

**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
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC.,
AND 2472598 ONTARIO INC.**

Applicants

**ELEVENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

DECEMBER 8, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	7
3.0	UPDATE ON THE CENTRAL WALK APPROVAL MOTION AND FILO MOTION	8
4.0	ART COLLECTION AUCTION RESULTS.....	11
5.0	OTHER UPDATES	12
6.0	CHARTER APPROVAL AND VESTING ORDER.....	14
7.0	STAY EXTENSION & ACTIVITY APPROVAL.....	23
8.0	CASH FLOW RESULTS RELATIVE TO FORECAST	26
9.0	SEVENTH UPDATED CASH FLOW FORECAST	29
10.0	ACTIVITIES OF THE MONITOR.....	32
11.0	CONCLUSIONS AND RECOMMENDATIONS.....	35

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Schedule B – Name Changes for Hudson’s Bay Canada entities

Appendix A – Summary of Results of Live Portion of Art Collection Auction

Appendix B – Letter from the Royal Ontario Museum

Appendix C – Letter from the Manitoba Museum

Appendix D – Letter from the Archives of Manitoba

Appendix E – Eighth Report of the Monitor dated August 20, 2025

Appendix F – Ninth Report of the Monitor dated September 22, 2025

Appendix G – Supplement to the Ninth Report of the Monitor dated November 17, 2025

Appendix H – Tenth Report of the Monitor dated October 17, 2025

Appendix I – Seventh Updated Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 On March 7, 2025, 1242939 B.C. Unlimited Liability Company (at the time, known as Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI) ("**Hudson's Bay**" or the "**Company**"), and the other applicants listed on **Schedule "A"** hereto (together, the "**Applicants**"), were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to an initial order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule "A"** hereto (together with HBC Holdings LP, the "**Non-Applicant Stay Parties**"). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as "**Hudson's Bay Canada**".¹ In accordance with an Order granted by the Court on June 23, 2025, certain Hudson's Bay Canada entities completed corporate name changes on August 6 and 7, 2025, and again on August 12, 2025. The current names of the Hudson's Bay Canada entities after the name changes on August 12, 2025, are set out on **Schedule "B"** hereto.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**").

¹ The CCAA Proceedings have since been terminated in respect of two Applicants (HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc.), and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties (RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.). The defined terms "Applicants", "Non-Applicant Stay Parties" and "Hudson's Bay Canada" as used in this Report refer to the applicable entities at the relevant times.

- 1.3 Since the Initial Order was granted, the Court has heard several motions and granted various Orders, and a significant volume of materials have been filed by interested parties in connection therewith. This Report (the “**Eleventh Report**”) does not contain a detailed chronology of these proceedings or the various relief granted. Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor and all endorsements and orders made by the Court, are available on the Monitor’s case website at: www.alvarezandmarsal.com/HudsonsBay (the “**Case Website**”), and the Monitor’s Sixth Report dated July 14, 2025 contains a detailed chronology of these proceedings up to that date.

September 25 and September 29 Motions

- 1.4 On September 19, 2025, the Applicants served a motion record returnable September 25, 2025, including the affidavit of Adam Zalev of Reflect Advisors, LLC (“**Reflect**”), the Applicants’ financial advisor, sworn September 19, 2025, seeking an Order (the “**Art Auction Process Order**”), among other things:
- (a) approving the proposed process (the “**Art Collection Auction Procedures**”) for the auction of the Applicants’ art and artifact collection (the “**Art Collection**”, and the proposed auction, the “**Art Collection Auction**”) in the form attached as Schedule “A” to the Art Auction Process Order, with such non-material amendments as the Applicants, Reflect, Heffel Gallery Limited (“**Heffel**”) and the Monitor may agree;
 - (b) authorizing Heffel, as auctioneer, to conduct the Art Collection Auction in accordance with the Art Collection Auction Procedures; and

- (c) vesting the individual Lots (as defined in the Art Collection Auction Procedures) constituting the Art Collection in the Purchasers (as defined in the Art Auction Process Order) at the Art Collection Auction free and clear of all claims and encumbrances.
- 1.5 On the same date, the Applicants served a motion record returnable September 29, 2025, also including an affidavit sworn September 19, 2025, by Adam Zalev (the “**First Zalev Charter Affidavit**”), seeking an Order (the “**Charter Auction Process Order**”), among other things:
 - (a) approving the proposed process (the “**Charter Auction Process**”) for the auction of the Hudson’s Bay Company Royal Charter (the “**Charter**”, and that auction, the “**Charter Auction**”) in the form attached as Schedule “A” to the Charter Auction Process Order, with such non-material amendments as the Applicants, Reflect and the Monitor may agree; and
 - (b) authorizing Reflect to conduct the Charter Auction in accordance with the Charter Auction Process.
- 1.6 The Monitor filed its Ninth Report dated September 22, 2025 (the “**Ninth Report**”), in connection with the motions for the Art Auction Process Order and the Charter Auction Process Order. The Art Auction Process Order was granted by the Court on September 25, 2025.
- 1.7 As described in greater detail in the Monitor’s Supplement to the Ninth Report dated November 17, 2025 (the “**Supplement to the Ninth Report**”), an unsolicited proposal (the

“**Joint Proposal**”) for the purchase of the Charter was received by the Applicants from DKRT Family Corp. (“**DKRT**”) and Wittington Investments, Limited (“**Wittington**”) on the evening of September 28, 2025 – as such, the motion for the Charter Approval Order was adjourned on an unopposed basis at the hearing held on September 29, 2025.

- 1.8 The hearing of the motion for the Charter Auction Process Order was re-scheduled for October 9, 2025, and was subsequently further re-scheduled for October 20, 2025. The Applicants ultimately did not seek approval of any relief in respect of the Charter at the hearing held on October 20, 2025.

November 21 Motion

- 1.9 On November 14, 2025, the Applicants served the affidavit of Adam Zalev sworn on the same date supplementing the First Zalev Charter Affidavit (together, the “**Zalev Charter Affidavits**”) in support of their motion seeking updates to the form of Charter Auction Process Order previously sought (the “**Updated Charter Auction Process Order**”). Among other things, the Updated Charter Auction Process Order:
- (a) approved a revised version of the Charter Auction Process for the Charter Auction in the form attached as Schedule “A” to the Updated Charter Auction Process Order (the “**Updated Charter Auction Process**”); and
 - (b) authorized Reflect to conduct the Charter Auction in accordance with the Updated Charter Auction Process.
- 1.10 The Monitor filed its Supplement to the Ninth Report in connection therewith.

- 1.11 The Court granted the Updated Charter Auction Process Order on November 21, 2025, and issued an endorsement dated November 30, 2025, in connection therewith.

December 11 Motion

- 1.12 On December 5, 2025, the Applicants served a motion record returnable December 11, 2025, including the affidavits of Franco Perugini of the Company and Adam Zalev of Reflect, each sworn on December 5, 2025 (the “**Perugini Affidavit**” and “**Zalev Affidavit**”, respectively), seeking:

(a) an Order (the “**Charter Approval and Vesting Order**”), among other things:

- (i) approving the sale of the Charter to Wittington and DKRT as purchasers (together in such capacity, the “**Purchasers**”) in accordance with the Joint Commitment Letter (as defined below) (the “**Charter Transaction**”);
- (ii) upon closing of the Charter Transaction, vesting the Company’s right, title and interest in and to the Charter in the Purchasers, free and clear of all pledges, liens, security interests, encumbrances, claims, and charges; and
- (iii) directing the Purchasers to comply with the terms of the Joint Bid (as defined below), including, the obligation to donate the Charter to the Archives of Manitoba, the Manitoba Museum, the Canadian Museum of History (“**CMH**”) and the Royal Ontario Museum (collectively, the “**Public Custodians**”) immediately following closing of the Charter Transaction and the obligation to donate \$5,000,000 to the Public Custodians; and

- (b) an Order (the “**Stay Extension and Activity Approval Order**”), among other things:
 - (i) extending the Stay Period until and including March 31, 2026; and
 - (ii) approving the Eighth Report of the Monitor dated August 20, 2025 (the “**Eighth Report**”), the Ninth Report, the Supplement to the Ninth Report, the Tenth Report of the Monitor dated October 17, 2025 (collectively, the “**Recent Reports**”), and this Eleventh Report, and the activities of the Monitor set out therein.

