



# Raymond Chabot Inc.

An affiliate of  
Raymond Chabot Grant Thornton LLP

CANADA  
DISTRICT OF QUEBEC

SUPERIOR COURT  
Commercial Division  
(Sitting as a court designated pursuant to the  
*Companies' Creditors Arrangement Act*,  
R.S.C., c. C-36, as amended)

DIVISION NO.: 01-MONTREAL  
COURT NO.: 500-11-053313-173  
OFFICE NO.: 334612-001

IN THE MATTER OF THE PLAN OF  
ARRANGEMENT OR COMPROMISE OF:

**JAVA-U GROUP INC., JAVA-U FOOD  
SERVICES INC., CAFÉ JAVA-U INC., JAVA-  
U RTA INC.**

Legal persons incorporated under the laws of  
Canada, having their principal executive offices at  
400-4098 Ste-Catherine Street West, in the city of  
Westmount, in the province of Québec, H3Z 1P2.

Hereinafter referred to as "Java-U", the "Debtors"  
or the "Company"

-and-

**RAYMOND CHABOT INC.,**  
Jean Gagnon, CPA, CA, CIRP, LIT

Hereinafter referred to as the "Monitor"

## REPORT OF THE MONITOR ON JAVA-U'S BUSINESS AND FINANCIAL AFFAIRS

### PREAMBLE

Following the issuance of the *Initial Order* dated October 6, 2017 (the "**Initial Order**"), the undersigned respectfully submits to this Court its report on the state of affairs and finances of the Debtors. This report is made in the context of the second extension of the Stay Period, to allow for, *inter alia*, the filing of a plan of compromise and arrangement by the Debtors.

Signed in Montreal on December 18, 2017

RAYMOND CHABOT INC.  
Monitor

Jean Gagnon, CPA, CA, CIRP, LIT

## 1. INTRODUCTION

All capitalised terms used but not otherwise defined herein have the meanings ascribed to them in the Initial Order.

The Monitor submits its third report to the Court on the business and financial affairs of the Debtors in connection with the second request for an extension of the Stay Period.

This report of the Monitor addresses the following topics:

- Solicitation process (Section 2)
- Claims received (Section 3)
- Restructuring process (Section 4)
- Analysis of the statement of cashflow (Section 5)
- Projected cashflow (Section 6)
- Extension sought (Section 7)
- Conclusion (Section 8)

## 2. SOLICITATION PROCESS

As specified in the *Application for the issuance of an initial order and a claims procedure order* (the “**Initial Application**”) and in accordance with the Initial Order, the Monitor, in conjunction with the Debtors, initiated a public solicitation process by October 10, 2017 (the “**Solicitation Process**”).

In particular, the Monitor, in consultation with the Debtors, identified 48 parties that were considered capable of proceeding with an investment in the Business or an acquisition of all or part of the Property (the “**Prospective Investors and Purchasers**”). These potential investors or purchasers were selected from across Canada on the basis of their presence in the coffee market and/or their participation as a franchisor in the catering sector and are identified on the list attached hereto as Appendix I.

The Monitor, with the assistance of the Debtors, also prepared a teaser document in order to solicit offers to either finance the operations of the Debtors going forward, or to purchase the Business as a going concern (the “**Teaser**”). As specified in the Initial Application, the deadline for receiving offers pursuant to the Solicitation Process was fixed at December 1, 2017. Copies of the Teaser as well as its accompanying confidentiality agreement and terms and conditions document are attached hereto *en liasse* as Appendix II.

On October 20, 2017, concurrently with the establishment of a dataroom to share business and financial documentation with the parties targeted by the Solicitation Process, the Teaser was sent to the 48 Prospective Investors and Purchasers as well as to 126217 Canada inc., a shareholder and the holder of a litigious and unliquidated claim against the Debtors. In addition to the Prospective Investors and Purchasers, 8 other interested parties contacted the Monitor directly to obtain copies of the Teaser as well as additional information regarding the Business and the Property.

On October 23, 2017, the Teaser, along with the terms and conditions document were posted on the Monitor's website in the "Assets for sale" section. That same day, a notification was sent to the 3,894 subscribers to the Monitor's distribution list informing them about the Solicitation Process.

The results of the Solicitation Process can be summarized as follows:

- 15 Prospective Investors and Purchasers signed a non-disclosure agreements and were granted access to the dataroom. These parties are identified on the access register attached hereto as Appendix III.
- As of December 1, 2017, only one offer was received prior to the deadline for bids established pursuant to the Solicitation Process. This offer was received from 3070352 Canada inc. ("307"), Bryan Cytrynbaum, and Allan Cytrynbaum (the "Sponsors") and contemplates the financing by the Sponsors of a plan of compromise and arrangement in respect of the Debtors (the "Sponsors' Offer").
- An additional offer was received past the applicable deadline from 9292-8167 Québec inc., a party at arm's length with the Debtors. This offer provided for the purchase of part of the Property, namely that related to 5 of the locations operated by the Debtors.

As of the date hereof, the Debtors, in consultation with the Monitor and its legal counsel, are in the process of reviewing the offers received pursuant to the Solicitation Process, copies of which are attached hereto *en liasse* as Appendix IV (*Under Seal*).

### 3. CLAIMS RECEIVED

As of the date of this report, the Monitor has received 42 Proofs of Claim pursuant to the *Claims Procedure Order* dated October 6, 2017 (the "CPO"), which can be categorized as follows:

#### Summary of Claims Received

	Number of claims	Amount claimed
Secured creditors	5	8,926,692
Unsecured creditors	25	1,549,199
Litigious claims	8	7,151,649
Late claims	4	22,709
<b>Total</b>	<b>42</b>	<b>17,650,249</b>

#### 1) Secured creditors:

307 has filed a secured claim against the Debtors in the approximate amount of \$8.7 million (excluding the sums advanced by 307 pursuant to the Interim Facility, which are also claimed) (the "307 Claim").

307 is a shareholder of Java U Group Inc. and is controlled by Bryan Cytrynbaum, the principal of the Debtors. 307 is also one of the Sponsors and the Sponsor's Offer contemplates the renunciation and postponement of the 307 Claim. Consequently, the Monitor has requested an independent opinion from its legal advisors on the nature and validity of the 307 Claim, which shall be provided to the Monitor in the coming weeks.

The remaining secured claims have been filed by certain of the Debtors' landlords and a party that financed a vehicle used by the Debtors.

**2) Unsecured trade creditors:**

The majority of the unsecured claims filed against the Debtors are trade payables. The amounts claimed are, for the most part, consistent with those identified on the creditors' list. The Debtors' management ("**Management**") has reviewed, and agrees with, the amounts claimed.

**3) Litigious and/or unliquidated claims:**

The Monitor has received 8 Proofs of Claim that can be characterised as litigious and/or unliquidated. These claims relate to:

- An oppression claim for reimbursement of an investment filed by 126217 Canada inc., a shareholder of Java-U Group Inc. (\$2.5 million);
- A claim for damages arising out of a franchise dispute filed by 9213-0822 Québec inc. and Mohamed Aidibe (\$3.2 million);<sup>1</sup>
- A claim for damages arising out of a franchise dispute filed by Nicola Spaccucci and Luciano Rossi (\$77,000);
- A claim for damages arising out of the termination of a lease for a location operated by the Debtors in Toronto, Ontario filed by 1092 QSW (\$1.2 million); and
- A claim for damages arising out of the termination of a lease for a location operated by the Debtors in Montreal, Quebec filed by 9078-7672 Québec inc. (\$82,000).

The Monitor, in consultation with the Debtors and its legal counsel, is in the process of reviewing and analysing each of the claims summarily described above (the "**Contingent Claims**") in order to assess the validity and quantum thereof.

The Monitor has scheduled a meeting with the legal counsel of 126217 Canada inc. for the purpose of obtaining additional information and documents regarding the latter's claim.

**4) Late claims:**

The Monitor has received 4 Proofs of Claim that were filed after the Claims Bar Date (as defined in the CPO) (the "**Late Claims**"). Considering, in particular, the aggregate value of the Late Claims and the timing of their late filing, the Monitor is of the view that the Late Claims should be accepted as properly filed and determined in accordance with the CPO.

#### **4. RESTRUCTURING PROCESS**

Since its first report, the Monitor has, in addition to its role in the Solicitation Process and in receiving and reviewing Proofs of Claim, taken the following actions:

- Communicated with creditors and with representatives of the Debtors;
- Communicated with representatives of government agencies;
- Prepared and issued notices of stay of proceedings;
- Monitored the Debtors' business and financial affairs; and

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<sup>1</sup> Although two distinct Proofs of Claim were filed, the claims appear to relate to the same dispute.

- Assisted Management in preparing the cash flow statement attached to this report.

## 5. CASHFLOW ANALYSIS

In accordance with the Initial Order, the Monitor has monitored the Debtors' business and financial affairs and has, thus far, obtained all the necessary collaboration from Management.

