthorized use or disclosure as you use to protect your own confidential or proprietary information, but in no event shall you use less reasonable diligence than any prudent and diligent person would. In particular, you will limit and control copies, extracts and reproductions made of the Evaluation Material and will ensure that any confidentiality or other proprietary rights notices on the Evaluation Material are reproduced on any such copies.

2. Disclosure Required

In the event that you or Your Representatives should be required, by law or regulation or by legal process, to disclose any Evaluation Material, it is agreed that you will provide the Corporation with prompt notice of any such request, so that the Corporation may seek an appropriate protective order or other remedy, or consult with you with respect to taking steps to resist or narrow the scope of such request or legal process and/or waive your compliance with the provisions of this agreement. You will cooperate with us, at our costs, to obtain any such order or remedy. It is further agreed that if, in the absence of a protective

order or the receipt of a waiver hereunder, you are nonetheless, in the opinion of outside counsel, compelled to disclose Evaluation Material, or else to be liable for contempt or suffer other penalty, you or Your Representatives may disclose only that portion of the Evaluation Material which you are advised by opinion of your outside counsel is legally required, provided, however, that you give the Corporation advance written notice of the Evaluation Material to be disclosed as far in advance of its disclosure as is practical and, at the Corporation's request, seek to obtain assurances that it will be granted confidential treatment.

3. Return of Documents

Upon the request of the Corporation, of KPMG CF, or KPMG Inc. or upon termination of discussion between you and the Corporation, (i) you will promptly deliver to the Corporation the Evaluation Material other than the Notes (ii) you will promptly destroy in a manner satisfactory to the Corporation all Notes and certify such destruction in writing and/or (iii) you and Your Representatives will immediately cease using access to any virtual data room set up by the Corporation, as the case may be. Any Evaluation Material that cannot be returned or destroyed (including without limitation any oral Evaluation Material) shall remain subject to this agreement.

4. Process

You agree that all (i) communications regarding the possible Transaction, (ii) requests for additional information meetings or visits, and (iii) discussions or questions regarding procedures with respect to the possible Transaction, will be submitted or directed exclusively to the attention of KPMG CF with a copy to KPMG Inc. For greater certainty, you shall not (and you shall cause Your Representatives not to) contact or attempt to contact any employee, lender, customer, supplier, distributor, franchisee, consultants or representative of the Corporation, any of their respective agents, any holder of shares, options, warrants or other securities of the Corporation or any other person having business relations with the Corporation, without the prior written consent of KPMG CF or KPMG Inc.

You acknowledge and agree that (a) we and Our Representatives are free to conduct the process relating to the possible Transaction as we and Our Representatives, in our sole discretion, determine (including, without limitation, conduct of the due diligence process, negotiating with any prospective investor and entering into a preliminary or definitive agreement to effect a Transaction without prior notice to you or any other person), (b) we reserve the right, in our sole discretion, to change the procedures relating to our consideration of the Transaction at any time without prior notice to you or any other person, to reject any and all proposals made by you or any of Your Representatives with respect to the Transaction and to terminate discussions and negotiations with you at any time and for any reason, and (c) unless and until a written definitive agreement concerning the Transaction has been executed, neither we nor any of Our Representatives will have any liability to you with respect to the Transaction, whether by virtue of this agreement, any other written or oral expression with respect to the Transaction or otherwise.

5. No Representation or Warranty

You understand and acknowledge that neither KPMG CF, KPMG Inc. nor the Corporation makes any express or implied representation or warranty as to the accuracy or completeness of the Evaluation Material or any other information which KPMG CF, KPMG Inc. or the Corporation or Our Representatives shall furnish to you or Your Representatives. Nothing herein obligates the Corporation to complete, revise or update any Evaluation Material. You agree that neither KPMG CF, KPMG Inc., the Corporation nor any of Our Representatives shall have any liability to you or Your Representatives resulting from the use of the Evaluation Material by you or Your Representatives or from errors therein or omissions therefrom.

6. Compliance with Applicable Law

You shall handle the Evaluation Material in accordance with all applicable law, including, without limitation, legislation governing the privacy of personal information.