Purpose of this Report

- 1.13 The purpose of this Eleventh Report is to provide the Court with information and, where applicable, the Monitor’s views on:
- (a) the results of the Central Walk Approval Motion and the FILO Motion (each as defined in the Eighth Report);
 - (b) the results to date from the Art Collection Auction;
 - (c) recent developments with respect to employee matters, FF&E removal and signage removal;
 - (d) the Charter Approval and Vesting Order;
 - (e) the Stay Extension and Activity Approval Order;
 - (f) the Applicants’ cash flow results relative to forecast and the Applicants’ updated cash flow forecast;

- (g) the activities of the Monitor since the Eighth Report; and
- (h) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Eleventh Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Eleventh Report, in respect of the Applicants' cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the "**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and
- (b) some of the information referred to in this Eleventh Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

- 2.2 Future oriented financial information referred to in this Eleventh Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.
- 2.3 This Eleventh Report should be read in conjunction with the Perugini Affidavit and the Zalev Affidavit. Capitalized terms used and not defined in this Eleventh Report have the meanings ascribed to them in the Perugini Affidavit and the Zalev Affidavit.
- 2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 UPDATE ON THE CENTRAL WALK APPROVAL MOTION AND FILO MOTION²

October 24 Decision

- 3.1 On August 28 and 29, 2025, the Court heard the Central Walk Approval Motion and FILO Motion. The relevant background and positions of the interested parties in those motions, along with the Monitor's views, are provided in the Eighth Report.
- 3.2 On October 24, 2025, the Court issued its decision in respect of the Central Walk Approval Motion and the FILO Motion (the "**October 24 Decision**"). Pursuant to the October 24 Decision, the Court, among other things:

² Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the Eighth Report.

- (a) dismissed the relief sought by the Applicants in the Central Walk Approval Motion, but for the sealing relief, which was granted; and
- (b) dismissed the relief sought by the FILO Agent in the FILO Motion, other than directing Hudson's Bay to make an additional distribution to the FILO Agent of \$4 million on account of its outstanding indebtedness.

3.3 The required distribution to the FILO Agent has since been made.

3.4 In connection with the dismissal of the Central Walk Approval Motion, the Potential Lease Purchaser wrote to the Applicants, their counsel, and the Monitor on October 28, 2025 to:

- (a) provide a notice of termination delivered pursuant to Section 7.2 of the Central Walk APA; and
- (b) demand repayment of the \$9.4 million deposit provided by the Potential Lease Purchase pursuant to the terms of the Central Walk APA (the "**Deposit**").

The Deposit has since been returned to the Potential Lease Purchaser.

3.5 On October 28, 2025, the Applicants delivered disclaimer notices to the relevant Landlords for each of the 25 leases subject to the Central Walk Transaction (the "**Subject Leases**"). No objections to the disclaimers were received, and as such, the Subject Leases have been disclaimed in accordance with the terms of the disclaimer notices.

November 3 Case Conference

3.6 On October 27, 2025, counsel to the FILO Agent wrote to the Court to, among other things, clarify whether the October 24 Decision addressed certain relief requested in the FILO Motion. Also on October 27, 2025, counsel for KingSett, on behalf of all of the Opposing Landlords, wrote to the Monitor to provide the Opposing Landlords' view that the FILO

Agent's letter and further submissions should be disregarded, and to propose that a case conference be scheduled in the event the Court intended to engage on the issues raised therein. The Monitor forwarded this correspondence to the Court, as requested by the Opposing Landlords.

3.7 On October 28, 2025, after the issuance of the disclaimers, the FILO Agent wrote to the Court to, among other things, request that the "FILO Lenders' Collateral not be used to pay rent to the Landlords during the 30 day disclaimer period".

3.8 A case conference was subsequently scheduled on November 3, 2025, and aide memoires were served by the FILO Agent and the Opposing Landlords in connection therewith. In their aide memoire, the Opposing Landlords also requested that costs for the Central Walk Approval Motion and the FILO Motion be addressed at the case conference.

3.9 On November 3, 2025, the Court issued an endorsement (the "**November 3 Endorsement**") that, among other things:

- (a) confirmed that the October 24 Decision addressed and dismissed all of the relief sought by the FILO Agent, but for the requirement for Hudson's Bay to make an additional distribution to the FILO Agent of \$4 million on account of its outstanding indebtedness;
- (b) decided that any request for a stay of the payment of rent during the disclaimer period should be determined on the basis of a formal motion; and
- (c) urged the relevant stakeholders to agree on the next steps and timing with respect to costs and to submit any written claims for costs to the Court through the Monitor.

- 3.10 No motion was filed by the FILO Agent in respect of the rent issue, and no party sought leave to appeal in respect of the October 24 Decision or the November 3 Endorsement.
- 3.11 The Monitor proposed a schedule for the exchange of written costs submissions which the Applicants, the Opposing Landlords, the FILO Agent, and Pathlight have abided by. The Monitor will provide all costs submissions to the Court once all have been delivered, on or about December 17, 2025.

4.0 ART COLLECTION AUCTION RESULTS

- 4.1 As noted above, the Art Collection Auction Procedures were approved by the Court on September 25, 2025. The Art Auction Process Order authorized the sale of the Art Collection at a series of auctions and the vesting of items sold at the auctions in the purchasers free and clear of all claims and encumbrances. The Art Collection Auction Procedures contemplated that the items expected to generate the most interest were to be sold at a live, in-person auction. In accordance therewith, Heffel prepared and posted a catalogue and press release showcasing items in the Art Collection that would be made available at an initial live auction on November 19, 2025. The catalogue and press release were made available on Heffel's website on October 9, 2025, and in-person viewings of the relevant Art Collection items occurred from November 11 to November 18, 2025. The Monitor also posted the live auction catalogue and general information regarding the Art Collection Auction Procedures on the Case Website.
- 4.2 The live auction resulted in the sale of all items made available on that date, with an aggregate hammer price of \$4.9 million achieved (substantially higher than Heffel's

estimated aggregate hammer price of \$1.2 million). A summary of the items sold at the live auction, and the price obtained for each, is attached hereto as **Appendix “A”**.

- 4.3 The online auction for the remaining items in the Art Collection is underway, and sales will close in batches. The sale of the first batch of items sold in the online auction closed on December 4, 2025, with subsequent batches to be scheduled. The Monitor will provide an update on the results of these sales in a future Report.

5.0 OTHER UPDATES

- 5.1 As described in the Tenth Report, on June 3, 2025, this Court granted an Order recognizing that the Applicants met the criteria under section 3.2 of the *Wage Earner Protection Program Regulations* effective June 21, 2025, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*.
- 5.2 Since the date of the Tenth Report, the Monitor has continued to work closely with the Applicants, Ursel Phillips Fellows Hopkinson LLP, in its capacity as representative counsel for certain employees (“**Employee Representative Counsel**”), and Service Canada to facilitate the implementation of the WEPP claims process to ensure employees are able to access their entitlements in an efficient and timely manner.
- 5.3 Before Service Canada can process an employee’s application, the Monitor must prepare and submit a Trustee Information Form (“**TIF**”) for such WEPP eligible employee. As noted in the Tenth Report, Service Canada granted the Monitor an extension to submit all TIFs by October 31, 2025. The Monitor confirms that substantially all TIFs (approximately 8,500) had been submitted by the Monitor to Service Canada prior to the October 31, 2025

deadline. Accordingly, employees now have until December 26, 2025 to submit their applications to Service Canada, which represents 56 days from October 31, 2025.

- 5.4 As of November 30, 2025, approximately 5,400 WEPP applications had been submitted by former employees to Service Canada, and of those submitted, Service Canada had processed approximately 5,310 applications.

FF&E Removal

- 5.5 As described in the Seventh Report of the Monitor dated July 29, 2025 (the “**Seventh Report**”), a significant amount of FF&E remained unsold following the completion of the Liquidation Sale, including the majority of FF&E located at the premises of the Subject Leases.
- 5.6 Since the date of the Seventh Report, the Applicants, with the assistance of Reflect and the Monitor, and in consultation with the relevant landlords, have continued to implement the FF&E removal program at all disclaimed locations in a cost-effective and coordinated manner. Following the October 24 Decision, disclaimer notices for the Subject Leases were issued on October 28, 2025, and work to remove FF&E at these locations commenced shortly thereafter. The approach taken at the Subject Lease locations has been consistent with the process for other disclaimed locations.
- 5.7 As at the date of this Report, FF&E removal has been completed at all but four disclaimed lease locations. Of the four remaining locations, three are Subject Leases and are expected to be completed in the coming weeks. The other location is leased by the JV Entities (as defined in the Fourth Report of the Monitor dated May 29, 2025), and the Company is

coordinating the removal of FF&E at that location in conjunction with FTI Consulting Canada Inc., as receiver and manager (in such capacity, the “**Receiver**”) of the JV Entities.

Signage Removal

- 5.8 As described in the Seventh Report, in response to demands by the FILO Agent, signage removal was paused by the Company.
- 5.9 Following various discussions among the Applicants, Reflect, the Monitor, the FILO Agent and the Landlords, on November 14, 2025, the FILO Agent communicated that it had no objection to the Company resuming signage removal, provided that the estimated costs remained below a level previously discussed with the FILO Agent.
- 5.10 The Applicants, with the assistance of Reflect and the Monitor, conducted a competitive bid process and subsequently awarded contracts for signage removal at each of the disclaimed retail locations to third-party contractors. In several instances, Landlords submitted competitive bids to remove signage at their own locations and will be reimbursed upon completion of the work. To date, signage removal has been completed at 21 disclaimed retail locations. The Applicants expect that the majority of the signage removal activities will be completed by December 31, 2025.