The Monitor's analysis has essentially consisted of inquiries as well as analytical procedures and discussions related to information supplied by Management. The work performed by the Monitor does not constitute an audit or review of the Debtors' financial statements in accordance with generally accepted auditing standards established by CPA Canada or by the American Institute of Certified Public Accountants (AICPA). No audit work has been carried out by the Monitor and, consequently, we do not express an opinion on any financial statements.

Below is a comparison of actual and projected changes in the cash position of the Debtors for the period of October 30, 2017 to December 10, 2017.

### OCTOBER 30<sup>TH</sup> TO DECEMBER 10<sup>TH</sup>, 2017

Unaudited	Actual	Projected	Variation
<b>Inflows</b>			
Net sales	262,883	272,312	(9,429)
Temporary financing (DIP)	61,300	200,000	(138,700)
Balance of sale of a franchise	858	858	0
	325,041	473,170	(148,129)
<b>Outflows</b>			
Food purchases	120,798	165,247	(44,449)
Salaries	132,876	127,002	5,874
Operating expenses			
Selling	18,633	21,265	(2,632)
General and administrative	15,719	24,782	(9,063)
Occupation fees			
Rent	18,682	18,562	120
Utilities	2,472	5,019	(2,547)
Maintenance	14,395	1,899	12,496
Sales tax	-	5,000	(5,000)
Consultant fees / Accounting fees	8,885	9,000	(115)
Restructuring fees	80,081	132,661	(52,580)
Financial fees	540	3,288	(2,748)
	413,083	513,725	(100,642)
<b>Cash - Beginning of period</b>	<b>58,348</b>	<b>58,348</b>	<b>-</b>
Inflows (outflows) for the period	(88,042)	(40,555)	(47,487)
<b>Cash - End of period</b>	<b>(45,256)</b>	<b>17,793</b>	<b>(63,049)</b>

The Monitor offers the following observations with respect to the Debtors actual and projected financial position:

- Actual sales were in line with the projections;
- Cash requirements were lower than anticipated and, accordingly, drawdowns on the Interim Facility were less than projected;
- Food purchases as well general and administrative expenses were lower than projected due to measures implemented by Management to reduce costs;
- Maintenance fees were higher than expected due to the necessity of unforeseen repairs; and
- Other discrepancies, including the amount of restructuring fees, relate to the timing of expenses and are expected to reverse over the course of these proceedings.

## 6. PROJECTED CASHFLOW

Management has prepared a projected cashflow statement for the 12-week period ending March 4, 2018, which is attached hereto as Appendix V.

These projections have been prepared on the basis of Management's assumptions as to the likely financial and economic conditions that will affect the Debtors as well as the general approach to be adopted by Management. The Monitor's analysis is limited to presenting, in the form of a projected cashflow, information provided by Management and evaluating the support for the assumptions or other information underlying the forecast.

Given that this financial forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material.

The projections prepared by Management are mainly based on the following assumptions:

- Cash inflows of approximately \$782,000 from regular sales and royalties as well as from drawdowns on the Interim Facility, which will be made according to cash requirements;
- Sales and food purchases are based on expected customer traffic, historical revenues and expenses and take into account the recent closure of certain locations formerly operated by the Debtors;
- Approximately 30 employees will continue to be paid on a bi-weekly basis;
- Operating expenses as well as occupation fees are based on historical figures and the Debtors' existing agreements; and
- Professional fees include restructuring fees as well as legal fees for continuing litigations.

The main risks associated with the projected cashflow include:

- The Debtors' capacity to maintain relationships with the franchisees and suppliers; and
- Disbursements are limited to known costs and projections. Additional disbursements may be required depending on the restructuring process. It is understood that such costs, if necessary, will require additional funding.

## 7. EXTENSION SOUGHT

The second extension of the Stay Period until February 28, 2018 will be beneficial to the Debtors as well as to all stakeholders as it will permit:

- the Debtors, in consultation with the Monitor, to develop a plan of compromise and arrangement to be presented to the Debtors' creditors;
- the Monitor, in consultation with the Debtors and its legal counsel, to review and assess the claims received, including the Contingent Claims; and
- the Debtors to continue their operations, which is necessary to preserve the value of the Business and the Property and to maintain the viability of the Debtors' franchisees.

## 8. CONCLUSION

For the reasons set out in this report, it is the recommendation of the Monitor that the Court grant the relief requested in the *Application for the Issuance of an Order Extending the Stay of Proceedings* dated December 18, 2017 and extend the Stay Period to February 28, 2018.

The whole, respectfully submitted by Raymond Chabot Inc., in his capacity as Monitor of the Debtors business and financial affairs.

**APPENDIX I**  
**PROSPECTIVE BUYERS**



**Proerspective Investors and Purchasers - Java-U Group**

	Name of company	Name of contact	Email	Phone	Fax	Date we sent solicitation email
	<b>Identifiés par RCGT</b>					
1	Second Cup	John Kazmierowski	franchising@secondcup.com	905-362-1818 x1508		2017-10-20
2	Tim Hortons	James Grégoire	jgregoire@rbi.com	514 247-7290		2017-10-20
3	Starbucks	Mary Graham	mgraham@starbucks.com			2017-10-20
	Starbucks	K. Cook	kcook@starbucks.com			2017-10-20
4	Café Vienne	Marcel Hachem	info@pressecafe.com / Mhachem@cafesvp.ca	(514) 935-5553		2017-10-20
5	A&W	Yanik Morin	ymorin@aw.ca	438 882-0709		2017-10-20
6	Aliments Olympus (Canada) (PFK, Taco Bell, Pizza Hut)	Noli Tingzon	noli.tingzon@hiflyer.ca	403 230-0297		2017-10-20
7	Bâton Rouge (Imvescor Restaurants inc.)	Frank Hennessy	fhennessy@imvescor.ca (adjoite: dlepine@imve	514 341-5544		2017-10-20
8	Boston Pizza	Patrick Foy	foyp@bostonpizza.com	450 686-5884		2017-10-20
9	Groupe MTY (Van Houtte, Café Dépôt, Muffin Plus	Éric Lefebvre	eric@mtygroup.com	514 336-8885 ext:288		2017-10-20
10	Chocolato	Hugo Laperrrière	hl@groupeblanchette.com	(418) 998-2444		2017-10-20
11	Giorgio	George Despatie	gdespatie@giorgio.ca	514 845-4221		2017-10-20
12	Cara Operations Ltd. (Harvey's)	Michelle Kogan	mkogan@cara.com	905 760-2244		2017-10-20
13	IDQ Canada / Dairy Queen	Éric Rochefort	eric.rochefort@idq.com	(514) 378-6911		2017-10-20
14	Groupe SportsScene (La Cage)	Pierre Duc	pduc@cage.ca	(450) 641-3011		2017-10-20
15	McDonald's Canada	Carl Pichette	carl.pichette@ca.mcd.com	514 421-4885		2017-10-20
16	Première Moisson	Raynald Racine	rracine@pmoisson.com	(450) 455-2827 p:3622		2017-10-20
17	Presse Café	J. St-Amour	jstamour@cafesvp.ca	514 935-5553		2017-10-20
18	Quesada Franchising of Canada Corp.	Tom O'Neill	tomoneill@quesada.ca	416 788-3858		2017-10-20
19	Les Rôtisseries St-Hubert Itée	Richard Scofield	scofieldr@st-hubert.qc.ca	450 688-4400 p.2624		2017-10-20
20	Venture Restaurant Group Inc. (Rouge Bœuf)	Terry Falconbridge	terry@panizza.com	514 360-5228 p.120		2017-10-20
21	Coffee Culture	N/D	development@obsidiangroupinc.com / reception@	1 (905) 814-8030	(905) 814-8272	2017-10-20
22	Coffee Time (Chairmans Brands)	Dan Lepidas	dlepidas@coffeetime.ca.com	416 288 8515 ext 7121		2017-10-20
23	Country Style	N/D	info@countrystyle.com	905.764.7066		2017-10-20
24	Jumping Bean	George Murray	george.murray@jumpingbean.ca	709-754-4538		2017-10-20
25	Serious Coffee	Brian Hebbert	brian@seriouscoffee.com	250-746-6511	250-746-6552	2017-10-20
26	Threecaf Brands (Timothy's, mmmuffins)	Gail Hudgin	franchise@threecaf.com	1-877-434-3223 ext. 314		2017-10-20
27	Perkin's	N/D	sales@franchiseupdatemedia.com			2017-10-20
28	Brûlerie St-Denis	N/D	<a href="http://Line@brulerie.com">Line@brulerie.com</a>	(514) 389-9159		2017-10-20
29	Blenz Coffee	Shawn Pattison	shawn@blenz.com		6046822995 6046842542	2017-10-20
30	Les Cafes V.P. (Green Traiteur & Café)	N/D	info@greencafe.ca	(514) 935-5553 ext.221	514-824-9998	2017-10-20
31	Moca Loca Café Co.	Sami Chakie	sami@mocalocacafe.com	819-561-5028	613.248.4738	2017-10-20
32	Café Noir	N/D	cafe@cafenoir.ca	1.514.979.8249		2017-10-20
33	Balzac's Coffee Roasters	Diana Olsen	info@balzacs.com	905-662-3500		2017-10-20
34	Bridgehead Coffee	Herrit Walker	inquire@bridgehead.ca	1.800.565.8563	613-232-2010	2017-10-20
35	SPoT Coffee	Michael Lorenzo	aayoub@spotcoffee.com	(416) 368-2220 ext: 225		2017-10-20
36	Aroma Espresso Bar	Daniel Davidzon	daniel@aroma.ca	(416) 481-2233		2017-10-20
37	Cinnzeo Bakery Cafe	N/D	franchising@cinnzeo.com	403.255.4556		2017-10-20
38	Good Earth Coffeehouse	Gerry	gerry@goodearthcoffeehouse.com	403-294-9330		2017-10-20
39	Williams Fresh Cafe (Druxys Inc.)	Harold Druxerman	harold@druxys.com	(416) 385-9500	519-759-1119	2017-10-20
40	JJ Bean Inc	John Neate	info@jjbeancoffee.com	(604) 254-0161	604-254-0169	2017-10-20
41	Just Us! Coffee Roasters Co-Operative Limited	Mario Champignon	info@justuscoffee.com	902-542-7474		2017-10-20
42	Caffucino	Michel Lussier	info@caffucino.com	819-821-2346 / 819-572-7476	819-572-7476	2017-10-20
43	Trees coffee (Levy Enterprises Ltd)	Liam Coglin	tocoffee@treescoffee.com	604-684-5022		2017-10-20
44	Caffe Fantastico	Ryan Taylor	info@caffefantastico.com	250-385-2326		2017-10-20
45	Delany's In The Village	Jennifer Delany		604-985-3385		2017-10-20
46	Java Joes Inc	Alex Kiriakopoulos		416-599-3336		2017-10-20
47	Cosmos Café Inc	Louis McNeil	info@lecosmos.com	418-640-0606 / ste-foy: 418-652-2001		2017-10-20
48	Café Morgane	Michel Dagenais	<a href="mailto:mdagenais@cafemorgane.ca">mdagenais@cafemorgane.ca</a>	418-955-8967		2017-10-23