7. Non-Solicitation of Employees

For a period of twenty-four (24) months from the date hereof, you agree and undertake not to solicit, either directly or indirectly, any of the Corporation's personnel, to accept employment with, or to act as an independent contractor or advisor to, you or any of your Affiliates. "**Corporation's personnel**" means all of the directors, officers, employees or consultants of the Corporation or its Affiliates at the time of execution of this agreement or at any time thereafter. The prohibition contained in this paragraph shall not extend to general solicitations of employment not specifically directed towards any Corporation's personnel.

8. Ownership

You acknowledge that the Evaluation Material remains the property of the Corporation and that the disclosure of such information to you or Your Representatives shall not be deemed to confer upon you or them any rights whatsoever in respect of any part thereof. Neither the agreement nor the disclosure of Evaluation Material hereunder shall be construed as granting any right or license, express or implied, under any copyright, patent, trade secret, or other intellectual property right now or hereafter owned or controlled by the Corporation.

9. Legal Remedy

You acknowledge that we would be irreparably harmed if any provision of this agreement is breached by you or Your Representatives, that monetary damages would not be a sufficient remedy for any such breach, and that in addition to all other remedies the Corporation shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and you further agree to waive, and to cause Your

Representatives to waive, any requirement for the securing or posting of any bond in connection with such remedy.

10. Severability

If any provision of this agreement is held to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect and, if required, shall be deemed modified to the limited extent required to permit its enforcement in the manner most closely approximating the intention of the parties as expressed herein.

11. Entire Agreement

This agreement constitutes the entire agreement between the parties and supersedes any prior or contemporaneous oral or written representation with respect to the subject matter hereof. This agreement may only be modified by a writing signed by both parties.

12. Term

The obligations under this agreement shall terminate twenty four (24) months after the date of this agreement as set forth on the first page hereof.

13. Assignment

Any assignment of this agreement by you without our prior written consent shall be void.

14. No Waiver

It is further understood and agreed that no failure or delay by the Corporation in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

15. Language

The parties declare that they have agreed that this agreement and all documents relating thereto, either present or future, be drawn up in the English language only; *les parties déclarent par les présentes qu'elles ont convenu que cette entente et tous les documents y afférents soient, pour le présent ou le futur, rédigés dans la langue anglaise seulement.*

16. Further Assurances

You agree that you shall, from time to time, and at all times hereafter, at the request of the Corporation, KPMG Inc. or KPMG CF, do all such further acts and execute and deliver all such further documents and instruments as shall reasonably be required in order to fully perform and carry out the terms and intent hereof.

17. Governing Law and Jurisdiction

This agreement shall be governed and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof. Each party hereto irrevocably submits to the exclusive jurisdiction of the courts of the Province of Québec, district of Montreal, with respect to any matter arising hereunder or in relation to this agreement.

For convenience of reference, this agreement shall be called the “**Confidentiality Agreement or NDA**” between us dated **Month, Day, 2019**. Once executed it should be forwarded to KPMG CF and KPMG Inc.

Yours very truly,

Motovan Corporation

By: _____

Print name: _____

Title: _____

CONFIRMED AND AGREED TO:

[Name of the potential investor]

By: _____

Print name: _____

Title: _____

DRAFT FOR DISCUSSION PURPOSES ONLY

APPENDIX F – PROCESS LETTER



KPMG Corporate Finance Inc.
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal (Québec)
H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2442
Internet www.kpmg.ca

STRICTLY PRIVATE & CONFIDENTIAL

BE ADVISED, THE FOLLOWING PROCESS LETTER MAY BE ADJUSTED TO CONFORM WITH COURT APPROVED SISP

Date

Name

Title

Company

Address

Dear Mr. Name

Re: Expressions of interest in relation to Project Rider

We would like to thank you for your interest in the potential acquisition of the Canadian assets and operations of Motovan Corporation and Canadian its affiliates, 9348069 Canada Inc. and 4295862 Canada Inc., (collectively "**Motovan**" or the "**Company**").

Motovan has initiated proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") before the Superior Court of Quebec for the district of Montreal, commercial division, (the "**CCAA Court**") in the court record 500-11-057570-190, wherein KPMG Inc. has been appointed as monitor (the "**Monitor**"). The Company intends to implement a Sale and Investor Solicitation Process ("**SISP**") to be conducted by KPMG Corporate Finance Inc. ("**KPMG CF**"), under the supervision of the Monitor and the CCAA Court. The SISP will be conducted with the view of concluding a sale transaction to be approved by the CCAA Court on or before February 7th, 2020, the whole under the supervision of the Monitor.