6.0 CHARTER APPROVAL AND VESTING ORDER

Background on Charter, Initial Offers and Proposed Processes

- 6.1 Hudson’s Bay was established in 1670 by Royal Proclamation of King Charles II pursuant to the Charter. As has been recognized by the Court, the Charter is not just Hudson’s Bay’s

originating document; it is a foundational document to Canada's broader historical narrative and is of great importance to Indigenous groups. The background leading to the approval of the Updated Charter Auction is described in greater detail in the Ninth Report and the Supplement to the Ninth Report. Those details are not repeated herein, but key details are summarized below.

- 6.2 At the outset of the CCAA Proceedings, the Charter was stored in a protective case at the Company's head office in Toronto – more recently, as discussed in the Ninth Report, the Applicants, with the assistance of Reflect and under the supervision of the Monitor, relocated the Charter to a secure facility equipped to store and protect important documents, art and artifacts.
- 6.3 The process pursuant to which the Charter was to be marketed has been the subject of several motions and Orders. On March 21, 2025, following a motion by the Applicants, the Court granted various Orders, including an order (the “**SISP Order**”), among other things, approving a sale and investment solicitation process in respect of the Applicants' business and property (the “**SISP**”) to be conducted by the Applicants and Reflect, under the supervision of the Monitor. On April 24, 2025, following a further motion by the Applicants, the Court granted an order amending and restating the SISP Order, among other things: (i) removing the Charter and the Art Collection from the SISP; and (ii) approving the engagement of Heffel as auctioneer to conduct a separate auction for the sale of the Charter and the Art Collection.
- 6.4 On July 26, 2025, following consultations with the Monitor, Reflect, and Heffel, and with the consent of the FILO Agent (and no objection from Pathlight), the Applicants withdrew

the Charter from the Art Collection Auction to pursue an offer received from Wittington pursuant to which Wittington agreed to, among other things, purchase the Charter for \$12.5 million, donate it immediately thereafter to the CMH, and provide the CMH with a donation of \$1 million, to among other things, support the consultation process and facilitate sharing of the Charter (the “**Wittington Offer**”). The Applicants served motion materials in support of the acceptance of the Wittington Offer on July 30, 2025, to both the CCAA service list and the separate service list for parties interested in the Art Collection (the “**Art Service List**”).

6.5 At the request of the Applicants (and with the support of the Monitor), the Court issued an endorsement on July 31, 2025, directing that any party intending to file responding materials in respect of that motion was required to serve such materials no later than August 21, 2025. The Wittington Offer was supported by the Attorney General of Canada, which served a motion record in connection therewith on August 21, 2025.

6.6 On August 21, 2025, DKRT submitted a responding motion record, among other things, opposing the proposed transaction with Wittington, advocating for an auction of the Charter, indicating that it would submit an opening bid of at least \$15 million at such auction, and advising of its intention to donate the Charter to a suitable organization (it suggested the Archives of Manitoba) and provide a donation of \$2 million to the chosen donee institution to facilitate consultation with Indigenous groups, collaborations with museums, archives, and other cultural institutions.

- 6.7 The Applicants then obtained a binding commitment letter from DKRT pursuant to which DKRT irrevocably committed, offered, and agreed to participate in any Court-approved process to sell the Charter and submit an opening bid of no less than \$15 million.
- 6.8 The Applicants, in consultation with Reflect, the FILO Lenders, Pathlight, and the Monitor, subsequently developed the Charter Auction Process to govern the sale of the Charter. The goal of that process was to maximize value, while balancing the need to safeguard the Charter and ensure it is preserved in a publicly-accessible manner that respects its historical significance. The proposed Charter Auction Process, and the Monitor's view in respect of same, is discussed in the Ninth Report.
- 6.9 The Applicants informed the CCAA service list and Art Service List on September 5, 2025, that the motion scheduled for September 9, 2025, would be adjourned. As noted above, on September 19, 2025, the Applicants served a motion record returnable September 29, 2025, in support of the Charter Auction Process Order. As also described above, that motion was adjourned after the Applicants received the Joint Proposal on the evening of September 28, 2025. No relief in respect of the Charter was sought at subsequent hearings in October.

Joint Commitment Letter and Updated Charter Auction Process

- 6.10 The Applicants, Reflect and the Monitor engaged in further discussions with DKRT, Wittington, the FILO Agent, and Pathlight regarding the Joint Proposal. Those discussions ultimately resulted in the execution of a binding joint commitment letter dated November

14, 2025, by the Purchasers (the “**Joint Commitment Letter**”) pursuant to which the Purchasers agreed to, among other things:

- (a) participate in any Court-approved auction process for the Charter, and submit a bid of at least \$18 million thereunder (the “**Joint Bid**”); and
- (b) if the Joint Bid is accepted:
 - (i) immediately donate the Charter to the Public Custodians pursuant to a shared public custodianship model; and
 - (ii) donate \$5 million to the Public Custodians to fund stewardship, consultation, education, and public access related to the Charter.

6.11 The Monitor has received letters from the Royal Ontario Museum, the Manitoba Museum, and the Archives of Manitoba outlining their qualifications, capacity and expertise to preserve the Charter on a go-forward basis. Those letters are attached hereto as **Appendices “B”, “C”, and “D”**, respectively. The Monitor understands that further information may be provided by the CMH in advance of the December 11 hearing date.

6.12 As noted above, on November 21, 2025, the Applicants sought and obtained Court approval for the Updated Charter Auction Process, which contemplated, among other things, that the Joint Bid would serve as the opening bid at the Updated Charter Auction. The Updated Charter Auction Process extended the key dates under the Charter Auction and provided for additional criteria to be met for interested parties to qualify as “Qualified Bidders”, including: (i) a commitment to bid no less than \$18.5 million; (ii) an acknowledgement that the Charter is of outstanding significance and of high national

importance and is protected under the *Canadian Cultural Property Export and Import Act*; and (iii) confirmation that the Charter would be permanently donated to a Canadian public institution with the ability to preserve cultural property for the long term and make it accessible to the public through exhibitions, programming, publication, research, or online, and which includes a museum or archives, and confirmation from such public institution that it was prepared to accept the donation and the terms thereof.

6.13 The Monitor supported the approval of the Updated Charter Auction Process for the reasons provided in the Supplement to the Ninth Report, which are reproduced below for ease of reference:

- (a) the Updated Charter Auction Process would provide for an open and transparent sale of the Charter during the Charter Auction in a value-maximizing manner;
- (b) the Updated Charter Auction Process was designed with the Charter's unique cultural and historical importance in mind, and contained appropriate safeguards to ensure, among other things, that the Charter remains in Canada and will be made publicly-accessible;
- (c) the Joint Proposal ensured that, even if no new bids were received, appropriate value would be received and the Charter would be donated to a public institution, and additional funds would be committed to be provided to the donee institution(s) to support consultation with Indigenous groups, collaborations with cultural institutions, and the sharing of the Charter across Canada to maximize public access;

- (d) the Updated Charter Auction Process Order was supported by the FILO Agent and not opposed by Pathlight; and
- (e) the Monitor did not believe the granting of the Updated Charter Auction Process Order would materially prejudice any of the Applicants' stakeholders.

Conduct and Results of the Updated Charter Auction and Relief Sought by the Applicants³

- 6.14 Pursuant to the Updated Charter Auction Process, Interested Potential Bidders who wished to participate in the auction were required to submit their proposals to Reflect and the Monitor by no later than 5:00 p.m. (EST) on November 28, 2025 (the “**Bid Deadline**”). Prior to the Bid Deadline, the Monitor understands that Reflect compiled a list of potential qualified purchasers (many of whom Reflect had been in contact with as early as March 2025, after the original SISP was approved), provided those parties with a teaser letter that included details on the Updated Charter Auction, and conducted calls with various potential qualified purchasers. Further, on November 14, 2025, Reflect issued a press release regarding the Updated Charter Auction Process, and the Monitor posted the press release, teaser, and Updated Charter Auction Process to its Case Website.
- 6.15 No Bid Proposals were received by the Bid Deadline, and the Monitor understands that no Interested Potential Bidders requested additional time to submit a Bid Proposal. As such, in accordance with the Updated Charter Auction Process, the Updated Charter Auction was held on December 3, 2025, and the Joint Bid was declared as the Successful Bid.

³ Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Updated Charter Auction Process.

- 6.16 The Applicants are therefore seeking approval of the Charter Approval and Vesting Order. The Charter Approval and Vesting Order contains typical approval and vesting provisions. Among other things, it approves the Charter Transaction and provides for the vesting of the Charter in the Purchasers free and clear of all claims and encumbrances, with such claims and encumbrances to stand in place and stead against the proceeds of the Charter Transaction. The Charter Approval and Vesting Order also explicitly directs the Purchasers to complete the contemplated donation of the Charter and \$5 million to the Public Custodians.