	Name of company	Name of contact	Email	Phone	Fax	Date we sent solicitation email
	<b>Ont contacté RCGT directement</b>					
49	Restolution (pour HMS Host)	Yvan Piquette	<a href="mailto:ypiquette@hotmail.com">ypiquette@hotmail.com</a>	514-261-6765		
50	Ugo Mongiat	Ugo Mongiat	<a href="mailto:ugomongiat@me.com">ugomongiat@me.com</a>	514-865-2000		
51	Burger Bar (Crescent)	Morris Baker	<a href="mailto:baker.morrie@gmail.com">baker.morrie@gmail.com</a>	514-708-5354		
52	C3	Stephen D. Kisber	<a href="mailto:sk@c3.com">sk@c3.com</a>	514-386-1366		
53	Deval Investissement	Omar Meghart	<a href="mailto:omeghar@hotmail.com">omeghar@hotmail.com</a>	514-885-4087		
54	Patrick Gilarski	Patrick Gilarski	<a href="mailto:patgilarski@gmail.com">patgilarski@gmail.com</a>	(1) 786 606 1677		
55	Liquid Nutrition	Robert Farah	<a href="mailto:Robert.Farah&lt;robertfarah@yahoo.com&gt;">Robert Farah &lt;robertfarah@yahoo.com&gt;</a>	514-258-2724		
56	Café Le Gourmet	Jean-Denis Laroche	<a href="mailto:jean-denis.laroche&lt;chefmobile@hotmail.com&gt;">jean-denis.laroche &lt;chefmobile@hotmail.com&gt;</a>			
	<b>Autres</b>					
	Brian Cytrynbaum	Brian Cytrynbaum	<a href="mailto:brian@majestictees.com">brian@majestictees.com</a>			2017-10-20
	Claude Helwani	Neil Stein	<a href="mailto:nstein@steinandstein.com">nstein@steinandstein.com</a>			2017-10-20
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**APPENDIX II**  
**SOLICITATION PROCESS DOCUMENTS**

## Business Opportunity – Java-U Group inc. et al. Coffee shop chain franchisor

### SUMMARY

- ▶ Java-U Group inc. et al. ("Java-U") is seeking offers to purchase or invest in Java-U.
  - ▶ Java-U is a Montreal coffee shop chain that serves coffee and light meals and provides catering services through franchisees and corporate restaurants.
  - ▶ It also operates a food processing and coffee and food distribution center located in Montreal to cater to the various Canadian restaurants of the chain.
  - ▶ The Java-U chain comprises :
    - ▶ 2 corporate cafés in the Montreal area;
    - ▶ 12 franchisee cafés in the Montreal area;
    - ▶ 1 franchisee café in Vancouver;
    - ▶ 3 franchisee cafés in London (United Kingdom);
    - ▶ 19 franchisee cafés in the Middle East.
  - ▶ Java-U currently employs approximately 50 direct employees.

### BUSINESS OPPORTUNITY

- ▶ Raymond Chabot inc. (hereinafter "RCI") has been mandated by Java-U to prepare and coordinate a process to solicit investment, financing or acquisition offers.

### SALE PROCESS

- ▶ This business opportunity is part of Java-U's restructuring process initiated under the *Companies' Creditors Arrangement Act*,
- ▶ The proposed transaction may be structured in different ways in order to meet the respective objectives of the buyer and sellers.

### DEADLINE

- ▶ Offers must be received at RCI's offices, at the address indicated, **no later than December 1<sup>st</sup>, 2017 at 10:00 AM** and will be opened in the absence of the tenderers.

### CONDITIONS OF SALE

- ▶ The tender forms (Appendix B) and the Conditions and Reserves Related to the Sale or Investment (Appendix A) shall apply to all offers submitted. Such conditions and reserves are an integral part of this call for tenders and it is the responsibility of all offerors to obtain a copy thereof and review same.

### VISITS AND FINANCIAL INFORMATION

- ▶ Visits of the facilities can be scheduled and the sharing of financial information can be arranged by contacting Philippe Daneau at the coordinates provided hereto.

### Notice

This document is confidential and should not be reproduced or distributed. The sole purpose of this document is to allow prospective purchasers to assess their interest in pursuing a potential investment in the Company, and should not be used for any other purpose. The information included herein was provided to Raymond Chabot inc. by the management of Java-U Group et al.. All enquirers or qualified investors must carry out their own due diligence in respect of the matters referred to and ensure the accuracy of all matters. While every care is taken in the preparation of this document and the information contained in it, we hereby give you notice that we cannot and do not accept any responsibility and liability for any loss or damage whatsoever that may occur, in any manner whatsoever, as the result of reliance upon this document and the information that it contains.

Requests for information may be forwarded to:

Raymond Chabot inc.  
600 de La Gauchetière West  
Suite 2000  
Montréal, Quebec H3B 4L8

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Partner  
T: 514-393-4848  
E: Gagnon.Jean@rcgt.com

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Manager  
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Raymond Chabot inc. is an affiliate of:

Raymond Chabot Grant Thornton & Cie, General Partnership, member of Grant Thornton International Ltd ("Grant Thornton International").

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

## Opportunité d'affaires – Java-U Group inc. et al. Franchiseur dans le domaine des cafés

### DESCRIPTION SOMMAIRE

- ▶ Java-U Group inc. et al. (« Java-U ») sollicite des offres d'acquisition ou d'investissement dans Java-U.
  - Java-U est une chaîne de restauration rapide montréalaise spécialisée dans le café et les repas légers et offre également des services de traiteur par l'intermédiaire de restaurants corporatifs et de franchisés.
  - Elle exploite également un centre de transformation alimentaire ainsi que de distribution de café et de produits alimentaires, situé à Montréal, afin de desservir les différentes places d'affaires canadiennes de la chaîne.
  - La chaîne Java-U comprend :
    - ▶ 2 cafés corporatifs dans la région de Montréal;
    - ▶ 12 cafés franchisés dans la région de Montréal;
    - ▶ 1 café franchisé à Vancouver;
    - ▶ 3 cafés franchisés à Londres (Royaume-Unis);
    - ▶ 19 cafés franchisés au Moyen-Orient.
  - Java-U emploie présentement approximativement une cinquantaine d'employés (directs).

### OPPORTUNITÉ D'INVESTISSEMENT

- ▶ Raymond Chabot inc. (« RCI ») a été mandaté par Java-U pour mettre en place et coordonner un processus de sollicitation d'offres d'investissement, de financement ou d'acquisition.

### PROCESSUS DE VENTE

- ▶ Cette opportunité d'affaires s'inscrit dans le cadre du processus de restructuration initié par Java-U sous l'égide de la *Loi sur les arrangements avec les créanciers des compagnies*;
- ▶ La transaction envisagée peut être structurée de différentes façons afin de permettre de répondre aux objectifs respectifs de l'acheteur et des vendeurs.

