

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-050409-164

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

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

7098961 CANADA INC., a legal person incorporated under the laws of Canada, having its registered office at 905 rue Hodge, in the city and district of Montréal, Province of Quebec, H4N 2B3.

Petitioner

-and-

RICHTER ADVISORY GROUP INC., a legal person under the laws of Canada, having a place of business at 1981 McGill College, in the city and district of Montréal, Province of Québec, H3A 0G6;

Monitor

MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY OF
PROCEEDINGS

(Section 11.02 of the Companies' Creditors Arrangement Act)

TO ONE OF THE JUDGES OF THE SUPERIOR COURT SITTING IN
COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, THE
APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:

I. INTRODUCTION

1. On March 24, 2016, the Honourable Justice Martin Castonguay, J.S.C., issued an initial order (the "Initial Order") pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") in respect of 7098961 Canada Inc. (formerly known as Beyond the Rack Enterprises Inc., the "Company") as appears from the Court record.

2. Pursuant to the Initial Order, Richter Advisory Group Inc. (the "**Monitor**") was appointed as Monitor to the Company and a stay of proceedings (the "**Stay of Proceedings**") was issued from the date of the Initial Order until April 22, 2016 (the "**Stay Period**").
3. The Company hereby seeks an order from this Court extending the Stay Period until June 20, 2016.

II. RECENT DEVELOPMENTS

A. The Company's Operations

4. Since the issuance of the Initial Order, the Company, with the help of the Monitor, has communicated with its suppliers and employees, with a view of maintaining its ongoing operations, including the fulfillment of past and future customer orders.
5. Moreover, together with the Monitor and respective legal advisors, the Company has and continues to conduct a comprehensive review of its operations and assets, which, as of this date, has resulted in the termination of several agreements and/or leases deemed to be unnecessary for the successful restructuring of the Company's business.
6. Finally, the Company has expended significant efforts in stabilizing its business operations and preserving the normal course of business, to the extent possible, in the context of these CCAA proceedings. The Company has and continues to meet its post-filing obligations as and when they become due.

B. The Sale Process

7. Immediately following the issuance of the Initial Order, the Company, with the Monitor's assistance, launched a sale and solicitation process for all or substantially all of the Company's business and/or assets (the "**Sale Process**"), with the following timeline (the "**Timeline**"):

Transmittal of teasers to potential purchasers and non-disclosure agreements	March 29, 2016
Due diligence, including management presentations, data room and site visits	March 31, 2016
Submittal of binding offers	April 18, 2016
Court approval	To be determined

8. In accordance with the Timeline, on March 29, 2016, the Monitor sent out the teasers to approximately 423 potential purchasers, including strategic buyers, financial sponsors and liquidators.
9. As of April 11, 2016, 28 interested parties executed a *Non-Disclosure Agreement*, following which access to a virtual data room containing relevant information in connection with the Company's assets and business was provided to them.
10. On or around April 13, 2016, all interested parties were provided with a draft form of an asset purchase agreement, and it is expected that the offers will be received by April 18, 2016, at which time, the Company, in consultation with the Monitor and the legal advisors, will review and assess the offers in order to identify the most beneficial one for the Company and its stakeholders.

III. GROUNDS OF THIS MOTION

11. The extension of the Stay Period is necessary in order to provide the Company with an adequate period of time to be able to complete the Sale Process.
12. It is expected that prior to the hearing on the present Motion, the Monitor will file a report recommending the approval of an extension of the Stay Period (the "**Monitor's Report**").
13. As appears from the cash flow forecast included in the Monitor's Report, no creditor will suffer any undue prejudice by the extension of the Stay Period.
14. The Company, which has acted and continues to act in good faith and with due diligence during the course of these proceedings, respectfully submits that it is appropriate, in the circumstances, to grant the present Motion, and order the extension of the Stay Period until June 20, 2016.
15. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT the present *Motion for the Issuance of an Order Extending the Stay Period* (the "**Motion**");

DECLARE that the notices given for the presentation of the Motion are proper and sufficient;

EXTEND the Stay Period (as defined in the Motion) until June 20, 2016;

ORDER the provisional execution of this Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

MONTREAL, April 13, 2016

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Our file : 137950-1006

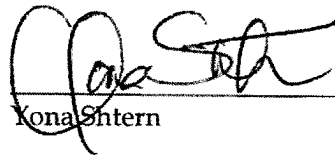
Attorneys for the Petitioner

AFFIDAVIT

I, the undersigned, Yona Shtern, business person, having my principal place of business at 905 Hodge, in the city and district of Montréal, Province of Quebec, solemnly declare the following:

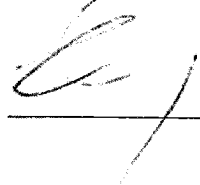
1. I am a the Chief Executive Officer of 7098961 Canada Inc. (formerly known as Beyond the Rack Enterprises Inc.); and
2. All the factual allegations contained in the *Motion for the Issuance of an Order Extending the Stay of Proceedings* are true.

AND I HAVE SIGNED:



Yona Shtern

Solemnly declared before me in Montreal,
on the 13th day of April, 2016



Kenneth Aronson
ATTORNEY - 190037-4

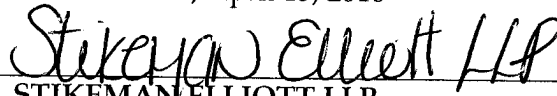
NOTICE OF PRESENTATION

To: Service List

TAKE NOTICE that the *Motion for the Issuance of an Order Extending the Stay of Proceedings* will be presented for adjudication before one of the Honourable Judges of the Superior Court, sitting Commercial Division in and for the District of Montréal, at the Montréal Court House, 1 Notre-Dame Street East, Montréal, Quebec at a time and place to be communicated to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, April 13, 2016



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Attorneys for the Petitioner

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(Commercial Division)

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BS0350

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EXTENDING THE STAY OF PROCEEDINGS
(Section 11.02 of the *Companies' Creditors
Arrangement Act*)

ORIGINAL

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