Recommendation of the Monitor

- 6.17 The Monitor notes the following with respect to the Joint Bid and the proposed Charter Transaction:

- (a) the proposed Charter Transaction is the result of a thorough marketing and a transparent auction process, which was supported by the Monitor for the above-noted reasons. As noted above, Reflect undertook substantial efforts to contact potentially interested parties and public institutions. Further, motion materials with respect to the Charter, including the Updated Charter Auction Process were served on the CCAA service list and Art Service List and posted on the Monitor's Case Website. Finally, these CCAA Proceedings and the potential disposition of the Charter have been well-publicized and have received significant media coverage. As such, the Monitor is of the view that the market has been well-canvassed;
- (b) the Charter Transaction is a value-maximizing transaction – the purchase price of \$18 million is greater than the consideration that would have been paid under the

previously-received DKRT Commitment Letter or Wittington Offer, and no additional bids were received at the Updated Charter Auction;

- (c) although less relevant in the context of a CCAA asset sale (and in circumstances where it is anticipated that there will be no funds available for distribution to unsecured creditors), the Monitor is of the view that the Charter Transaction represents a superior outcome compared to a sale in a bankruptcy process (which would, among other things, necessitate the payment of a levy to the Superintendent of Bankruptcy);
- (d) the FILO Agent and Pathlight, the Applicants' senior secured creditors, were consulted throughout and support or do not oppose the Charter Transaction;
- (e) the Joint Bid ensures that the Charter will remain in Canada under the care of the Public Custodians, which are respected institutions with expertise in the preservation, care and dissemination of significant artifacts, and provides that the Purchasers will make a donation of \$5 million to fund stewardship, consultation, education, and public access related to the Charter;
- (f) the Public Custodians are qualified and able to preserve the Charter, and will engage in meaningful and ongoing consultations with First Nations, Inuit, and Métis communities and organizations, museums, universities, archives, subject matter experts and the public;

- (g) the Purchasers agreed to bear the risk, costs and expenses associated with storing, securing, preserving, and handling the Charter following closing, which is expected to occur five business days after Court approval;
- (h) the Monitor is not aware of any opposition to the relief sought and does not believe it will prejudice any stakeholder; and
- (i) in light of all of the above, the Monitor believes that the consideration to be paid is fair and reasonable in the circumstances, and that in light of the Charter's unique importance to Canada and its people, the result achieved is appropriate in the circumstances.

6.18 The Charter Approval and Vesting Order will facilitate the Charter Transaction, including the contemplated donations. The Monitor is therefore of the view that the Charter Approval and Vesting Order is reasonable and appropriate in the circumstances and should be approved.

7.0 STAY EXTENSION & ACTIVITY APPROVAL

7.1 The Initial Order granted a stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and third-party tenants of commercial shopping centres or other properties where premises operated by Hudson's Bay were located (the "**Co-Tenant Stay**") until and including March 17, 2025 (the "**Stay Period**"). At the Comeback Hearing, the Court extended the Stay Period until May 15, 2025, excluding the Co-Tenant Stay. The Stay Period was subsequently extended to July 31, 2025, by Order dated May 13, 2025.

- 7.2 The Court subsequently granted an Order on June 3, 2025 that, among other things: (a) terminated the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities concurrently with a separate Order that appointed the Receiver; and (b) terminated the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.
- 7.3 The Stay Period has subsequently been extended from time-to-time by the Court, most recently to December 12, 2025, pursuant to an Order granted on October 20, 2025 (the “**Stay Extension Order**”). Given the Orders granted on June 3, the subsequent stay extensions have not included the JV Entities, and the JV Entities no longer have the benefit of the CCAA stay.
- 7.4 The Applicants’ activities since the granting of the Stay Extension Order are detailed in the Perugini Affidavit and are not repeated herein.
- 7.5 The Monitor supports the Applicants’ request to extend the Stay Period to March 31, 2026, for the following reasons:
- (a) the Applicants have acted, and continue to act, in good faith and with due diligence to advance the CCAA Proceedings;
 - (b) an extension of the Stay Period is required to provide the Applicants with the time necessary to attend to and complete various matters, including:
 - (i) completing the Art Collection Auction and, if the Charter Approval and Vesting Order is granted, completing the Charter Transaction;

- (ii) addressing remaining applicable FF&E and signage matters;
 - (iii) attending to various employee and pension related matters, including completing WEPP matters, continuing to work with Employee Representative Counsel in respect of the potential Hardship Fund, and addressing the pension surplus; and
 - (iv) completing further distributions;
- (c) as shown in the Seventh Updated Cash Flow Forecast (as defined below), the Applicants are projected to have sufficient liquidity to operate through the proposed extension of the Stay Period; and
- (d) the Monitor is not aware of any party that would be materially prejudiced by the proposed extension of the Stay Period.

7.6 The Applicants also seek approval of this Report and the Recent Reports and the activities of the Monitor described therein. The Monitor's activities described herein and in the Recent Reports were carried out in good faith, prudently and diligently in accordance with its duties under the CCAA and as prescribed by the Orders granted by the Court in the CCAA Proceedings. Copies of the Recent Reports (without schedules or appendices) are attached hereto as **Appendices "E" – "H"**.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST⁴

8.1 Actual receipts and disbursements for the seven-week period from October 11 to November 28, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as **Appendix “A”** to the Tenth Report (the “**Sixth Updated Cash Flow Forecast**”), are summarized in the following table:

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts	1,331	500	831
Disbursements			
Payroll & Benefits	(2,121)	(2,152)	31
Occupancy Costs	(5,598)	(7,928)	2,330
Wind-down Expenses	(1,454)	(2,377)	922
Store Closure & Exit Costs	(1,683)	(2,388)	706
Consultant Fees & Expenses	--	(280)	280
Professional Fees	(4,010)	(3,953)	(57)
Shared Service Payments	(1,611)	(2,890)	1,279
Interest Payments & Fees	(1,424)	(1,390)	(34)
Total Disbursements	(17,902)	(23,358)	5,456
Net Cash Flow	(16,571)	(22,858)	6,286
Opening Cash Balance	37,105	37,112	(7)
Net Cash Flow	(16,571)	(22,858)	6,286
FILO Credit Facility Paydown	(4,000)	--	(4,000)
Closing Cash Balance	16,533	14,254	2,279

8.2 Pursuant to paragraph 22(c) of the Court’s endorsement dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash

⁴ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

8.3 Explanations for the variances during the Reporting Period are as follows:

- (a) as described in the Supplement to the Ninth Report, receipts include the partial release of the CC Processor Holdback (as defined in the Supplement to the Ninth Report) and interest income earned on cash balances. The cumulative positive variance of \$831,000 is comprised of a: (i) permanent variance of \$700,000 from a negotiated increase to the CC Processor Holdback release, which had not been forecast to occur during the Reporting Period; and (ii) permanent variance of approximately \$131,000 from interest income and other vendor refunds;
- (b) the positive variance in occupancy costs of approximately \$2.3 million is primarily related to rent originally forecast for the period November 28 to December 15, 2025, in respect of the Subject Leases. As noted above, the Company issued disclaimer notices in respect of the Subject Leases on October 28, 2025, and as such, the majority of the variance represents a permanent reduction in rent for the period from November 28 to December 15, 2025, which had been forecast to be paid but was not payable. The Monitor notes that, although this represents a permanent positive variance in the Reporting Period, potential reconciliations with landlords for fiscal year 2025 third-party rents, property taxes and common area maintenance charges may partially offset the positive variance;
- (c) the positive variance in store closure and exit costs of approximately \$706,000 is comprised of: (i) a positive timing variance of approximately \$1.4 million, related to

signage removal, that is expected to reverse in future weeks; partially offset by (ii) a permanent negative variance of approximately \$723,000 related to FF&E removal costs incurred to date for the Subject Leases, which were not included in the Sixth Updated Cash Flow Forecast;

- (d) the positive variance in shared service payments of approximately \$1.3 million is a timing variance relating to ongoing reconciliations for services incurred during June 2025 (amounts owing for subsequent months have been reconciled and paid); and
- (e) the remaining net positive variance in total disbursements of approximately \$1.2 million is comprised of a positive timing variance of approximately: (i) \$922,000 in wind-down expenses related to post-filing accruals for store-level carrying costs; and (ii) \$300,000 arising from timing differences in the payment of certain other expenses.

8.4 As directed in the October 24 Decision, and in accordance with the Stay Extension and Distribution Order dated May 13, 2025, which authorized distributions to be made to the FILO Agent in respect of amounts owing under the FILO Credit Facility (excluding the Make-Whole) (each as defined in the Third Report of the Monitor dated May 9, 2025), the Company made a distribution of \$4 million to the FILO Agent on October 31, 2025. This distribution was not forecast during the Reporting Period.

8.5 The principal balance owing to the FILO Lenders under the FILO Credit Facility, after accounting for the above distribution, and excluding the Make-Whole, is approximately \$53.1 million.

8.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$6.3 million, before accounting for the distribution to the FILO Agent. The closing cash balance as of November 28, 2025, was approximately \$16.5 million, as compared to the projected cash balance of \$14.2 million.

