

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HUDSON'S BAY COMPANY ULC COMPAGNIE DE LA BAIE D'HUDSON SRL, HBC
CANADA PARENT HOLDINGS INC., HBC CANADA PARENT HOLDINGS 2 INC.,
HBC BAY HOLDINGS I INC., HBC BAY HOLDINGS II ULC, THE BAY HOLDINGS
ULC, HBC CETERPOINT GP INC., HBC YSS 1 LP INC., HBC YSS 2 LP INC., HBC
HOLDINGS GP INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598
ONTARIO INC.**

Applicants

AMENDED NOTICE OF MOTION

The Moving Party, ReStore Capital, LLC (“**ReStore**”), in its capacity as agent (the “**FILO Agent**”), on behalf of a syndicate of lenders (the “**FILO Lenders**” and together with the FILO Agent, the “**FILO Parties**”) will make a motion before the Honourable Justice Osborne of the Ontario Superior Court of Justice (Commercial List) on August 28, 2025 ~~Tuesday, July 15, 2025~~ at ~~9:00~~ 10:00 a.m., or as soon thereafter as the motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- ☐ In writing under subrule 37.12.1(1) because it is;
- ☐ In writing as an opposed motion under subrule 37.12.1(4);
- ☒ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location:

Zoom Link: To be provided to the Service List once made available by the Court.

Please advise if you plan to attend the motion by emailing jake.harris@blakes.com

THE MOTION IS FOR¹:

1. An Order (the “**Expanded Powers Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) that, among other things:

- (a) abridges the time for service of the Notice of Motion and the Motion Record and dispenses with further service thereof, if necessary;
- (b) expands the powers of the Alvarez & Marsal Canada Inc., in its role as monitor (in such capacity, the “**Monitor**”) of the Applicants, to allow the Monitor to conduct the affairs and operations of the Applicants for the benefit of all their stakeholders;
- (c) authorizes ~~and directs~~ the Monitor to cause the Company to terminate the Asset Purchase Agreement among Hudson’s Bay Company ULC Compagnie de la Baie D’Hudson SRI (“**HBC**”), as vendor, Ruby Liu Commercial Investment Corp., as purchaser, and Weihong Liu as Guarantor dated May 23, 2025 (the “**Central Walk APA**), as well as the transaction subject thereto (the “**Central Walk Transaction**”);
- (d) authorizes and directs the Monitor to cause HBC to immediately disclaim ~~of~~ all of its remaining leases subject to the Central Walk APA for which a transaction has not closed and that are not subject to any other potential transaction (the “**Remaining Leases**”), unless the Pathlight Lenders or the Purchaser under the Central Walk APA agree to bear any Rent and other costs associated with the pursuit of the Central Walk Transaction (including, without limitation, any

¹ Capitalized terms not otherwise defined herein have the meanings given to them in the Affidavit of Ian Fredericks sworn July 8, 2025.

professional fees, Monitor fees and fees of legal counsel) (the “**Central Walk Costs**”);

(d.1) amends paragraph 10 of the ARIO to eliminate the requirement that the Applicants pay any Rent on any Remaining Leases and directs that no Rent on account of the Remaining Leases be paid from any ABL Priority Collateral from the earlier of (1) notice of disclaimer of any of the Remaining Leases, including, for greater certainty, during any period of notice provided for in Section 32(5) of the CCAA; and (2) the date of any decision of the Court declining to approve the Central Walk Transaction;

(d.2) requires that if the Central Walk Transaction is terminated or not approved, that the Purchaser under the Central Walk APA or the Pathlight Lenders reimburse to the Applicants any Central Walk Costs incurred from and after July 15, 2025, and that any such amounts be deemed to be ABL Priority Collateral;

(d.3) requires, as a condition of any approval or implementation of the Central Walk Transaction, that a portion of any proceeds from the Central Walk APA equivalent to the Central Walk Costs incurred from and after July 15, 2025 be deemed to be ABL Priority Collateral;

(e) directs HBC to distribute \$6 million to the FILO Agent; ~~and~~

(e.1) makes such other orders as may be necessary, pursuant to section 11 of the CCAA, to ameliorate any prejudice that would otherwise be occasioned on the FILO Lenders as a result of the pursuit of the Central Walk Transaction; and

(f) grants certain related and ancillary relief to better ensure that the FILO Lenders’ rights and interests are safeguarded.

