

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

No: 500-11-055629-188

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

MOTION FOR THE EXTENSION OF THE DELAY TO FILE A PROPOSAL
(Section 50.4(9) of the *Bankruptcy and Insolvency Act*)

TO THE HONOURABLE CHANTAL TREMBLAY, J.S.C., OR ANOTHER ONE OF THE
HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTREAL, THE DEBTOR
RESPECTFULLY SUBMITS:

1. For the reasons further described herein, 2964-3277 Quebec Inc., d.b.a. Carpet Art Deco ("**Art Deco**") hereby seeks an extension of the delay to file a proposal of thirty (30) days, until January 29, 2019, pursuant to the terms of the draft order communicated herewith as **Exhibit R-1** (the "**Draft Order**").
2. Richter Advisory Group Inc. ("**Richter**" or the "**Trustee**") will file a report prior to the hearing on the present Motion (the "**First Report**").

A. INTRODUCTION

3. On November 29, 2018, Art Deco filed a *Notice of Intention to Make a Proposal* (the "**NOI**") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**") and Richter was appointed as trustee to the NOI, the whole as more fully appears from the Court record.
4. Pursuant to Section 50.4(8) of the LFI and the NOI, Art Deco must file a proposal before December 29, 2018 (the "**Delay**").

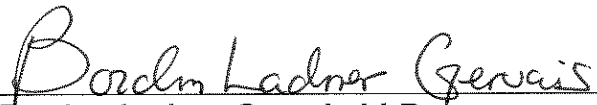
B. EXTENSION OF DELAY

5. On or about November 28, 2018, Art Deco, with the assistance of Richter, initiated a sale and solicitation process by which Art Deco is soliciting offers from any party interested in acquiring Art Deco's business and/or assets (the "**Sales Process**").
6. The deadline for any interested party to submit a binding offer is December 19, 2018. Art Deco's objective was to proceed with a transaction with an interested party by December 21, 2018 and seek the consent of its two major secured creditors, namely the Canadian Imperial Bank of Commerce ("**CIBC**") and the Business Development Bank of Canada ("**BDC**"), as well as the authorization of this Honourable Court to proceed with an eventual transaction on or about December 21, 2018 (the "**Contemplated Transaction**").
7. However, given the upcoming holiday season and the availability of the Court, it is unlikely that i) the Contemplated Transaction or ii) a liquidation scenario, if no offers to purchase are received could be completed before December 29, 2018.
8. Moreover, it is likely that, during the Sales Process, potential interested parties will request an extension of delay to complete their due diligence on Art Deco's affairs.
9. As mentioned above, if no offer is received by December 19, 2018, the Trustee will also have to consider different recovery and liquidation scenarios in order to maximize the proceeds to be generated from the sale of Art Deco's assets.
10. As indicated in the cash flow statement attached to the First Report, Art Deco has projected to have sufficient cash flow until January 29, 2019 in order to support the extension of the Delay and provide more time to Art Deco and the Trustee to evaluate the offers received, if any, and their best recovery options.
11. Art Deco respectfully submits that the factors set out in Section 50.4(9) of the BIA have all been met considering, among other things, that:
 - a) Art Deco acted, and is acting, in good faith and with due diligence;
 - b) Art Deco seeks an extension of the Delay in order to be able to submit a proposal to its creditors under the BIA; and
 - c) None of Art Deco's creditors shall be materially prejudiced if the extension of the Delay is granted.
12. BDC and CIBC have informed Art Deco that they support an extension of the Delay until January 29, 2019.
13. The Trustee also support the extension of the Delay.
14. The present Motion is well founded in facts and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT:

- A. **GRANT** the present *Motion for the Extension of the Delay to File a Proposal* (the "**Motion**");
- B. **ISSUE** an Order substantially in the form of the draft order communicated as Exhibit R-1 in support of the Motion;
- C. **THE WHOLE** without costs, save and except in the case of contestation.

Montreal, December 11, 2018



Borden Ladner Gervais LLP

Lawyers for the Debtor
2964-3277 Quebec Inc.

AFFIDAVIT

I, the undersigned, **FADI MELKI**, president, having its principal place of business located at 480 avenue Lafleur, Montréal, Québec, H8R 3H9, solemnly declare:

1. I am the President and Secretary of 2964-3277 Quebec Inc., the Debtor in the present case;
2. I have read the attached *Motion for the Extension of the Delay to File a Proposal* and all the facts set forth in the present Motion are true.

AND I HAVE SIGNED:

FADI MELKI

Solemnly declared before me in
Montreal, this ____ day of December, 2018

Commissioner for oaths for Québec

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

No: 500-11-055629-188

**2964-3277 QUEBEC INC. (aka CARPET
ART DECO INC.)**

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

NOTICE OF PRESENTATION

TO :

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**Attorneys for Oriental Weavers
International SAE**

TAKE NOTICE that the *Motion for the Extension of the Delay to File a Proposal* will be presented for hearing and adjudication before the Superior Court of Quebec, sitting in the Commercial Division for the District of Montréal, **on December 13, 2018 at 9:30 a.m. in a room to be determined** at the Montréal Courthouse, located at 1 Notre-Dame Street East, Montréal, Québec, H2Y 1B6.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, December 11, 2018



Borden Ladner Gervais LLP

Lawyers for the Debtor
2964-3277 Quebec Inc.

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

No: 500-11-055629-188

2964-3277 QUEBEC INC.

Debtor

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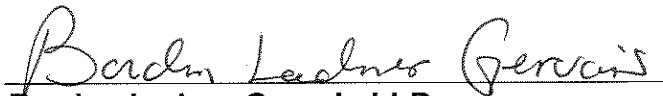
RICHTER ADVISORY GROUP INC.

Trustee

LIST OF EXHIBITS

EXHIBIT R-1: Copy of draft order

Montreal, December 11, 2018



Borden Ladner Gervais LLP
Lawyers for the Debtor
2964-3277 Quebec Inc.

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N° : 500-11-055629-188

DATE : December 13, 2018

PRESIDING : CHANTAL TREMBLAY, J.S.C.

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

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

ORDER

- [1] **THE COURT**, upon reading the Debtor's *Motion for the Extension of the Delay to File a Proposal* (the "**Motion**"), having examined the proceeding and the affidavit;
- [2] **CONSIDERING** the representations of the parties;
- [3] **CONSIDERING** the report of the Trustee;
- [4] **GIVEN** the provisions of the *Bankruptcy and Insolvency Act*;

FOR THESE REASONS, THE COURT HEREBY:

- [5] **GRANTS** the present *Motion for the Extension of the Delay to File a Proposal* (the "**Motion**");
- [6] **ORDERS** that the time for service of the Motion be abridged and that the Motion is properly presentable and **DECLARES** that the service of the Motion constitutes

good and sufficient service on all persons and **DECLARES** that all parties are relieved of any further requirement for service of the Motion;

- [7] **EXTENDS** the delay to file a proposal until January 29, 2019;
- [8] **ORDERS** the provisional execution of the Order notwithstanding any appeal;
- [1] **THE WHOLE** without costs.

CHANTAL TREMBLAY, J.S.C.