8.7 As previously reported, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction (as defined in the Sixth Report of the Monitor dated July 14, 2025) of \$4 million in trust, which was received on June 26, 2025. These funds are incremental to the Company's closing cash balance as of November 28, 2025.

9.0 SEVENTH UPDATED CASH FLOW FORECAST

9.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated and extended cash flow forecast (the "**Seventh Updated Cash Flow Forecast**") for the 18-week period from November 29, 2025, to April 3, 2026 (the "**Cash Flow Period**"). A copy of the Seventh Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "I"**.

9.2 A summary of the Seventh Updated Cash Flow Forecast is provided in the table below:

Seventh Updated Cash Flow Forecast		\$000's
		<u>18-Week Period</u>
Receipts		38,276
Disbursements		
Payroll & Benefits		(1,722)
Occupancy Costs		(606)
Wind-down Expenses		(2,815)
Store Closure & Exit Costs		(6,302)
Sales Tax Remittances		(3,094)
Professional Fees		(8,578)
Shared Service Payments		(2,887)
Interest Payments & Fees		(3,212)
Total Disbursements		(29,215)
Net Cash Flow		9,061
Opening Cash Balance		16,533
Net Cash Flow		9,061
FILO Credit Facility Paydown		(18,000)
Closing Cash Balance		7,594

9.3 The Monitor notes the following with respect to the Seventh Updated Cash Flow Forecast:

- (a) receipts include: (i) expected gross proceeds from the Charter Transaction; (ii) estimated Art Collection Auction gross proceeds from the live auction held on November 19, 2025, and estimated Art Collection Auction gross proceeds from the first of four online art auctions, which closed on December 4, 2025; (iii) post-filing sales tax refunds from the Canada Revenue Agency related to prior periods; and (iv) an estimated claim payout in respect of a class action lawsuit commenced prior to the CCAA Proceedings, that was recently settled by the relevant counterparties. Shortly after receipt, the net proceeds from the Charter Transaction of approximately \$18 million are forecast to be disbursed to the FILO Agent as a partial principal repayment of amounts owing under the FILO Credit Facility;

- (b) payroll and benefits include salaries, wages, remittances, and payroll taxes for store-level employees assisting with FF&E and signage removal, as well as corporate employees and other support personnel assisting with the wind-down of the estate;
- (c) occupancy costs represent a reserve for potential reconciliations relating to third-party rents, property taxes and common area maintenance charges for 2025;
- (d) wind-down expenses relate to post-filing accruals for store-level carrying costs, as well as corporate wind-down costs. These expenses include, among other things, accrued utilities, security and maintenance expenses, and record retention and storage fees;
- (e) store closure & exit costs represent estimated costs to remove FF&E and interior and exterior store signage of approximately \$4.1 million and \$2.2 million, respectively;
- (f) shared services payments consist of: (i) cost reimbursements for limited Saks Global employees that provide support services to Hudson's Bay; (ii) an estimate of Hudson's Bay's share of third-party IT costs and related support services necessary to administer the remaining aspects of the wind-down; and (iii) reimbursement for shared service costs incurred during June 2025, which remain subject to ongoing reconciliation between the Company (with the assistance of the Monitor) and Saks Global. The parties continue to advance a shared services agreement to address shared services and data retention matters; and
- (g) payment of post-filing interest and fees to the FILO Lenders and an annual agency fee to the FILO Agent.

9.4 Based on the Seventh Updated Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity throughout the Cash Flow Period.

9.5 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (a) the Cash Flow Assumptions are not consistent with the purpose of the Seventh Updated Cash Flow Forecast; (b) as at the date of this Eleventh Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Seventh Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (c) the Seventh Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

10.0 ACTIVITIES OF THE MONITOR

10.1 Since the date of the Ninth Report dated September 22, 2025 (the "**Ninth Report**"), the primary activities of the Monitor and its counsel, Bennett Jones LLP ("**Bennett Jones**"), have included the following:

- (a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and/or termination of services, and to reconcile and settle all outstanding post-filing obligations;
- (b) monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting; communicating with the FILO Agent and its financial advisor in respect of ongoing variance reporting, and responding to related information requests and questions; and communicating with Pathlight in

respect of ongoing variance reporting, and responding to related information requests and questions;

- (c) assisting the Applicants in preparing the Sixth Updated Cash Flow Forecast and the Seventh Updated Cash Flow Forecast, including consideration of an estimated reserve to fund the remaining costs of the wind-down and CCAA Proceedings thereafter;
- (d) working with the Applicants and Saks Global on shared services cost allocations, negotiating the draft shared service agreement, coordinating the level of support necessary to advance workstreams anticipated to generate future recoveries and properly administer remaining aspects of the wind-down, and reviewing/analyzing related supporting information and documentation;
- (e) assisting and monitoring Reflect and the Company in realization efforts with respect to the Art Collection, including participating in discussions and meetings with the auction services provider and other parties in respect of the Art Collection and attending the live auction held on November 19, 2025; and assisting and supervising Reflect and the Company in realization efforts with respect to the Charter, including participating in discussions and meetings with Reflect and others regarding the offers received and the formulation of the Charter Auction Process and the Updated Charter Auction Process;
- (f) monitoring the concurrent receivership proceeding in respect of the JV Entities and coordinating with the Receiver of the JV Entities on multiple matters;

- (g) assisting the Applicants with certain aspects of exiting from stores, and assessing and responding to the Applicants' requests for Monitor consent to notices to disclaim contracts, leases and agreements;
- (h) assisting the Applicants in terminating a service agreement and the orderly wind-down of an affiliated entity based in India that provided administrative support services to the Company;
- (i) assisting the Applicants in obtaining quotes from third-party contractors and coordinating the removal of FF&E and store signage;
- (j) working with the Applicants and Employee Representative Counsel to advance employee issues arising during the CCAA Proceedings and liaising with the Applicants, Employee Representative Counsel and Service Canada in relation to the WEPP claims process;
- (k) working with the Applicants and their counsel to develop a process to address the pension surplus;
- (l) working with the Applicants and their counsel to develop a process for document retention and destruction to support the wind-down of the estate and administration of remaining pension surplus matters;
- (m) working with stakeholders and the Court to coordinate the November 3 Case Conference and the related costs submission schedule, and reviewing and considering materials filed in respect of same;

- (n) responding to a high volume of enquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or email account established for the case by the Monitor;
- (o) posting non-confidential materials filed with the Court to the Case Website; and
- (p) with the assistance of Bennett Jones, preparing the Tenth Report, the Supplement to the Ninth Report, and this Eleventh Report.

11.0 CONCLUSIONS AND RECOMMENDATIONS

11.1 For the reasons set out in this Eleventh Report, the Monitor respectfully recommends that this Court grant the relief sought by the Applicants.

All of which is respectfully submitted to the Court this 8th day of December, 2025.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1242939 B.C. Unlimited Liability Company, et al,
not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

SCHEDULE A⁵

OTHER APPLICANTS

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 Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

247598 Ontario Inc.

NON-APPLICANT STAY PARTIES

HBC Holdings LP

RioCan-HBC General Partner Inc.

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC Centerpoint LP

⁵ This schedule lists the Applicants and Non-Applicant Stay Parties as of the Initial Order. As noted within the Ninth Report, the CCAA Proceedings were terminated in respect of two of the Applicants, and the stay of proceedings no longer applies in respect of several of the Non-Applicant Stay Parties.

The Bay Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

SCHEDULE B

Name Changes for Hudson's Bay Canada Entities

Former Name	New Name	CCAA Status	Effective Date of Name Change
HBC Centrepont GP Inc.	2745263 Ontario Inc.	Applicant	August 12, 2025
HBC Holdings GP Inc.	2745270 Ontario Inc.	Applicant	August 12, 2025
Hudson's Bay Company ULC Compagnie de la Baie d'Hudson SRI	1242939 B.C. Unlimited Liability Company	Applicant	August 12, 2025
HBC Canada Parent Holdings Inc.	1241423 B.C. Ltd.	Applicant	August 12, 2025
HBC Canada Parent Holdings 2 Inc.	1330096 B.C. Ltd.	Applicant	August 12, 2025
HBC Bay Holdings I Inc.	1330094 B.C. Ltd.	Applicant	August 12, 2025
HBC Bay Holdings II ULC	1330092 B.C. Unlimited Liability Company	Applicant	August 12, 2025
The Bay Holdings ULC	1329608 B.C. Unlimited Liability Company	Applicant	August 12, 2025
2472596 Ontario Inc.	--	Applicant	--
2472598 Ontario Inc.	--	Applicant	--
Snospmis Limited	--	Applicant	--

APPENDIX A
Summary of Results of Live Portion of Art Collection Auction

See attached.