### DATE LIMITE

- ▶ Les offres doivent être reçues au bureau de RCI à l'adresse ci-contre **au plus tard le 1<sup>er</sup> décembre 2017 à 10 h.** lesquelles seront ouvertes sans la présence des soumissionnaires.

### CONDITIONS DE VENTE

- ▶ Le formulaire de soumission (Annexe B) et les Modalités et conditions du Processus de Sollicitation (Annexe A) s'appliqueront à toutes les soumissions qui seront présentées. Elles font partie intégrante des demandes et il est de la responsabilité de chaque soumissionnaire d'en obtenir une copie, et de les réviser.

### VISITES ET INFORMATIONS FINANCIÈRES

- ▶ L'obtention d'information financières et la visite des installations se feront sur demande seulement en contactant Philippe Daneau aux coordonnées indiquées ci-contre.

### Avis

Le présent document est confidentiel et ne devrait pas être reproduit ou distribué. Le seul objectif du présent document est de permettre aux acquéreurs potentiels d'évaluer leur intérêt à poursuivre une acquisition potentielle de la société, et il ne devrait pas être utilisé à d'autres fins. L'information aux présentes a été fournie à Raymond Chabot inc. par la direction de Java-U. Tous les acheteurs admissibles et ceux qui demandent des renseignements doivent procéder eux-mêmes à la revue diligente concernant les questions dont il est fait mention et obtenir par eux-mêmes la preuve de l'exactitude de toutes ces questions. Bien que le plus grand soin ait été apporté à la préparation du présent document et de l'information qu'il contient, nous vous avisons, par les présentes, que nous n'acceptons aucune responsabilité ni obligation à l'égard de pertes ou dommages quels qu'ils soient et de quelque nature qu'ils soient, qui pourraient survenir, de quelque façon que ce soit, en raison de la confiance accordée au présent document et à l'information qu'il contient.

Toute demande d'information devrait être transmise à :

Raymond Chabot inc.  
Tour de la Banque Nationale  
600, rue de La Gauchetière Ouest  
Bureau 2000  
Montréal (Québec) H3B 4L8

Jean Gagnon, CPA, CA, CIRP, SAI  
Associé  
T: 514 393-4848  
C: Gagnon.Jean@rcgt.com

Philippe Daneau, CPA, CA, CIRP, SAI  
Directeur  
T: 514 954-4638  
C: Daneau.Philippe@rcgt.com

Raymond Chabot inc. est une société affiliée de :

Raymond Chabot Grant  
Thornton & Cie, Société en nom collectif, un membre de Grant Thornton International limitée ('Grant Thornton International').

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October 18<sup>th</sup> 2017

**CONFIDENTIAL**

Raymond Chabot inc.  
600 de La Gauchetière Street West  
Suite 2000  
Montreal, Québec H3B 4L8

Attention of Mr. Philippe Daneau, CPA, CA, CIRP, LIT

Re: Business Opportunity – Java-U Group inc. et al.

---

Dear Sir:

The undersigned acknowledges that Java-U Group inc., Java-U Food Services inc., Café Java-U inc. et Java-U RTA inc. (collectively "**Java-U**") and/or Raymond Chabot Inc., in its capacity as court appointed monitor of Java-U (hereinafter "**RCI**") have remitted or will remit to the undersigned, in the context of a bid solicitation process, certain general, financial, operating and/or other information that is confidential in nature relating to business, operations and assets of Java-U for the purpose of allowing the undersigned to consider and evaluate a possible investment, financing or acquisition of Java-U or of its assets, as applicable (the "**Transaction**").

.

In consideration for and as a condition to our receiving such Confidential Information, the undersigned acknowledges the confidential and proprietary nature of the Confidential Information (as defined below) and agree to maintain the confidentiality of such information in accordance with this Agreement. More specifically, the undersigned agrees to the following:

- a) In this agreement, "Confidential Information" means any information (concerning the business, operations, assets and affairs of the Java-U, including with respect to its business dealings with its franchisees, that may hereafter be provided or shown to the undersigned or its Representatives (as defined below) in any manner whatsoever by Java-U, RCI, or their respective Representatives irrespective of the form of communication or whether such information has been identified as confidential. Confidential Information shall include, without limitation, those portions of any notes, analyses, compilations, forecasts, studies, summaries and other material prepared by the undersigned or its Representatives containing or based, in whole or in part, on Confidential Information.
- b) The undersigned, together with its shareholders, partners, directors, officers, managers, employees, agents, advisers or other representatives (including, without limitation, its attorneys, accountants, consultants, bankers and financial advisers) (the

**“Representatives”**) shall use the Confidential Information solely for the purpose of evaluating the Transaction..

The Confidential Information shall be kept confidential and the undersigned and its Representatives shall not use or disclose any of the Confidential in any manner whatsoever other than as provided in this Agreement. In addition, the undersigned undertakes not to provide or make available any of the Confidential Information to its Representatives unless: (i) such Representative(s) need(s) to be informed in order to review and evaluate the Transaction; (ii) such Representative(s) has or have been notified of the confidentiality of the Confidential Information; (iii) such Representative(s) has or have agreed to abide by the terms of this Agreement. In addition, the undersigned agree to be responsible for any breach of the terms of this Agreement by any if its Representative..

- c) Without limiting the generality of the foregoing, we will ensure that:
- i) Only those Representatives who need to have the Confidential Information in their possession because of their duties shall have access to such Confidential Information and they shall be required to ensure the confidentiality of such information and shall not reveal such information to any person, including any business or company or other legal entity;
  - ii) A record of all persons to whom the Confidential Information has been revealed and who have had access to such information shall be kept and shall be remitted to Java-U or RCI at its request;
  - iii) All written confidential documents shall be protected with at least the same degree of care that we use with respect to our own similar proprietary information, which in any case shall not be less than a reasonable degree of care.
- d) In addition, the undersigned agrees that neither itself or its Representatives shall not disclose to any person the fact that the Confidential Information has been made available to it or its Representatives, that discussions or negotiations are taking place concerning the Transaction or any of the terms, conditions or other facts with respect thereto (including the status thereof), unless such disclosure is required by law or regulation;
- e) The undersigned agrees to notify Java-U and RCI in writing promptly after any discovery of any breach of this Agreement by the undersigned or by its Representatives and will reasonably cooperate with Java-U and RCI to prevent any further breach and to remedy the breach;
- f) The undersigned agrees that the obligations imposed hereunder will apply to all Confidential Information, except where such Confidential Information: (i) is or becomes generally available to the public other than as a result of a disclosure by the undersigned or its Representative in breach of this Agreement; (ii) becomes available to us on a non-confidential basis from a source other than Java-U and RCI, or their respective Representatives, provided that such source is not known by you to be bound by a confidentiality agreement, or other contractual, legal or fiduciary obligation of confidentiality to Java-U, with respect to such information; (iii) was already within the

possession of the undersigned and its Representatives, provided that such Confidential Information was not obtained by reason of a breach of any confidentiality agreement, or any other contractual, legal or fiduciary obligation of confidentiality; (iv) was independently developed by the undersigned without use of the Confidential Information.

- g) The undersigned acknowledges that neither Java-U, RCI nor any of their respective Representatives have made or is making any representation or warranty (express or implied) as to the accuracy or completeness of the Confidential Information, except pursuant to representations and warranties that may be made in a definitive written agreement governing the Transaction. The Undersigned agrees that neither Java-U, RCI nor any of their respective Representatives shall have any liability relating to or resulting from the use of the Confidential Information.
- h) In the event that the undersigned, or any of its Representatives, is required by law to reveal some or any part thereof, we shall promptly notify RCI and Java-U so that Java-U can take any appropriate recourse or receive compliance with the terms hereof. In the event that Java-U obtains an order from a competent court or receives compliance with the terms hereof, the undersigned shall only reveal such information as required under law and would make reasonable commercial efforts to obtain an order from a competent court or other reliable warranty that the confidentiality of the Confidential Information revealed shall be maintained.
- i) The undersigned and its Representatives acknowledge that they shall continue to be bound by the provisions of this agreement even if no agreement is reached regarding the Transaction.
- j) Without the prior written consent of Java-U, neither the undersigned or its Representatives will initiate or cause to be initiated any communication with any director, officer, employee, customer, supplier or creditor of Java-U for the purpose of discussing, directly or indirectly, the Transaction or the Confidential Information. Furthermore, the undersigned and its Representatives will not, for a period of one year from the date of this Agreement, solicit or cause to be solicited the employment of or employ any person who is now employed by Java-U, provided that the undersigned and its Representatives may solicit or cause to be solicited the employment of or employ any person (i) who responds to general solicitation of employment opportunities (including from a search firm on your behalf), (ii) who contacts the undersigned on his or her own initiative or (iii) with whom the undersigned was in discussions prior to the date of this Agreement
- k) In addition, the undersigned acknowledges and accepts that the damages that would result from a breach of this Agreement may cause irreparable harm to Java-U and that a monetary compensation may not constitute sufficient remedy. The undersigned acknowledges the right of Java-U to ask for an injunction or other mandatory order, in addition to all other remedies and recourses available to Java-U, in the event of a breach of our obligations hereunder without having to prove damages suffered.
- l) The undersigned agrees to keep a record of the location of all confidential documents. The Confidential Information and copies thereof shall be immediately remitted to Java-U or destroyed by the undersigned at the request of Java-U or RCI with the exception of copies of such Confidential Information that are automatically stored on our backup systems or that we are required to retain by law.