This letter sets out the procedures for expressing your interest in pursuing a potential acquisition of the Canadian operations of the Company and/or purchase of the Company's assets (the "**Transaction**") and outlines the information that we ask be included in your binding offer (the "**Offer**").

This letter is being provided to you pursuant to the confidentiality and non-disclosure agreement (the "**NDA**") that you have executed with the Company and is subject to the terms thereof.

As you are aware, the Company has retained KPMG CF as its exclusive financial advisor and intermediary to solicit interest in connection with a Transaction. KPMG CF has provided Evaluation Material (as defined in NDA) to assist you in your review of the opportunity and in formulating your Offer.

Deadline for submitting the Offer

If, after reviewing the Confidential Information Memorandum (the “CIM”) and the additional contents of the virtual data room, you have an interest in undertaking a transaction with the Company, we require that you submit your Offer **solely to KPMG CF and KPMG Inc., acting as Monitor under the CCAA proceedings initiated by Motovan et al**, to the attention of **René Cormier** (at rcormier@kpmg.ca), **Maxime Codère** (at mcodere@kpmg.ca), and **Isabelle Jones** (at isabellejones@kpmg.ca) by 5:00pm Eastern Standard Time on or before **January 22nd, 2020**.

Following receipt of your Offer, KPMG CF will make its recommendation concerning the selection of a bidder or bidders to move forward with the closing of a Transaction.

Format and content of the Offer

Your Offer should reflect your best offer with respect to price, terms and conditions.

The Company, acting in consultation with KPMG CF and the Monitor, reserves its right to prepare a standard Asset Purchase Agreement (“APA”) to be used by all interested bidders.

You should not assume that you will be given an opportunity to rebid, renegotiate or improve the terms of your Offer. Unless such a standard APA is prepared and communicated to you by KPMG CF, your Offer should discuss in detail all matters relating to your interest in the Company including clear statements with respect to the following information:

- 1 **Identity of acquiring party:** The name and jurisdiction of the legal entity making the Offer and, to the extent applicable, the jurisdiction and name(s) of the controlling shareholder(s) or identity of all other parties comprising the acquiring party. Confirmation that you are acting on your own behalf, as principal, and not in conjunction with or on behalf of any other party;
- 2 **Background information:** A brief outline providing background information on the acquiring party and its business;
- 3 **Transaction Structure:** A description of the Transaction structure that you anticipate using for the acquisition, including any specific and material business, legal, financial or tax details. Note that the Transaction must include all assets of the Company;
- 4 **Purchase price:** The price in Canadian dollars that you intend to offer to acquire the assets of the Company, in cash at closing should be provided along with the key assumptions and valuation methodologies used in arriving at the purchase price. Please note that Offers in the form of a price range or including a balance of sale/contingent consideration will not be considered. Further, no escrow amounts will be considered;
- 5 **Asset Purchase Agreement (“APA”):** Please provide proposed key terms of the APA. The nature and extent of your proposed key terms of the APA, including any proposed conditions of closing, will be a key factor in the evaluation of your Offer;
- 6 **Representations and Warranties:** There will be no representations or warranties provided by either the Company, its shareholders, the Monitor, or KPMG CF;

- 7 **Proposed capital structure:** Basic terms, sources and uses of funds, identity of the guarantors if the purchaser will be a special purpose entity;
- 8 **Conditions:** Confirmation, to the extent possible, that your Offer is not conditional to any further approvals, funding, or financing. Specifically, your Offer should provide/confirm:
 - a) a summary of the planned sources and uses of funds, and in the event that financing comes from internally available funds, evidence of availability;
 - b) if financing is to be sourced from third parties, the Offer should include all relevant financing documentation, including financing term sheets that support your planned sources of cash and that specify the contacts (individuals) of the financing institutions. KPMG CF could contact the individuals of the financing institutions to validate the financing;
 - c) that due diligence is complete;
 - d) that the Offer has been executed and delivered by a signatory authorized to bind you to its terms and that all necessary corporate and other approvals to proceed with the Transaction have been obtained;
 - e) an outline of any anticipated regulatory approvals or filing requirements needed to complete the Transaction.
- 9 **Advisors:** The names of any financial, legal or other advisors you have engaged or plan to engage in pursuing the Transaction;
- 10 **Intentions regarding the operations of the Company/Transition Period:** A description of your plans regarding the business of the Company;
- 11 **Other information:** Any other information that you believe may be of relevance to the assessment of your Offer.