Hudson's Bay Company

Art Collection Live Auction Results – November 19, 2025

Art ID #	Title/Item Description	Artist	Reserve Price	Hammer Price
ART_00283	Marrakech	Churchill, Sir Winston Spencer	300,000	1,300,000
ART_00435	Lights of a City Street	Bell Smith, Frederick M.	50,000	575,000
ART_00009	Three Hudson's Bay Company Ships In the Thames	Holman, Francis	3,000	375,000
ART_00284	Christmas at Morgans	Hebert, Adrien	20,000	210,000
ART_00268	Admiral Nelson	Berczy, William	50,000	100,000
ART_00118	Battle of Trafalgar	Berczy, William	50,000	110,000
ART_00521	A Hudson's Bay Company York Boat at Norway House	Phillips, Walter J.	10,000	130,000
ART_00466	Chief Trader Archibald MacDonald Descending the Fraser	Scott, Adam Sherriff	4,000	300,000
ART_00192	R.M. Ballantyne at Tadoussac, 1846	Comfort, Charles Fraser	6,000	475,000
ART_00029	Dr. Rae meets Eskimos/Discovery of Franklin Expedition Relics	Comfort, Charles Fraser	6,000	140,000
ART_00003	Troops Upper Fort Garry 1846-48	Scott, Adam Sherriff	3,000	60,000
ART_00042	Governor Simpson welcomed by James Douglas	Scott, Adam Sherriff	2,000	35,000
ART_00051	Last Dog Train Leaving Lower Fort Garry	Comfort, Charles Fraser	6,000	100,000
ART_00040	Trading Ceremony at York Factory	Scott, Adam Sherriff	4,000	80,000
ART_00041	McLoughlin welcoming the Americans	Comfort, Charles Fraser	6,000	27,500
ART_00002	Red River Carts Leaving Fort Garry	Scott, Adam Sherriff	3,000	70,000
ART_00024	Tracking on the Athabascas	Phillips, Walter J.	10,000	37,500
ART_00031	Council of Northern Department, 1836	Comfort, Charles Fraser	3,000	40,000
ART_00119	Spring Fur Brigade Leaves Montreal	Arbuckle, George Franklin	3,000	80,000
ART_00037	Samuel Hearne builds Cumberland House, 1774-1775	Arbuckle, George Franklin	3,000	50,000
ART_00589	Governor Douglas leaves Fort Langley after proclaiming the colony of British Columbia	Arbuckle, George Franklin	3,000	27,500
ART_00323	Eskimos trading with a Hudson's Bay Company ship during the 17th century	Arbuckle, George Franklin	3,000	180,000
ART_00036	Ambassadors of Peace	Arbuckle, George Franklin	5,000	85,000
ART_00105	Discovery of the Coppermine River by Samuel Hearne, 1772	Johnston, Frank	6,000	70,000
ART_00292	Radisson & des Groseilliers trading with Indians at Rupert House, 1671	Bouchard, George Lorne Holland	2,000	42,500
ART_00043	Samuel Black at Finlay River	Innes, John	3,000	50,000
H-0851	Bay Watch	Charles Pacter	-	150,000
Total			564,000	4,900,000

APPENDIX B
Letter from the Royal Ontario Museum

See attached.



December 5, 2025

Mr. Greg Karpel and Mr. Alan Hutchins
Alvarez & Marsel Canada Inc.

Sent by email to: ZweigS@bennettjones.com and ShakraM@bennettjones.com

Dear Messrs. Karpel and Hutchins,

ROM is Canada's largest and most visited museum, and one of its most trusted cultural institutions. Founded in 1912, the Museum has a long and respected history of collecting, interpreting, and sharing the stories that define Canada. The 1670 HBC Charter would become the crown jewel of ROM's Canadian collections, exhibited alongside other iconic artworks and artifacts that trace the social, political, and economic history of Canada.

By sharing in public stewardship of the Charter, ROM would ensure it is not only preserved but shared with Canadians and global visitors alike. What's more, ROM's curators and educators have the expertise to position this document within a broader narrative and include multiple perspectives—from Indigenous Peoples to Scottish settlers.

ROM includes consultation with communities in its standard exhibition development and acquisition practices. For all matters related to Indigenous people, heritage, ancestors and belongings, ROM's Indigenous staff, as well as appropriate Indigenous Nations, guide museum decisions. This is led by the Hatch curator of Indigenous Art & Culture and the Manager of Indigenous Learning and Education on ROM's side, alongside other Indigenous staff. With this expertise, ROM is ideally positioned to participate in a broader Indigenous consultation concerning the Charter.

ROM has the infrastructure to safely present and care for the Charter. The museum has a secure, climate-controlled facility, with 13 trained collections specialists dedicated to preserving the Art and Culture Collections in ROM's care and seven conservators with over a century of experience between them in preserving and conserving rare, fragile and significant 2D works. With state-of-the-art climate monitoring, multi-factor security, and a powerful collections database system for tracking collections data, ROM is exceptionally well positioned to use its deep experience in protecting and preserving Canada's and the world's heritage.

Josh Basseches, Director & CEO
joshbasseches@rom.on.ca
416 586 8934

100 Queen's Park
Toronto, ON Canada M5S 2C6
rom.ca

ROM

Some examples of sensitive holdings currently in ROM's care include:

- *Book of the Dead of Amenemhet*, Ptolemaic Egypt, parchment (305 BCE-30 BCE)
- *Book of Hours* of Louis de Giac, illuminated vellum manuscript, France, c. 1390-95
- *Views of Kyoto and its Environs*, pair of six-fold screens, watercolour and gold leaf on paper mounted with silk borders, Japan 1640-1660

Additionally, ROM has preserved for decades numerous works valued between \$10 million and \$25 million CAD.

ROM is happy to provide the standard facility report used for museum loans at the Court's request.

While Charter consultations are ongoing, ROM staff will participate in the group ideation of exhibitions, offer expertise on storage and preservation standards, liaise with Indigenous partners, and collaborate with the other three Public Custodians with which we will share responsibility for the Charter.

In sum, ROM is extraordinarily well qualified and possessed of the expertise necessary to responsibly and effectively ensure that the Charter is stewarded on behalf of the people of Canada.

Sincerely,



Josh Basseches

APPENDIX C
Letter from the Manitoba Museum

See attached.

December 5, 2025

Alvarez & Marsel Canada Inc.

Attention: Greg Karpel
Alan Hutchins

Re: The Manitoba Museum's qualifications with respect to care for the HBC Royal Charter

Dear Sirs,

The Manitoba Museum (the Museum) humbly submits this letter outlining our qualifications, expertise, and capacity to preserve the Hudson's Bay Company (HBC) Royal Charter on a continued basis.

As agreed to by the Consortium, the Museum will help design, deliver, and participate in a national consultation to create a Sharing Framework for the Charter with the other named public institutions and First Nations, Inuit, and Métis peoples.

It is our understanding, and we agree that the Charter, once its condition is fully assessed by the Canadian Conservation Institute, should securely travel to Manitoba and remain in the care of the Archives of Manitoba until a Welcoming Event is held, likely in Spring 2026. Following this, the Charter will be relocated to the Manitoba Museum for its first public display.

In the early 1990s, the Manitoba Museum was chosen by the HBC to be the recipient of its museum collection, referred to as a "Gift to the Nation." Now comprised of nearly 28,000 artifacts and belongings, it is the largest HBC Collection in the world. Prior to this gift, and with the support of the HBC, the Museum built a gallery to showcase a life-size replica of the *Nonsuch*, the ship which began the HBC, and in 2000 the Museum opened the HBC Gallery to showcase the newly acquired Museum Collection. The Museum also built additional vaults, conservation labs, and research facilities to support the HBC Collection. The Manitoba Museum is internationally recognized as the custodian of the HBC Collection and the company's fur trade history. More importantly, we are a museum that has spent decades building trusting relationships with First Nations, Inuit, and Métis communities. In fact, it was the support of First Nations leaders that led to our museum being chosen as the custodian of this nationally significant collection. Our work today continues with strong community collaboration, meaningful and reciprocal relationships, keeping the collection accessible to all.

The Manitoba Museum is a Class A Conservation facility which maintains strict environmental conditions for preserving artifacts, with some vaults considered Class AA with the upgraded HVAC systems recently installed. Our vaults are equipped such that we have a high level of control over factors like temperature, humidity, and light exposure to minimize the deterioration of cultural or natural resources. Excellence in conservation is essential when applying for Canadian Cultural Property Export Review Board (CCPERB) certification. The Museum requires this certification when accepting and/or purchasing an object with a CCPERB designation from a private collection to add into our public collection. When not on display at the Museum, the HBC Royal Charter would be kept in one of these Class A vaults.

The Manitoba Museum's reach is significant, with nearly 100,000 K-12 students and close to 300,000 visitors engaging with the Museum each year. We offer more than 70 curriculum-aligned programs that bring

learning to life through immersive, hands-on experiences. Through our Virtual Field Trips, we extend our impact even further, connecting with students in remote and northern communities who might otherwise never have the chance to visit.