- m) This agreement may not be assigned by the undersigned.
- n) All rights, titles and interests in the Confidential Information shall remain the exclusive property of Java-U. No interest, right or licence in respect of the Confidential Information, other than the rights specifically described herein, shall be granted to us under this agreement, either implicitly or otherwise.
- o) This agreement shall be interpreted and enforced in accordance with the laws of the province of Quebec, Canada.
- p) This agreement will be effective on and as of the date first set forth above and will (unless extended by mutual agreement in writing) terminate two (2) years from the date first set forth above.
- q) The Parties acknowledge that they have requested and consented that this agreement and all documents, notices, correspondence and legal proceedings relating directly or indirectly hereto, forming part hereof or resulting herefrom be drawn up in the English language only. *Les parties aux présentes reconnaissent avoir expressément demandé que cette entente, tous les documents et avis, toute la correspondance et toutes les actions en justice s'y rattachant, directement ou indirectement, soient rédigés en langue anglaise seulement.*

Accepted and agreed this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

---

*PRINT NAME*

---

*TITLE*

---

*COMPANY*

---

*SIGNATURE*

18 octobre 2017

**CONFIDENTIEL**

Raymond Chabot inc.  
600, rue de La Gauchetière Ouest  
Bureau 2000  
Montréal (Québec) H3B 4L8

À l'attention de : Monsieur Philippe Daneau, CPA, CA, CIRP, SAI

Objet : Java-U Group inc. et al.

---

Monsieur,

Le soussigné reconnaît que Java-U Group inc., Java-U Food Services inc., Café Java-U inc. et Java-U RTA inc. (collectivement désignée « **Java-U** ») et/ou RAYMOND CHABOT INC., en sa qualité de contrôleur de Java-U (ci-après « **RCI** »), ont remis ou remettront au soussigné, dans le contexte d'un processus de sollicitation, certains renseignements de nature générale, financière, et opérationnelle, ainsi que d'autres renseignements confidentiels concernant Java-U dans le but de permettre le soussigné de considérer et d'évaluer un investissement, financement ou acquisition possible de Java-U ou de ses actifs, le cas échéant (la « **Transaction** »).

En contrepartie et comme condition à la transmission de ces renseignements, le soussigné reconnaît la nature confidentielle et exclusive de l'Information confidentielle (définis ci-dessous) et accepte de conserver son caractère confidentiel conformément à la présente lettre d'entente. Plus précisément, le soussigné consent à ce qui suit :

- a) Dans la présente entente, « Information confidentielle » signifie toute information concernant l'entreprise, les affaires, les opérations ou les actifs de Java-U, incluant concernant ses relations d'affaires avec ses franchisés, pouvant être transmis ou montré par Java-U, RCI ou leurs Représentants respectifs, au soussigné ou à ses Représentants quelle qu'en soit le moyen de communication et nonobstant si ces renseignements ont été identifiés comme étant confidentiels. L'Information confidentielle notamment toutes les notes, analyses, compilations et études et tous les sommaires et autres documents préparés par vous ou vos Représentants qui contiennent ou sont basés, en totalité ou en partie, sur l'Information confidentielle. .
- b) Le soussigné, ainsi que ses actionnaires, associés, administrateurs, dirigeants, gérants, employés, mandataires, conseillers ou autres représentants (y compris, notamment, ses procureurs, ses comptables, ses consultants, ses banquiers et autres conseillers financiers) (les « **Représentants** ») utiliseront les Informations uniquement pour les fins d'évaluer la Transaction.

L'Information confidentielle demeurera confidentielle et le soussigné et ses Représentants ne pourront pas être utilisée ni divulguée par le soussigné ou ses Représentants, de quelque façon que ce soit, à moins d'être permis par les présentes. De plus, le soussigné s'engage à ne pas fournir ou rendre disponible toute Information confidentielle à ses Représentants à moins que : (i) ces derniers ont besoin d'être informés afin d'étudier la Transaction; (ii) ces derniers ont été avisés préalablement du caractère confidentiel de l'Information confidentielle; (iii) ces derniers ont accepté de respecter les modalités de la présente entente. De plus, le soussigné accepte d'être responsable de tout cas de non-respect de la présente entente par quelconque de ses Représentants.

- c) Sans limiter la portée générale des propos précédents, nous veillerons à assurer ce qui suit :
- i) Seules les Représentants qui, en raison de leurs fonctions, ont besoin d'obtenir l'Information confidentielle y auront accès et elles seront tenues d'assurer la confidentialité de cette information, qu'elles ne devront pas divulguer à d'autres personnes, incluant toute entreprise ou société;
  - ii) Un registre de toutes les personnes à qui l'Information confidentielle a été communiquée et qui ont accès à cette information sera tenu et remis à Java-U ou à RCI sur demande;
  - iii) L'ensemble des documents contenant de l'Information confidentielle écrits sera protégé avec au moins le même soin avec lequel nous traitons nos propres renseignements exclusifs semblables et, dans tous les cas, avec un soin raisonnable.
- d) En plus de ce qui précède, le soussigné accepte que ni lui, ni ses Représentants, divulgueront à quelconque personne le fait l'Information confidentielle lui a ou leur a été rendu disponible, que des discussions ou négociation prennent place concernant la Transaction (incluant quelconque terme, condition ou autre fait relatif à la Transaction), à moins qu'une telle divulgation ne soit requise par la loi ou les règlements.
- e) Le soussigné s'engage à aviser Java-U et RCI par écrit sans délai aussitôt que ce dernier aura pris connaissance d'une contravention aux termes et conditions des présentes par lui-même ou par ses Représentants et de coopérer raisonnablement avec Java-U et RCI afin de remédier au défaut et éviter toute autre violation à la présente Entente.
- f) Le soussigné accepte que les obligations imposées en vertu des présentes s'appliqueront à l'Information confidentielle dans son intégralité, sauf dans les cas suivants i) l'Information confidentielle devient publique autrement qu'en raison d'une divulgation de votre part ou de la part de vos Représentants en contravention des présentes; ii) l'Information confidentielle a été obtenue par le Soussigné ou ses Représentants par une source autre que le Java-U, RCI ou leur Représentants respectifs, et cette source n'est pas liée par une convention de confidentialité ou par une autre obligation de confidentialité de nature contractuelle, légale ou fiduciaire envers Java-U relativement à ces renseignements; iii) l'Information confidentielle était déjà en possession du

Soussigné ou de ses Représentants si la source de cette information n'était pas liée par une convention de confidentialité ou par une autre obligation de confidentialité de nature contractuelle, légale ou fiduciaire envers Java-U relativement à ces renseignements iv) l'Information confidentielle a été développée de façon indépendante sans l'utilisation de l'Information confidentielle.

- g) Le soussigné reconnaît que ni Java-U, RCI ou leurs Représentants respectifs n'ont fait ou ne donne quelconque déclaration ou garantie (expresse ou implicite) quant à l'exactitude, la suffisance ou à l'exhaustivité de l'Information confidentielle, sauf en vertu des déclarations ou garanties qui pourraient être faites ou données dans le cadre d'une entente écrite définitive préparée en lien avec la Transaction. Le soussigné reconnaît que ni Java-U, RCI ou leurs Représentants respectifs ne seront responsables envers le soussigné ou ses Représentants en raison de l'utilisation l'Information confidentielle ou en raison des omissions dans l'Information confidentielle.
- h) Dans l'éventualité où le soussigné, ou l'un de ses Représentant, serait tenu par la loi de divulguer une partie ou la totalité de l'Information confidentielle, nous veillerons à ce que RCI et Java-U soient rapidement informés afin que Java-U puisse se prévaloir du recours approprié ou obtenir la conformité aux conditions des présentes. Dans l'éventualité où Java-U recevrait une ordonnance d'un tribunal compétent ou obtiendrait la conformité aux conditions des présentes, le soussigné communiquera uniquement les renseignements requis en vertu de la loi et ferons des efforts commerciaux raisonnables pour obtenir une ordonnance d'un tribunal compétent ou une autre garantie solide du fait que le caractère confidentiel de l'Information confidentielle sera préservé.
- i) Le soussigné et ses Représentants reconnaissent être liés par les dispositions de la présente entente même si aucun accord n'est conclu concernant la Transaction.
- j) Sans le consentement préalable de Java-U, ni le soussigné ni ses Représentants n'initieront ou feront initier toute communication avec tout administrateur, dirigeant, employé, client, fournisseur ou créancier de la Débitrice afin de discuter, directement ou indirectement, de la Transaction ou de l'Information confidentielle. En plus de ce qui précède, le soussigné et ses Représentants, pour une période d'un an à compter de la date de la présente entente, ne solliciteront l'embauche, ou n'embauchera quelconque personne présentement à l'emploi de Java-U. Cependant, le soussigné et ses Représentants pourront solliciter et embaucher toute personne qui (i) répond un appel général d'embauche (incluant par une firme embauchée par le soussigné) à (ii) contacte le soussigné directement de sa propre initiative ou (iii) était déjà en contact et discussion avec le soussigné avant la date de la présente entente.
- k) De plus, le soussigné convient et accepte que les dommages qui découleraient d'un manquement à la présente Entente peut occasionner un préjudice irréparable à Java-U et qu'une compensation monétaire pourrait ne pas être suffisante pour y remédier. Le soussigné reconnaît que Java-U a le droit de demander, en plus de tous les autres recours auxquels Java-U aura droit en vertu de la présente entente ou de la loi, une injonction ou une autre ordonnance

