

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
N^o: 500-11-043787-122

SUPERIOR COURT
COMMERCIAL DIVISION

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

SIXTY CANADA RETAIL INC.

Debtor/Petitioner

and

RICHTER ADVISORY GROUP INC. (FORMERLY RSM
RICHTER INC.) (Mr. Benoit Gingues),

Trustee

MOTION FOR APPROVAL OF THE PROPOSAL
(Section 58 of the *Bankruptcy and Insolvency Act* (the "BIA"))

TO ONE OF THE JUDGES OF THE SUPERIOR COURT, DISTRICT OF MONTREAL,
SITTING IN THE COMMERCIAL DIVISION, THE PETITIONER RESPECTFULLY SUBMITS:

I. **NATURE OF MOTION**

1. The Petitioner, Sixty Canada Retail Inc. (the "**Debtor**") hereby requests the Court to approve its amended proposal dated January 30, 2013 and accepted by its creditors at the creditors' meeting held on January 30, 2013, (the "**Creditors' Meeting**").
2. In support of the present motion, the Debtor files the Report of the trustee on the financial situation of the Debtor and on the Proposal dated February 11, 2013 and the exhibits accompanying this report (the "**Trustee's Report**") as **Exhibit R-1**.

II. **THE DEBTOR**

3. The Debtor is a fashion company that distributes apparel, footwear, and accessories under the brands Miss Sixty and Energie across Canada. The Debtor distributes its products through boutiques and company-owned stores.
4. The Debtor is a wholly-owned subsidiary of Sixty Canada Inc. ("**Sixty Canada**"), which is wholly owned by Sixty SPA, a legal person constituted under the laws of Italy.

5. Sixty SPA and Sixty Far East Ltd. have been supplying the Debtor since its inception with more than 95% of its inventory.
6. On September 20, 2012, Sixty SPA initiated in Italy a reorganization procedure and is seeking to conclude a deed of arrangement (*concordato preventivo*) with its creditors.
7. Two months before the above-mentioned reorganization procedure, Sixty SPA's parent company, Sixty International S.A., a corporation constituted under the laws of Luxembourg, which owns the trademarks of the brands distributed in Canada by the Debtor, was acquired by Crescent HydePark European Opportunities Fund I ("**Crescent HydePark**"), an Asian investment fund.
8. The contract between Sixty SPA and Sixty International S.A. regarding the distribution of the brands (the "**Licensing Agreement**") expired on December 31, 2012 and was not renewed or extended with respect to Canada.

III. THE NOI PROCEEDINGS AND THE RESTRUCTURING EFFORTS SINCE THE NOI

9. On December 10, 2012, the Petitioner and Sixty Canada (collectively, the "**Debtors**") each filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) BIA and Richter Advisory Group Inc. (formerly RSM Richter Inc.) (the "**Trustee**") was named trustee in the Debtor's proposal proceedings (the "**NOI Proceedings**"), the whole as more fully appears from the Court record.
10. On December 11, 2012, the Debtor filed a *Motion for an order granting an administrative charge and a D&O charge* which was granted by the Honorable Chantal Corriveau on December 11, 2012, the whole as more fully appears from the Court record.
11. The *Motion for an order granting an administrative charge and a D&O charge* and the Trustee's report (Exhibit R-1) describe, *inter alia*, the causes of the financial difficulties of the Debtor having ultimately led to the filing of the NOI and the restructuring steps taken by the Debtor since the filing of the NOI, the whole as appear from the Court record.
12. As indicated in the *Motion for an order granting an administrative charge and a D&O charge* and the Trustee's report (Exhibit R-1), the financial distress of Sixty Canada and of the Debtor is the result of the financial difficulties experienced by Sixty SPA coupled with the sale of Sixty International S.A. and Sixty S.A. to Crescent Hyde Park which have

both lead to the fact that no new inventory was shipped to the Debtor in the last four months of 2012.