Overseeing the care of the HBC Royal Charter while it is hosted at the Manitoba Museum will be:

Dr. Amelia Fay, Director of Research, Collections, and Exhibitions

Prior to becoming a Director in 2025, Dr. Fay was the Curator of Anthropology and the HBC Museum Collection at the Manitoba Museum for twelve years and brings significant experience working with First Nations, Inuit, and Métis communities, both through her career at the Museum and previous community-based work with Inuit communities throughout her graduate studies. Her curatorial practice is grounded in community engagement and accessibility, and her research focus is rooted in anticolonial theory and decolonizing methodologies. Amelia holds a PhD in Archaeology from Memorial University (2016), an MA in Archaeology from Memorial (2008), and a BA in Anthropology from the University of Manitoba (2004). She joined the Museum in 2013.

Carolyn Sirett, Senior Conservator

Working at the Manitoba Museum since 2013, Carolyn's role as the Senior Conservator is to ensure the long-term preservation of the Museum's large and diverse collection of 2.9 million artifacts and specimens, and world-class dioramas through preventive maintenance techniques, conservation treatments, and exhibit development. She has collaborated with Curators, artists, researchers and community members from many disciplines to share her expertise on best practices in collections and heritage preservation. She was also directly involved in the care, treatment, and exhibition of the HBC Royal Charter during its time at the Manitoba Museum in 2020. Carolyn received her B.A. in Anthropology from the University of Manitoba, Diploma in Cultural Resource Management from the University of Victoria, and Diploma in Collections Conservation and Management from Fleming College in Peterborough, Ontario.

It is our profound honour to serve as caretakers of the HBC Royal Charter, and we stand ready to preserve and share its legacy with the care, reverence, and responsibility it so rightly commands.

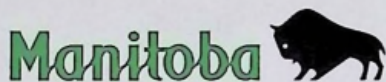
With gratitude and respect,



Dorota Blumczyńska
CEO
Manitoba Museum

APPENDIX D
Letter from the Archives of Manitoba

See attached.



Sport, Culture, Heritage and Tourism

Hudson's Bay Company Archives,
Archives of Manitoba
130 – 200 Vaughan Street
Winnipeg, Manitoba R3C 1T5
Tel: 204-945-3971
Email: hbca@gov.mb.ca
Manitoba.ca/hbca



Sport, Culture, Patrimoine et Tourisme

Archives de la Compagnie de la Baie
d'Hudson, Archives du Manitoba
130 – 200, rue Vaughan
Winnipeg, Manitoba R3C 1T5
Tél : 204-945-3971
Courriel : hbca@gov.mb.ca
Manitoba.ca/hbca

December 8, 2025

Mr. Patrick Phillips
DKRT Family Corp.
65 Queen Street West, 2400
Toronto, ON M5H 2M8

Dear Mr. Phillips:

Further to the letter provided by the Honourable Wab Kinew, Premier of Manitoba to DKRT Family Corp. (DKRT) on August 20, 2025, His Majesty the King in the right of the Province of Manitoba (Manitoba) as represented by the Archives of Manitoba (the Archives) writes to confirm the capacity of the Hudson's Bay Company Archives (HBCA) to receive, preserve and make accessible to the public the 1670 Royal Charter of the Hudson's Bay Company (the Royal Charter). This letter may further serve as an expression of the HBCA's commitment, should it receive an interest in the Royal Charter, to do the work required to honour the history of the Royal Charter through collaboration with other public institution owners of the Charter – by establishing its place within HBCA, ensuring the ongoing maintenance and preservation of the Charter and then by developing a sharing framework for maximizing public access to the Royal Charter - in collaboration with Indigenous partners and heritage institutions.

The Hudson's Bay Company Archives

Manitoba has had a collaborative arrangement with the Hudson's Bay Company (HBC) for over 50 years, beginning in 1973 through an agreement to deposit the HBC records in the Archives of Manitoba. In 1993-1994, a gift agreement was signed between HBC and the Province of Manitoba and resulted in the donation of the HBC records to the Province and the establishment of sustainable funding to support the operations of HBCA through the Hudson's Bay Company History Foundation (HBCHF).

The HBCA consists of over 3000 linear metres of records and provide a continuous record of HBC's activities in Canada spanning over 300 years documenting the fur trade, colonialism, Indigenous Peoples, North American cartography, and the growth of HBC's modern retail business. The HBCA is listed on both the UNESCO *Memory of the World Register* and the *Canada Memory of the World*

Register, which are lists which recognize the most significant documentary heritage collections in the world and in Canada, respectively.

HBC determined that Winnipeg was the appropriate home for its Archives, even though the collection is of a national scope and significance. HBC designated HBCA as its official archives and continued to transfer and donate its records to the Archives following the 1994 donation.

The Royal Charter

The Royal Charter was originally part of the HBC's archives in London, England. In the 1940s, HBC's archivists classified the Royal Charter as first in a series of charters, deeds, and other legal records which amended clauses of the Royal Charter including nine original supplementary charters and HBC's copy of the Deed of Surrender through which the ownership of Rupert's Land was transferred to Canada in 1870.

The Royal Charter does not stand alone as a solitary artifact. As the foundational document for HBC, the Royal Charter should be preserved in the HBCA together with the rich and meticulous records kept by HBC since its inception in 1670. As a legal document, the Royal Charter needs to be read, interpreted, and understood together with its amending documents, as well as the wider collection of records documenting the business it created.

Indigenous history in the records of the Hudson's Bay Company

From its inception in 1670 until the sale of its Northern Stores in 1987, HBC's business was inextricably linked to and dependent upon Indigenous Peoples. The intersection of Indigenous Peoples with HBC history and the ways that the company both promoted and exploited these relationships are evident in the records held in the HBCA. HBC relied on Indigenous knowledge, labour and interpersonal relationships for its fur trade activities; evidence of which can be found in the thousands of journals, account books and reports created at posts across Canada. Exploration of territories previously unknown and uncharted by HBC traders was guided and facilitated by the people who were indigenous to the land. This knowledge was sometimes directly recorded on maps created by HBC employees and other times the centrality of Indigenous knowledge to these "new discoveries" can be found in the recording of place names or through the mention of Indigenous guides in journals and correspondence. When the fur trade expanded to the Arctic in the early 20th century, HBC took on a quasi-governmental role in relation to the northern population. HBC celebrated and promoted a romantic image of Canada's North and the Inuit through publications, photographs and promotional materials. The Royal Charter was the beginning of all of this and needs to be read in this context.

There are elements of HBC's history (including the records that it kept) that are deeply personal to Indigenous Peoples. This includes documentation of Indigenous names and the assigning of English / French nicknames and family names in financial accounts of trade with Indigenous Peoples; documentation of birth, marriage and death information for some communities in the 20th century; documentation relevant to the children born of fur trade and northern store relationships; and documents which illustrate the inherent connection to First Nations, Inuit and Métis communities.

HBCA supports access to records for Indigenous Peoples

Since the transfer of HBC's records to Manitoba, HBCA has been providing access to these records to Indigenous Peoples. HBCA records document the complex relationship between HBC and Indigenous Peoples. HBCA assists Indigenous Peoples interested in locating information about themselves, their ancestors, and their communities in HBCA records ranging from genealogical research and those seeking documentation of ancestry, to broader historical and cultural research. Access to Indigenous Peoples and reconciliation-informed activities are priorities for HBCA. As a smaller, specialized archives (within the larger institution of the Archives of Manitoba), HBCA can create programming and provide services that are catered to groups with whom we are working. Current examples include partnerships with Minwashin (eastern Ontario / western Quebec) and the Saskatchewan River Delta Heritage Project (Cumberland House, SK); HBCA's Names and Knowledge Initiative which has promoted relationship-building, sharing of records, and identification of individuals and knowledge within photographs and other records; and participation in National Land Claims Workshops to facilitate and support land claims research in HBC records.

The Charter in Context

If the Court approves the sale of the Royal Charter to Wittington Investments Limited and DKRT Family Court (together the "Purchasers"), the Purchasers have agreed to irrevocably donate the Royal Charter equally to four public institutions (the "Public Institutions"). In addition, the Purchasers have committed significant further funding to not only ensure that the Royal Charter is properly preserved, but also to ensure appropriate access to this historic document (in a manner that ensure appropriate engagement with Indigenous groups, museums, archives and other cultural institutions). By donating this document in part to the Archives, the sharing of the Royal Charter will have the added benefit of being reviewed in the context of HBC's activities.

The Purchasers' support would enable an expansion and continuation of the work HBCA is already doing to partner with Indigenous communities and organizations, to facilitate access to records, and to incorporate Indigenous knowledge into HBCA's presentation of archival records. This work could include expanded engagement with Indigenous organizations across Canada.

Preserving the Charter

HBCA records are stored in secure, fire-protected, climate-controlled vaults custom-built for the HBC's records. The Archives' facilities include vaults with specialized drier and colder conditions for magnetic media (e.g. videotape, audio recordings) and for chemically unstable film (e.g. motion picture film and photographic negatives on cellulose nitrate and cellulose acetate bases, and colour photographs). The Archives has CCPERB (Canadian Cultural Property Export Review Board) Category A designation. ("Category A designation is granted indefinitely to eligible organizations that collect, preserve and make cultural property accessible to the public through exhibitions, publications, research or online. Category A organizations must demonstrate a professional capacity to preserve their collections for the long term.")