2. Such further and other relief as may be requested by the Agent and as this Honourable Court considers just.

THE GROUNDS FOR THE APPLICATION ARE:

Background

3. ReStore is a credit-focused investment manager operating as part of the broader financial and asset-based business of Hilco Global (“**Hilco**”), an advisory and investment firm that specializes in asset monetization, restructuring, and valuation services across various industries. ReStore and Hilco have a long history of supporting HBC’s business, and, in December 2024, ReStore as FILO Agent on behalf of the FILO Lenders closed on a \$151 million FILO Term Loan to assist HBC with urgent working capital needs.

4. On March 7, 2025, HBC was granted CCAA protection following a serious and immediate liquidity crisis. ReStore and a subset of the FILO Lenders provided the \$16 million DIP Facility that allowed HBC to fund these CCAA proceedings on an interim basis.

5. ReStore and HBC then began negotiations on the A&R DIP Agreement to provide further funding for HBC to carry out its restructuring. The A&R DIP Agreement contained certain restrictions meant to protect the interests of the FILO Lenders. However, due to better than expected receipts from HBC’s GOB Sale, on March 20, 2025, HBC informed the FILO Agent (in its capacity as DIP Agent) that it intended to repay the DIP Facility and terminate the DIP Term Sheet and rely solely on receipts from the GOB Sale (i.e. the sale of the FILO Lenders’ collateral) to fund the proceeding.

6. This decision significantly increased the risk to the FILO Lenders’ position, which the FILO Agent and HBC attempted to resolve by agreeing to a restructuring framework agreement

(the “**RFA**”). The Court ultimately declined to approve the RFA, but the FILO Parties were comforted by the guardrails that the Court put in its endorsement dated March 29, 2025 (the “**Endorsement**”) that empowered the Monitor to have increased oversight over HBC’s cash flows, expenditures and disbursements.

7. Notwithstanding the guardrails in the Endorsement, HBC has proceeded to manage its affairs in a manner seriously prejudicial to the FILO Lenders’ interests. HBC has mismanaged its wind down and taken actions to the detriment of the FILO Lenders, resulting in the FILO Lenders’ projected shortfall increasing from \$43 million to \$72 million between May 9 and June 17, 2025, despite an approximately \$54 million increase in receipts over expectations.

8. HBC has mismanaged its liquidation in several ways. Among other things, HBC’s failure to deliver disclaimer notices in a timely fashion, its failure to properly close stores and remove FF&E, and its decision to unnecessarily pay for the removal of signage has led to an additional approximately \$18 million of actual or forecast expenditures. The sole source of funding for these expenditures is the cash collateral that would otherwise form the basis of the FILO Lenders’ recovery.

9. Most significantly, HBC is actively pursuing an uneconomical and imprudent transaction to the prejudice of the FILO Lenders and at their expense. On May 23, 2025, HBC entered into the Central Walk APA and the Central Walk Transaction with Ruby Liu Corp. The Central Walk Transaction contemplates the assignment of 28 of HBC’s leases (the “**Central Walk Leases**”) with either (i) the consent of the applicable landlords or (ii) the approval of this Court.

10. HBC has incurred exorbitant rent costs and professional fees in trying to obtain the necessary landlord consents with nothing to show for it despite the landlords having indicated long ago that no consent will be provided. No motion to approve the Central Walk Transaction or to

compel the assignment of the Central Walk Leases has been brought in more than a month.