13. As a result, inventory on-hand has been depleted and the Debtor did not have current season inventory to sell in its store. Thus, the Debtor had no other choice but to file the NOI.
14. The restructuring efforts undertaken by the Debtors since the NOI included (i) the closing of unprofitable stores in Toronto and Vancouver; (ii) the disclaiming of certain leases in Montréal, Toronto and Vancouver; and (iii) the sale of all the operating assets of the Debtor and the assignment of specific leases to Sixty Canada Trading Inc. (the "Purchaser").
15. Before the filing of the NOI, discussions had taken place with Crescent HydePark and Sixty International S.A., which were potential natural buyers of the Debtors considering the ownership of Sixty International S.A. of the trademarks used by the Debtors. These discussions continued following the filing of the NOI and the beginning of the NOI Proceedings.
16. On December 21, 2012, the Debtors executed an Asset Purchase Agreement (the "APA") with the Purchaser. Pursuant to the terms of the APA, the Purchaser was to acquire all of the operating assets of the Debtors, excluding cash on hand and the accounts receivables, and was assigned the rights and obligations of the Debtors under certain leases.
17. On December 21, 2012, the Debtor filed a *Motion for an order authorizing the sale of assets of the Debtor and the assignment of leases* pursuant to section 65.13 BIA (the "**Sale Approval Motion**") in order for this Court to approve the transaction contemplated by the APA, as appears from the Court record
18. On December 21, 2012, the Honourable Jean-Yves Lalonde granted the Sale Approval Motion and authorized the transaction contemplated in the APA, the whole as appears from the Court record
19. The closing of the transaction pursuant to the APA was effective on December 31, 2012.

IV. THE PROPOSAL ACCEPTED BY THE DEBTOR'S CREDITORS

20. On January 9, 2013, the Debtor filed a proposal pursuant to section 50 BIA which was amended on January 29, 2013 (the "Proposal"), the whole as appears from a copy of the Proposal (Exhibit E of the Trustee's report (Exhibit R-1)).
21. Also, the Trustee sent to every known creditor of the Debtor a notice of the Proposal and of the Creditors' Meeting to be held on January 30, 2013, a copy of the Proposal, a statement of affairs, a list of all known creditors affected by the Proposal, a report of the Trustee on the Proposal and financial situation of the Debtor, and proof of claim and proxy forms, as appears from the Trustee's report (Exhibit R-1).
22. On January 30, 2013, the Creditors' Meeting was presided by the Official Receiver, as appears from the Trustee's report (Exhibit R-1).
23. During the Creditors' Meeting, the Proposal was unanimously approved by the six (6) creditors which had filed a proof of claim and which represented \$609,086.99 in value.
24. The Proposal provides for the distribution to the Debtor's creditors of the net proceeds of the transaction contemplated in the APA and of the collection of the Debtor's receivables, after the payment of priority claims, post-filing obligations and professional fees, the whole as appears from a copy of the Proposal (Exhibit E of the Trustee's report (Exhibit R-1)).
25. The Proposal is reasonable and is advantageous to the mass of creditors generally since, *inter alia*:
 - (a) it permits creditors to receive an initial dividend within 60 days of the approval of the Proposal by the Court in a final and executory judgment; and
 - (b) it permits a higher dividend than under a bankruptcy scenario given that, in a context of a bankruptcy, additional costs and professional fees would have to be incurred.
26. On January 18, 2013, the Trustee gave notice to the creditors of the hearing for the court approval of the Proposal, as appears from the Trustee's Report.
27. It is in the interest of the mass of creditors generally that the Proposal be approved by this Court.

28. The Debtor has continuously acted in good faith and with due diligence.
29. The present motion is well founded in fact and in law.

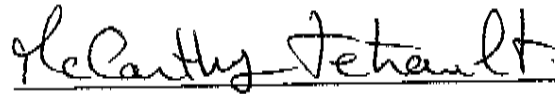
WHEREFORE MAY IT PLEASE THIS COURT TO:

GRANT the present Motion for Approval of the Proposal;

APPROVE the Debtor's amended proposal dated January 30, 2013 and accepted by its creditors on January 30, 2013;

THE WHOLE without costs, save and except in case of contestation.