mandatoire à l'égard du manquement à nos obligations en vertu des présentes sans avoir à démontrer les préjudices subis.

- l) Le soussigné tiendra un registre de l'emplacement de tous les documents confidentiels. L'Information confidentielle sera remise immédiatement à Java-U ou détruite à la demande de Java-U ou de RCI sauf les exemplaires contenant de l'Information confidentielle qui est automatiquement stockée sur notre système de secours, laquelle nous sommes tenus par la loi de conserver.
- m) La présente entente ne pourra être cédée par le soussigné.
- n) Tous les droits, titres et intérêts dans l'Information confidentielle demeureront la propriété exclusive de Java-U. Aucun autre intérêt ou droit et aucune autre licence sur l'Information confidentielle, autre que ceux décrits précisément aux présentes, ne nous seront accordés implicitement ou autrement en vertu de la présente entente.
- o) La présente entente sera interprétée et exécutée conformément aux lois de la province de Québec, au Canada.
- p) La présente entente entrera en vigueur à compter de la première date fixée précédemment et (sauf prorogation convenue d'un commun accord, par écrit) expirera dans les deux (2) ans suivant la première date fixée précédemment.

---

*NOM (EN CARACTÈRES D'IMPRIMERIE)*

---

*TITRE*

---

*SOCIÉTÉ*

---

*SIGNATURE*

Convenu en ce \_\_\_\_\_<sup>e</sup> jour de \_\_\_\_\_ 2017

## **Appendix A: Terms and Conditions of the Solicitation Process – Java-U Group inc. and al.**

### **1. CALL FOR TENDERS –INVESTMENT OFFERS AND OFFER TO PURCHASE**

#### 1.1

- a. Java-U and/or the Monitor are not required to accept the highest tender nor any other Offer whatsoever;
- b. Java-U is not obliged to accept an Offer or to complete the Solicitation Process if, in consultation with the Monitor, it concludes that an alternative restructuring option is more favorable;
- c. any Offer retained by Java-U and/or the Monitor should be approved by t the CCAA Court.

### **2. CONTENT OF OFFERS**

#### 2.1 Any offer should specify:

- a. whether it's an investment offer or an offer to purchase;
- b. the total amount or price offered;
- c. an indication to the effect that the Offer includes an assumption of debts or obligations of Java-U, where applicable;
- d. the expected time period for closing the transaction(s) contemplated by the Offer;
- e. any condition for the closing of the transaction(s) contemplated by the Offer.

### **3. ACKNOWLEDGEMENT BY POTENTIAL OFFERORS REGARDING INFORMATION RECEIVED IN THE SOLICITATION PROCESS**

#### 3.1 The tenderer acknowledges that :

- a. the information provided by Java-U and/or the Monitor during the Solicitation Process could not be complete or accurate;
- b. Java-U stays in operation such that its inventory and accounts receivables vary daily;
- c. the information provided by Java-U and/or the Monitor could be not up to date, although Java-U and the Monitor will make reasonable efforts to update all relevant information related to a development arising during the course of the Solicitation Process;

#### 3.2 The tenderer agrees not to request any adjustments to the amount tendered;

#### 3.3 The tenderer agrees to respect the terms of the Confidentiality Agreement in respect to any information concerning third parties or entities of Java-U or assets that he did not acquire as a result of a closed transaction.

### **4. CONDITIONS OF THE SOLICITATION PROCESS**

#### 4.1 In the event that the tenderer fails to comply with one of his obligations under the terms and conditions contained in this document, he shall indemnify and hold Java-U and/or the Monitor harmless in connection with any prejudice, whether present or future, resulting from this non-compliance, without prejudice to other recourses available to Java-U and/or to the Monitor;

#### 4.2 Java-U, with the Monitor's approval, reserves its right to waive compliance with one or more terms and conditions of the Solicitation Process;

#### 4.3 The tenderer accepts the steps of the Solicitation Process provided for in the Order and accepts that Java-U, with the Monitor's approval, can modify or add to these steps;

#### 4.4 The tenderer acknowledges that any time period or conditions for closing can be interpreted negatively by Java-U and/or the Monitor, in their sole discretion;

#### 4.5 Submitting a tender shall constitute irrevocable acceptance by the tenderer of all of the terms and conditions of the sale.

### **5. ABSENCE OF REPRESENTATIONS BY JAVA-U AND THE MONITOR**

#### 5.1 The tenderer hereby declares that he has inspected the business and the assets of Java-U, and that he is relying entirely on his examination and investigation to formulate an Offer;

#### 5.2 The tenderer acknowledges that Java-U and/or the Monitor do not provide any warranty as to the description, state or value of Java-U and its assets;

5.3 The tenderer acknowledges that his offer is made “as is, where is”, at his own risk and peril. Without limiting the generality of the foregoing, the tenderer waives the right to assert a claim against Java-U or the Monitor concerning the environment, latent defects and the use and destination of Java-U’s assets, their quantity, quality, value and durability and all other legal warranties. The tenderer waives all claims or adjustment in this regard.

**6. TIME LIMIT TO SUBMIT AN OFFER AND DEPOSIT**

6.1 The Offer is made for the total amount indicated in the submission form;

6.2 The Offer must include a bank draft or a certified check deposit payable to the order of the Monitor, of an amount equal to 5% of the total amount of the Offer, which will be retained by the Monitor until acceptance or refusal of the Offer in accordance with Section 7 hereunder;

**7. REVIEW AND ACCEPTANCE OR REFUSAL OF OFFERS / TREATMENT OF DEPOSIT**

7.1 The review and analysis of Offers will be done by the Monitor with representatives of Java-U and secured creditors (provided that Java-U or a secured creditor cannot participate in this review and analysis if that party or someone related to it participates in the Solicitation Process);

7.2 Notwithstanding any contrary indication set forth in the Offer, Java-U and/or the Monitor shall be entitled to accept or reject the Offer until December 11, 2017, subject to such date being extended at Java-U’s discretion, with the approval of the Monitor;

7.3 In the event the Offer is accepted, Java-U and/or the Monitor shall notify the retained tenderer in writing by email, fax or mail at the address indicated on the tender. The deposit will not be reimbursable to the tenderer after acceptance of the Offer (without prejudice to any other rights of Java-U and/or the Monitor). The deposit will be applied against the consideration payable pursuant to the terms of the Offer;

7.4 In the event the Offer is rejected, a written notice by the Monitor, by registered mail, together with the deposit, shall be sent to the tenderers;

7.5 The fact that a deposit accompanying the Offer has been cashed may not be interpreted as acceptance of a tender;

7.6 The tenderer understands that in the event his Offer is retained:

- a. All transactions considered in the Offer shall be authorized by the CCAA Court and, if need be, by the concerned creditors; and
- b. Shall be the object of relevant documents (agreement, plan of reorganization of the share capital, plan of arrangement) that shall be satisfying for Java-U and for the Monitor.

**Appendix B : Submission Forms for Investment Offers and Offers to Purchase**

**To:**           **RAYMOND CHABOT INC., Monitor to the business and financial affairs of Java-U**

Address:                   Tour de la Banque Nationale, 600 De La Gauchetière West, Suite  
2000, Montréal, QC H3B 4L8

Telephone:               (514) 954-4638

Fax:                       (514) 878-2100

**From:**

\_\_\_\_\_  
Name of Offeror

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Fax

\_\_\_\_\_  
Email

**Amount  
offered :**

\$ \_\_\_\_\_

**The terms and conditions of the Offer are attached.**

**Deposit:**

Bank draft or Certified  
check Deposit enclosed  
herein in the amount of:

\$ \_\_\_\_\_

**Terms and  
Conditions:**

This Tender is subject to the Terms and Conditions of the Solicitation Process that the offeror acknowledges.