11. In addition to the costs of pursuing the Central Walk Transaction, 21 of the 28 Central Walk Leases are the priority collateral of Pathlight, not the FILO Lenders. However, HBC has exclusively used the FILO Lenders' collateral to fund negotiations with the landlords. While the FILO Lenders will stand to derive much less benefit from the Central Walk Transaction than Pathlight, they are bearing all the risk of its potential failure.

Costs Termination of the Central Walk APA and Central Walk Transaction

12. Due to the exorbitant costs associated with the failed Central Walk Transaction, the FILO Agent seeks to have the Rent and other costs associated with the Central Walk APA and the Central Walk Transaction borne by the parties who stand to benefit by it. ~~terminated by this Court.~~ The FILO Agent also seeks in the Expanded Powers Order ~~a requirement~~ the power for HBC to terminate the Central Walk Transaction, to immediately disclaim all leases subject to the Central Walk APA that have not already been transferred and that are not subject to any other potential transaction and to cease paying Rent on account of those leases.

Requested Distribution to FILO Agent

13. The FILO Agent also requires that \$6 million be immediately distributed to the FILO Agent. An additional \$6 million of proceeds was generated from the sale of the Undisputed Central Walk Leases which amount is not contemplated in the Fifth Cash Flow and is above and beyond what HBC requires to satisfy budgeted expenses. Accordingly, \$6 million should be distributed to the FILO Agent as soon as possible to reduce its exposure.

Expanded Powers of the Monitor

14. HBC's failure to properly manage its liquidation for the benefit of its creditors calls for

enhanced involvement and control by a court officer who is required to act with a view to the interests of creditors, rather than the continued involvement of a board of directors of a non-operating business.

15. The Monitor has the ability to supervise HBC's conduct, but it does not currently have authority to make decisions that may be required to protect the interests of stakeholders. A change is required to ensure that the interests of creditors are respected and protected.

16. The Expanded Powers Order proposes to expand the powers of the Monitor to manage the Applicants' business in a manner similar to that of a "Super Monitor" in other CCAA proceedings. This change will allow for the professional liquidation and wind down of the Applicants for the benefit of all stakeholders.

17. In the alternative to the expansion of the powers of the Monitor, the FILO Agent seeks the appointment of Richter Consulting Inc. as receiver and manager of the Applicants.

OTHER GROUNDS

18. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

19. Rule 2.03, 3.02, 14.05 and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

20. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this Motion:

- (a) The Fredericks Affidavit;
- (b) The affidavit of Jennifer Bewley sworn on March 7, 2025;
- (c) The affidavit of Jennifer Bewley sworn on March 14, 2025;
- (d) The affidavit of Jennifer Bewley sworn on March 21, 2025;

- (e) The affidavit of Michael Culhane sworn on June 16, 2025;
- (f) The Pre-filing Report of the Monitor dated March 7, 2025;
- (g) The First Report of the Monitor dated March 16, 2025;
- (h) The Supplement to the First Report of the Monitor dated March 21, 2025;
- (i) The Fifth Report of the Monitor dated June 19, 2025; and
- (j) Such further and other evidence as counsel may advise and this Honourable Court may permit.

<u>July 25, 2025</u>	<u>LENCZNER SLAGHT LLP</u> <u>Barristers</u> <u>130 Adelaide Street West, Suite 2600</u> <u>Toronto, ON M5H 3P5</u> <u>Matthew B. Lerner (55085W)</u> <u>Tel: (416) 865-2940</u> <u>Email: mlerner@litigate.com</u> <u>Brian Kolenda (60153N)</u> <u>Tel: (416) 865-2897</u> <u>Email: bkolenda@litigate.com</u> <u>Christopher Yung (62082I)</u> <u>Tel: (416) 865-2976</u> <u>Email: cyung@litigate.com</u> <u>Julien Sicco (82939D)</u> <u>Tel: (416) 640-7983</u> <u>Email: jsicco@litigate.com</u> <u>Lawyers for ReStore Capital, LLC,</u> <u>in its capacity as FILO Agent</u>
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Date: July 8, 2025

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Proceeding Commenced at Toronto

NOTICE OF MOTION

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