The Offer will also include the following declarations:

- a) You have had the opportunity to conduct your own due diligence in relation to Motovan Corporation and its financial and operational activities prior to submitting an Offer;
- b) The proposed transaction is carried out on an “as is, where is” basis, at your own risk and without any representation or warranty of any kind, whatsoever;
- c) You have relied solely on your own review and investigation into the Company’s assets and operations, and have relied solely on your own findings;
- d) You have not relied on any representations, or warranties, whether written or oral, express, implied, statutory or otherwise, regarding Motovan Corporation and its assets;
- e) You waive all claims against Motovan, the Monitor, or KPMG CF in respect of any present, past and future activities of the Company, or any use or durability of the Company’s assets, their quality, value, or sustainability, including without limitation claims for defamation;

- f) You confirm you will be responsible for your own costs incurred in connection with your investigation of the Company and any Transaction, including those of your advisors, attorneys, and agents.

12 **Contacts:** The name and phone numbers of those people assigned to answer questions that we may have regarding your Offer;

Your Offer should be dated and signed by a duly authorized officer whose capacity should be stated.

Transaction timeline

The Transaction timeline for the closing of a potential transaction is as envisaged below:

- 2020/01/22 : Deadline for submitting your Offer
- 2020/01/31 : Approval and Vesting Order by the CCAA Court;
- 2020/02/03 : Notification of bidding parties of retention for closing;
- 2020/02/07 : Closing of approved Transaction.

Important information

KPMG CF and the Monitor intend to manage this process with a view to minimizing disruption to the Company's day-to-day operations. All bidders must **solely** liaise with the designated KPMG CF representatives with respect to any additional information requests and **are not to communicate with management, shareholders, employees or customers of the Company, or any agent or representative of any of the foregoing,** without explicit written consent from KPMG CF.

The Company and its advisors reserve the right at all times, provided they obtain the prior written approval of the Monitor and the Bank of Montreal, to:

- (i) amend, vary, modify or cancel the process and/or the timetable;
- (ii) decline to permit any bidder to participate in the process;
- (iii) terminate negotiations with any bidder at any time, including prior to entering into a definitive purchase agreement;
- (iv) reject any or all proposals;
- (v) accept, review or consider any offer, whether or not such offer represents the highest purchase price proposed by any bidder;
- (vi) deal with one or more bidder(s) to the exclusion of all other parties, and
- (vii) limit access at any time to any additional information; the whole without any liability to the Company, its shareholders, directors, representatives or its advisors.

In addition, the Company and KPMG CF reserve the right to amend any information which has been made available to interested parties either by way of addition, deletion or amendment, the whole subject to the approval of the Monitor.

No representation or warranty is made by the Monitor, the Company, its shareholders, directors, affiliates, advisors, including KPMG CF, representatives or any other person as to the accuracy or completeness of the Evaluation Material provided. Each bidder acknowledges and agrees that it shall be entitled to rely solely on the representations and warranties, if any, in a definitive agreement relating to a Transaction when, as, and if it is executed, and subject to any limitations and restrictions as may be specified in such definitive agreement. The bidders should conduct their own investigation and analysis of the Company including with respect to legal, tax, and financial matters. By submitting your Offer, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the business.

Any bidder who does not wish to pursue this opportunity is required to promptly give written notice of such termination and return or destroy all Evaluation Material in accordance with the NDA, and certify such destruction in writing by a senior officer.

No finder's fees, commissions, expenses or other compensation will be paid by the Company, its shareholders, directors, representatives or KPMG CF to agents, consultants, advisors or other intermediaries of any bidders, and the Company, its shareholders and KPMG CF will not be responsible for any costs or expenses incurred by bidders in evaluating and pursuing the Transaction.

On behalf of the Company, we would like to thank you for your interest and look forward to receiving your Offer.

Yours truly,

KPMG CORPORATE FINANCE INC.

By:

René Cormier
Vice-President
Tel.: 514-840-2575
rcormier@kpmg.ca

**APPENDIX G – DRAFT CONFIDENTIAL INFORMATION
MEMORANDUM (CIM) (UNDERSEAL)**