\_\_\_\_\_  
Duly authorized signatory

\_\_\_\_\_  
Date



## **Annexe A : Modalités et conditions du Processus de sollicitation –Groupe Java-U inc. et al.**

- 1. DEMANDE DE SOUMISSIONS – OFFRES D'INVESTISSEMENT OU D'ACHAT**
  - 1.1 a. Java-U et/ou le Contrôleur ne sont pas tenus d'accepter la plus élevée ni quelconque Offre que ce soit;
  - b. Java-U n'est pas obligé d'accepter une Offre ou de mener à terme le Processus de sollicitation si, en consultation avec le Contrôleur, il conclut qu'une option de restructuration alternative est plus favorable;
  - c. toute Offre retenue par Java-U et/ou le Contrôleur devra être approuvée par le Tribunal LACC.
- 2. CONTENU DES OFFRES**
  - 2.1 Toute Offre doit préciser :
    - a. s'il s'agit d'une offre d'investissement ou d'achat;
    - b. le montant ou prix total offert;
    - c. la mention à l'effet que l'Offre contient une assumption de dettes ou d'obligations de Java-U, le cas échéant;
    - d. le délai anticipé pour clôturer la ou transaction envisagée par l'Offre;
    - e. toutes conditions de clôture de la transaction envisagée par l'Offre.
- 3. RECONNAISSANCE DES OFFRANTS POTENTIELS RELATIVE AUX INFORMATIONS REÇUES DANS LE CADRE DU PROCESSUS DE SOLLICITATION**
  - 3.1 Le soumissionnaire reconnaît que :
    - a. les informations fournies par Java-U et/ou le Contrôleur dans le cadre du Processus de sollicitation peuvent ne pas être complètes ou exactes;
    - b. Java-U demeure en opération de sorte que ses stocks et ses comptes débiteurs varient quotidiennement;
    - c. les informations fournies par Java-U et/ou le Contrôleur pourraient ne pas être à jour, bien que Java-U et le Contrôleur déploieront des efforts raisonnables afin de mettre à jour toute information pertinente en lien avec un développement survenu alors que le Processus de sollicitation se déroule;
  - 3.2 Le soumissionnaire accepte qu'aucun ajustement du montant offert ne pourra être demandé;
  - 3.3 Le soumissionnaire s'engage à respecter les termes de l'entente de confidentialité eu égard à toute information concernant des tiers ou des entités du groupe Java-U ou des biens qu'il n'a pas acquise dans le cadre d'une transaction clôturée.
- 4. CONDITIONS DU PROCESSUS DE SOLLICITATION**
  - 4.1 À défaut par le soumissionnaire de respecter l'une de ses obligations aux termes des présentes, celui-ci accepte d'indemniser Java-U et/ou le Contrôleur de tout dommage résultant de ce défaut sans préjudice aux autres recours disponibles à Java-U et/ou au Contrôleur;
  - 4.2 Java-U, avec l'approbation du Contrôleur, se réserve le droit de renoncer à l'une ou plusieurs des modalités et conditions du Processus de sollicitation;
  - 4.3 Le soumissionnaire accepte les étapes du Processus de sollicitation prévues à l'Ordonnance, et accepte que Java-U, avec l'approbation du Contrôleur, puisse modifier ces étapes ou en ajouter;
  - 4.4 Le soumissionnaire reconnaît que tout délai ou condition de clôture peut être interprété négativement par Java-U et/ou le Contrôleur, à leur entière discrétion.
  - 4.5 Le dépôt d'une soumission constitue une acceptation irrévocable, du soumissionnaire, de toutes les modalités et conditions de vente.

**5. ABSENCE DE REPRÉSENTATIONS PAR JAVA-U ET LE CONTRÔLEUR**

- 5.1 Le soumissionnaire déclare avoir examiné les affaires et les biens de Java-U et se fonder entièrement sur son examen et son enquête afin de formuler son Offre;
- 5.2 Le soumissionnaire reconnaît qu'aucune garantie n'est donnée par Java-U et/ou le Contrôleur quant à la description, l'état et la valeur de Java-U ou de ses biens;
- 5.3 Le soumissionnaire reconnaît que son Offre est faite « tel quel » (« *as is, where is* »), à ses propres risques et périls. Sans limiter la généralité de ce qui précède, le soumissionnaire renonce à formuler quelque réclamation que ce soit à l'encontre de Java-U ou du Contrôleur eu égard à l'environnement, aux vices cachés et relative à l'usage ou à la destination des biens de Java-U, leur quantité, qualité, valeur et durabilité, et toute autre garantie légale. Le soumissionnaire renonce à toute réclamation ou ajustement à cet égard.

**6. DÉLAI POUR DÉPOSER LES OFFRES ET DÉPÔT**

- 6.1 L'Offre est faite pour le montant total indiqué au formulaire de soumission;
- 6.2 L'Offre doit être accompagnée d'un dépôt par chèque certifié ou traite bancaire payable à l'ordre du Contrôleur, d'un montant équivalent à 5 % du montant total de l'Offre. Le dépôt sera conservé par le Contrôleur jusqu'à l'acceptation ou au refus de l'Offre, suivant les termes prévus à la section 7 ci-dessous.

**7. RÉVISION ET ACCEPTATION OU REFUS DES OFFRES / TRAITEMENT DU DÉPÔT**

- 7.1 La révision et l'analyse des Offres sera faite par le Contrôleur avec les représentants de Java-U et des créanciers garantis (étant entendu que Java-U ou un créancier garanti ne pourra participer à cette révision et analyse si cette partie ou une partie liée à celle-ci participe au Processus de sollicitation);
- 7.2 Malgré toute indication contraire contenue à l'Offre, Java-U et/ou le Contrôleur pourront accepter ou refuser l'Offre jusqu'au 11 décembre 2017, sujet au report de cette date à la discrétion de Java-U, avec l'approbation du Contrôleur;
- 7.3 En cas d'acceptation de l'Offre, Java-U et/ou le Contrôleur en informe le soumissionnaire retenu par avis écrit adressé par courriel, télécopieur ou courrier, à l'endroit indiqué à la soumission. Le dépôt ne sera pas remboursable au soumissionnaire suite à l'acceptation de l'Offre (sans préjudice aux autres droits de Java-U et/ou du Contrôleur). Le dépôt sera appliqué au paiement de la considération payable aux termes de l'Offre;
- 7.4 Si l'Offre n'est pas retenue, un avis écrit du Contrôleur adressé par courrier recommandé et accompagné du dépôt sera acheminé aux soumissionnaires; ;
- 7.5 L'encaissement d'un dépôt accompagnant une soumission ne peut être interprété comme étant une acceptation de la soumission;
- 7.6 Le soumissionnaire comprend que, dans l'éventualité de l'acceptation de son Offre :
  - a. toute transaction envisagée par l'Offre devra être autorisée par le tribunal LACC et, si requis, par les créanciers concernés; et
  - b. devra faire l'objet de documents pertinents (convention, plan de réorganisation du capital-actions, plan d'arrangement) qui seront satisfaisants à Java-U et au Contrôleur.

**Annexe B : Formulaire de soumission des offres d'investissement ou d'achat**

**À :**                    **RAYMOND CHABOT INC., Contrôleur aux affaires et finances de Java-U**

Adresse :                    Tour de la Banque Nationale, 600, rue De La Gauchetière Ouest,  
Bureau 2000, Montréal, H3B 4L8

Téléphone :                514-954-4638

Télécopieur :              514-878-2100

**De :**

\_\_\_\_\_  
Nom de l'offrant

\_\_\_\_\_  
Adresse

\_\_\_\_\_  
Téléphone

\_\_\_\_\_  
Télécopieur

\_\_\_\_\_  
Courriel

**Montant offert :**

\_\_\_\_\_  
\$

**Les termes et conditions de l'Offre sont joints en Annexe.**

**Dépôt :**

Ci-joint, dépôt par  
chèque certifié ou  
traite bancaire au  
montant de :

\_\_\_\_\_  
\$

**Modalités et  
conditions :**

Cette soumission est assujettie aux modalités et conditions du Processus de sollicitation  
dont l'offrant reconnaît avoir pris connaissance.