MONTREAL, February 19, 2013



McCARTHY TÉTRAULT LLP
Attorneys for the Debtor/Petitioner
Sixty Canada Retail Inc.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
N°: 500-11-043787-122

SUPERIOR COURT
COMMERCIAL DIVISION

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

SIXTY CANADA RETAIL INC.

Debtor/Petitioner

and

RICHTER ADVISORY GROUP INC. (FORMERLY RSM
RICHTER INC.) (Mr. Benoit Gingues)

Trustee

AFFIDAVIT

I, the undersigned, Arpi Balouzian, Director of Finance and Administration of Sixty Canada Retail Inc., having a place of business at 225 Chabanel Street West, Suite 600, Montreal, Quebec, H2N 2C9, solemnly declare the following:

1. I am a duly authorized representative of Sixty Canada Retail Inc. for the purposes hereof;
2. All the facts alleged in this *Motion for approval of the proposal* herewith are true to my personal knowledge.

AND I HAVE SIGNED



ARPI BALOUZIAN

Solemnly declared before me in
Montreal, on this 19th day of February, 2013



Commissioner of oaths
for the Province of Québec



CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
N°: 500-11-043787-122

SUPERIOR COURT
COMMERCIAL DIVISION

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

SIXTY CANADA RETAIL INC.

Debtor/Petitioner

and

RICHTER ADVISORY GROUP INC. (FORMERLY RSM
RICHTER INC.) (Mr. Benoit Gingues)

Trustee

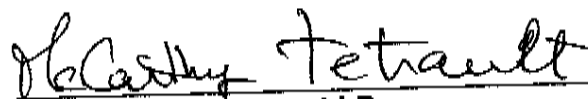
NOTICE OF PRESENTATION

To: Mr. Benoit Gingues
RSM RICHTER INC.
1981 McGill College avenue, 11th Floor
Montreal, Quebec, H3Z 0G6
Fax: (514) 934-3504
BGingues@rsmrichter.com

TAKE NOTICE that the Motion for approval of the proposal will be presented before Registrar sitting in bankruptcy and insolvency matters, at the Montreal courthouse, located at 1 Notre Dame St. East, Montreal (Québec), in room 16.10, on **February 21, 2013**, at **9:15 a.m.**, or soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, February 19, 2013



MCCARTHY TETRAULT LLP
Attorneys for the Debtor/Petitioner

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
N°: 500-11-043787-122

SUPERIOR COURT
COMMERCIAL DIVISION

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF:
SIXTY CANADA RETAIL INC.

Debtor/Petitioner

and

RICHTER ADVISORY GROUP INC. (FORMERLY RSM
RICHTER INC.) (Mr. Benoit Gingues)

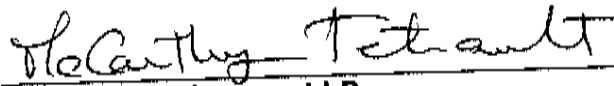
Trustee

LIST OF EXHIBITS
(Motion for approval of the proposal)

Exhibit R-1:

Report of the trustee on the financial situation of the Debtor and on the proposal dated February 11, 2013

Montréal, February 19, 2013



MCCARTHY TÉTRAULT LLP
Attorneys for the Debtor/Petitioner

N° 500-11-043787-122

SUPERIOR COURT (COMMERCIAL DIVISION)
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

SIXTY CANADA RETAIL INC.
Debtor / Petitioner

And

**RICHTER ADVISORY GROUP INC. (FORMERLY
RSM RICHTER INC.) (Mr. Benoit Gingues)**
Trustee

MOTION FOR APPROVAL OF THE PROPOSAL

ORIGINAL

Me Alain N. Tardif
Tel: (514) 397-4274
Our file: 212230-449305

BC 0847
McCarthy Tétrault LLP
Avocats • Agents de brevets et marques de commerce
Barristers & Solicitors • Patent & Trademark Agents
25e étage
1000, De La Gauchetière ouest
Montréal (Québec) H3B 0A2
tel. : (514) 397-4100
télé. : (514) 875-6246