\_\_\_\_\_  
Signataire dûment autorisé

\_\_\_\_\_  
Date

**APPENDIX III**  
**DATAROOM ACCESS REGISTER**

**APPENDIX IV**  
**OFFERS RECEIVED**

**APPENDIX V**  
**PROJECTED CASHFLOW**

**JAVA-U GROUP INC.  
JAVA-U FOOD SERVICES INC.  
CAFÉ JAVA-U INC.  
JAVA-U RTA INC.**

**PROJECTED CASH FLOW**

**FOR THE PERIOD OF DECEMBER 11<sup>TH</sup> 2017 TO MARCH 4<sup>TH</sup>, 2018**

Report on Cash Flow Statement by the Person Applying for an Initial Order under the CCAA	1
Projections	
Cash flow Statement	3
Notes to the projected cash flow	4 and 5

CANADA  
DISTRICT OF QUÉBEC  
DIVISION NO: 01-MONTRÉAL  
COURT NO: 500-11-053313-173  
FILE NO.: 334612-001  
IN THE MATTER OF THE PLAN OF  
ARRANGEMENT OR COMPROMISE OF:

SUPERIOR COURT  
« Commercial Division »

**JAVA-U GROUP INC.**  
**JAVA-U FOOD SERVICES INC.**  
**CAFÉ JAVA-U INC.**  
**JAVA-U RTA INC.**

Insolvent Persons

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**REPORT ON CASH FLOW STATEMENT BY THE PERSON APPLYING FOR AN INITIAL ORDER  
UNDER THE CCAA**

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The management of Java-U Group inc., Java-U Food Services inc., Café Java-U inc. and Java-U RTA inc. (hereafter “Java-U” or the “Insolvent Persons”) has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, from December 11<sup>th</sup> 2017 to March 4<sup>th</sup>, 2018.

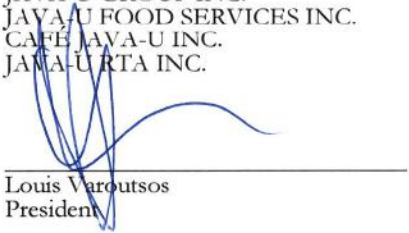
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Insolvent Persons and provide a reasonable basis for the projection. All such assumptions are disclosed in Note 3.

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

The projections have been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Notes 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montreal this 18<sup>th</sup> day of December, 2017.

JAVA-U GROUP INC.  
JAVA-U FOOD SERVICES INC.  
CAFÉ JAVA-U INC.  
JAVA-U RTA INC.



---

Louis Varoutsos  
President



**JAVA-U GROUP INC.  
JAVA-U FOOD SERVICES INC.  
CAFÉ JAVA-U INC.  
JAVA-U RTA INC.**

**PROJECTED CASH FLOW**

**FOR THE PERIOD OF DECEMBER 11<sup>TH</sup> 2017 TO MARCH 4<sup>TH</sup>, 2018**

Report on Cash Flow Statement by the Person Applying for an Initial Order under the CCAA	1
Projections	
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**JAVA-U GROUP INC.  
 JAVA-U FOOD SERVICES INC.  
 CAFÉ JAVA-U INC.  
 JAVA-U RTA INC.  
 CASH FLOW STATEMENT  
 FOR THE PERIOD OF DECEMBER 11<sup>TH</sup> 2017 TO MARCH 4<sup>TH</sup>, 2018  
 (Unaudited)**

Week number	1	2	3	4	5	6	7	8	9	10	11	12	Total
For the week ending	17-Dec-17	24-Dec-17	31-Dec-17	7-Jan-18	14-Jan-18	21-Jan-18	28-Jan-18	4-Feb-18	11-Feb-18	18-Feb-18	25-Feb-18	4-Mar-18	
<b>Inflows</b>													
Net Sales	76 999	31 106	31 106	31 106	76 999	31 106	31 106	31 106	31 106	76 999	31 106	31 106	510 950
Temporary financing (DIP)	125 000	-	25 000	-	50 000	-	50 000	-	20 000	-	-	-	270 000
Balance of sale of a franchise	-	-	-	-	858	-	-	-	-	-	-	-	858
	201 999	31 106	56 106	31 106	127 857	31 106	81 106	31 106	51 106	76 999	31 106	31 106	781 808
<b>Outflows</b>													
Food purchases	24 105	24 159	22 985	25 785	28 405	24 159	22 985	22 985	24 105	22 985	22 985	22 985	288 628
Salaries	33 280	-	33 280	-	33 280	-	33 280	-	33 280	-	33 280	-	199 680
Operating expenses													
Selling	2 308	3 559	-	1 000	7 308	3 559	-	6 000	-	5 867	-	6 000	35 601
General and administrative	7 286	-	5 000	-	7 286	-	-	-	100	7 186	-	-	26 858
Occupation fees													
Rent	9 300	-	-	-	9 300	-	-	-	9 300	-	-	-	27 900
Utilities	2 015	316	358	-	2 015	316	358	-	2 015	316	358	-	8 066
Maintenance	635	260	19	369	635	260	19	369	334	561	19	369	3 850
Sales tax	-	-	-	-	5 000	-	-	-	5 000	-	-	-	10 000
Consultant fees / Accounting fees	-	-	-	9 000	-	-	-	9 000	-	-	-	9 000	27 000
Restructuring fees	40 000	20 000	-	5 000	10 000	10 000	10 000	10 000	5 000	5 000	5 000	5 000	125 000
Financial fees	-	-	-	2 629	-	-	-	3 879	-	-	-	-	6 508
	118 929	48 294	61 642	43 783	103 229	38 294	66 642	52 233	79 134	41 915	61 642	43 354	759 091
<b>Cash - Beginning of period</b>	<b>(45 256)</b>	<b>37 814</b>	<b>20 626</b>	<b>15 090</b>	<b>2 413</b>	<b>27 041</b>	<b>19 853</b>	<b>34 317</b>	<b>13 190</b>	<b>(14 838)</b>	<b>20 246</b>	<b>(10 290)</b>	<b>(45 256)</b>
Inflows (outflows) for the period	83 070	(17 188)	(5 536)	(12 677)	24 628	(7 188)	14 464	(21 127)	(28 028)	35 084	(30 536)	(12 248)	22 717
<b>Cash - End of period</b>	<b>37 814</b>	<b>20 626</b>	<b>15 090</b>	<b>2 413</b>	<b>27 041</b>	<b>19 853</b>	<b>34 317</b>	<b>13 190</b>	<b>(14 838)</b>	<b>20 246</b>	<b>(10 290)</b>	<b>(22 539)</b>	<b>(22 539)</b>

JAVA-U GROUP INC.  
 JAVA-U FOOD SERVICES INC.  
 CAFÉ JAVA-U INC.  
 JAVA-U RTA INC.

\_\_\_\_\_  
 Louis Varoutsos  
 President

**JAVA-U GROUP INC.  
JAVA-U FOOD SERVICES INC.  
CAFÉ JAVA-U INC.  
JAVA-U RTA INC.  
NOTES TO THE PROJECTED CASH FLOW STATEMENT  
FOR THE PERIOD OF DECEMBER 11<sup>TH</sup> 2017 TO MARCH 4<sup>TH</sup>, 2018**

**(Unaudited)**

**1. PURPOSE OF THE PROJECTED CASH FLOW STATEMENT**

The Insolvent Persons' management prepared the cash flow statement on December 18, 2017 from pertinent information.

The purpose of this projected cash flow statement is to present relevant prospective financial information within the scope of the filing of a Plan of Arrangement. This financial information may not be relevant for other purposes.

These projections have been prepared based on assumptions which reflect the general direction that the Insolvent Persons' management shall be adopting given the financial and economic conditions which in the opinion of the Insolvent Persons' management is the most probable.

Since this projected cash flow statement is based on assumptions regarding future events, actual results for the period covered will vary from the information presented, and the variations may be material.

**2. CONTINUATION OF OPERATIONS**

The projections are based on the fact that the company continues its operations in the normal course of business. The projections do not reflect any adjustments that should be required if some assets were sold outside the normal course of affairs.

**3. HYPOTHETICAL AND PROBABLE ASSUMPTIONS**

The projected cash flow statement is mostly based on hypothetical assumptions listed below:

**3.1. Inflows**

*Sales*

Management has estimated the expected royalties, food and coffee sales to the franchisees. These are based on the restaurants that management expects to keep open, and takes into consideration the restaurants that were closed as part of the restructuring process.

*DIP*

The Debtor-in-possession advances will be made based on the cash requirements of the Insolvent Persons.

### 3.2. Outflows

#### *Food purchases*

Food purchases are based on management's best estimates, based on the coffee shops it expects to keep open through the restructuring process and the anticipated customer traffic.

#### *Salaries*

Salaries are based on the staff assessment required by management and are paid on a bi-weekly basis.

#### *Operating expenses*

The operating expenses are based on the recent history and the existing agreements and/or contracts. They will be paid upon reception of the invoice.

#### *Occupation fees*

The operating expenses are based on the recent history and the existing lease agreements and/or contracts. They will be paid upon reception of the invoice or per the terms of the agreements.

#### *Sales tax*

Sales taxes are estimated based on the volume of taxable sales and purchases for the period.

#### *Professional fees*

Professional fees include restructuring fees as well as legal fees for continuing litigations and accounting fees. They are estimated based on experience and payable upon receipt of the invoice.

## 4. RISK RELATED TO THE ACHIEVEMENT OF THE PROJECTIONS

- The capacity to maintain relationships with the franchisees and suppliers;
- The disbursements are limited to known costs and projections. Additional disbursements will be required depending on the restructuring process. It is understood that such costs, if necessary, will require additional funding.