The Royal Charter is written on parchment/vellum. The Archives' conservators have considerable experience caring for documents on parchment/vellum. In addition to dozens of legal documents on parchment (many with elaborate seals including Royal Seals), the HBCA holdings include

hundreds of vellum-bound volumes, and many important historical maps and plans on parchment. Archives conservators designed a storage and display encasement that has been used successfully for two exhibitions of valuable and vulnerable maps on parchment. Most recently the Map of Hudson Bay and Straits, 1709 by Samuel Thornton (G.2/1), which is drawn and painted on parchment, and was included in the Royal Ontario Museum exhibit *Canada Collects: Treasures from Across the Nation* 2007-2008.

Archives staff also have direct experience with the Royal Charter. In 2019-2020, HBC Heritage reached out to HBCA to be the trusted storage location for the Charter during renovations of the HBC's headquarters. Archives conservators worked through the security and preservation details of transporting and storing the Charter with the Canadian Conservation Institute (CCI) as well as HBC Heritage. We were provided detailed documentation regarding its material composition, condition and history of conservation treatment, and we assessed and reported on its condition when the Charter arrived and before it left our custody. At the time, the CCI encouraged that HBC consider a permanent relocation of the Charter from its Toronto head office to more suitable storage, such as the HBCA.

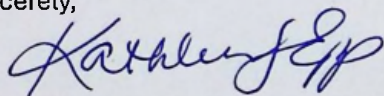
Archives conservators will propose to conduct an analysis on the feasibility of removing the Royal Charter from its supports and safely providing access to the full document with appropriate safeguards and supervision in place. Historically, the first page of the Royal Charter has been on display, and the four following pages have been rolled back so the written content is not visible.

The Archives accepts loan requests and has robust standards for loaning records. We work with interested institutions and communities to mitigate preservation issues to enable loans or alternate access. The Archives has facilitated significant loans to institutions including the Canadian Museum of History, the Royal Ontario Museum, and the Library of Congress. In addition to exhibition by each of the other Public Institutions, the Archives is not opposed to the possibility of enabling loan of the Royal Charter to other institutions in Canada, as part of a framework to maximize public access to the record, but would ensure that any loan arrangements would only be made provided it did not compromise the safety, security and conservation of the Royal Charter.

Conclusion

The Archives and the HBCA look forward to welcoming the Royal Charter to Manitoba and to working with the Public Institutions to preserve and protect this document of national significance, and to ensure that it will be accessible to Canadians for generations to come.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kathleen Epp', written in a cursive style.

Kathleen Epp
Keeper, Hudson's Bay Company Archives
Archives of Manitoba

APPENDIX E
Eighth Report of the Monitor dated August 20, 2025

See attached.

**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
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598
ONTARIO INC.**

Applicants

**EIGHTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

AUGUST 20, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	11
3.0	LEASE MONETIZATION PROCESS AND CENTRAL WALK BID.....	13
4.0	CENTRAL WALK APA	20
5.0	BUSINESS PLAN	24
6.0	CENTRAL WALK APPROVAL MOTION	32
7.0	FILO MOTION.....	58
8.0	HILLCREST ROFR.....	64
9.0	CASH FLOW RESULTS RELATIVE TO FORECAST	65
10.0	CONCLUSIONS AND RECOMMENDATIONS.....	68

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Schedule B – Updated Names for Hudson’s Bay Canada Entities

Appendix A – Endorsement dated July 22, 2025

Appendix B – List of Individuals Cross-Examined

Appendix C – Monitor’s Summary of Expert Reports

Appendix D – Letter from Counsel to Potential Lease Purchaser dated August 20, 2025

Appendix E – Sixth Report of the Monitor (Without Schedules or Appendices)

Appendix F – Emails between counsel to the Applicants and counsel to Oxford on August 13, 2025

Confidential Appendix A – Confidential Bid Summary (Subject Leases)

Confidential Appendix B – Confidential Secured Lender Recovery Analysis

1.0 INTRODUCTION

- 1.1 On March 7, 2025, Hudson’s Bay Company ULC Compagnie de la Baie D’Hudson SRI (“**Hudson’s Bay**” or the “**Company**”), and the other applicants listed on **Schedule “A”** hereto (together, the “**Applicants**”), were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule “A”** hereto (together with HBC Holdings LP, the “**Non-Applicant Stay Parties**”). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as “**Hudson’s Bay Canada**”.¹ In accordance with an Order granted by the Court on June 23, 2025, certain Hudson’s Bay Canada entities completed corporate name changes on August 6 and 7, 2025, and again on August 12, 2025. The current names of the Hudson’s Bay Canada entities after the name changes on August 12, 2025 are set out on **Schedule “B”** hereto.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). A&M, then in its capacity as proposed Monitor, issued a pre-

¹ The CCAA Proceedings have since been terminated in respect of two Applicants (HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc.), and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties (RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.). The defined terms “Applicants”, “Non-Applicant Stay Parties” and “Hudson’s Bay Canada” as used in this Report refer to the applicable entities at the relevant times.

filing Report dated March 7, 2025, to provide the Court with information and, where applicable, its views on the relief sought by the Applicants.

- 1.3 Since the Initial Order was granted, this Court has heard several motions and granted various Orders, and a significant volume of materials have been filed by interested parties in connection therewith. This Report (the “**Eighth Report**”) does not contain a detailed chronology of these proceedings or the various relief granted. Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the “**Prior Reports**”) and all endorsements and orders made by the Court, are available on the Monitor’s case website at: www.alvarezandmarsal.com/HudsonsBay (the “**Case Website**”).

FILO Motion

- 1.4 On July 8, 2025, in connection with a hearing scheduled for July 15, 2025 (the “**July 15 Hearing**”), Restore Capital, LLC, in its capacity as the agent on behalf of various first in last out lenders (in such capacity, the “**FILO Agent**”, and such lenders, the “**FILO Lenders**”), served a motion record (the “**FILO Motion**”), including an affidavit sworn by Ian Fredericks, the CEO of the FILO Agent, of the same date (the “**Fredericks Affidavit**”) seeking an Order (the “**Expanded Powers Order**”), among other things:
- (a) expanding the powers of the Monitor to allow the Monitor to conduct the affairs and operations of the Applicants for the benefit of all of their stakeholders;
 - (b) authorizing and directing the Monitor to cause the Applicants to terminate the Central Walk APA and the Central Walk Transaction (each as defined therein);

- (c) authorizing and directing the Monitor to cause Hudson’s Bay to immediately disclaim 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 transactions;
 - (d) directing Hudson’s Bay to distribute \$6 million to the FILO Agent (the “**Proposed Distribution**”) within one day of the date of the Order; and
 - (e) granting certain related and ancillary relief.
- 1.5 On July 11, 2025, the FILO Agent served a supplemental motion record in support of the FILO Motion. No further relief was sought therein.
- 1.6 On July 13, 2025, the Applicants served a responding motion record taking issue with many of the assertions made in the Fredericks Affidavit, and opposing the relief sought on the FILO Motion.
- 1.7 The Monitor prepared its Sixth Report dated July 14, 2025 (the “**Sixth Report**”), among other things, providing its views on the FILO Motion and respectfully recommending that:
 - (a) no relief be granted in respect of the Proposed Distribution; and
 - (b) absent another party agreeing forthwith to fund the costs of pursuing the Central Walk Transaction or another consensual resolution being reached, the Central Walk APA should be terminated and the leases proposed to be acquired therein (the “**Subject Leases**”) should be disclaimed.
- 1.8 The FILO Motion was adjourned at the July 15 Hearing, and a timetable was subsequently set by the Court to hear both the FILO Motion and the Applicants’ motion to be filed seeking approval of the Central Walk APA and the transactions contemplated therein (the “**Central Walk Approval Motion**”) concurrently on August 28 and, if necessary, August

29, 2025 (the “**August Hearing**”). A copy of the Court’s July 22, 2025 endorsement, which directed the timetable (the “**Litigation Timetable**”), is attached hereto as **Appendix “A”**.

August Hearing

- 1.9 On July 25, 2025, counsel to the FILO Agent served an amended notice of motion on the service list (the “**Amended Notice of Motion**”), amending the relief to be sought by the FILO Agent on the FILO Motion. Among other things, the Amended Notice of Motion amends the relief sought by requesting an Expanded Powers Order that would also:
- (a) authorize and direct the Monitor to disclaim the Subject Leases that are not subject to any other potential transaction (the “**Remaining Leases**”), unless the Pathlight Lenders or the Potential Lease Purchaser (as defined below) agree to bear any rent and other costs associated with the pursuit of the Central Walk Transaction (including, without limitation, any professional fees, Monitor fees and fees of legal counsel) (the “**Central Walk Costs**”);
 - (b) amend paragraph 10 of the Amended and Restated Initial Order to eliminate the requirement that the Applicants pay any rent on any Remaining Leases and direct that no rent on account of the Remaining Leases be paid from any ABL Priority Collateral (as defined therein) from the earlier of: (i) notice of disclaimer of any of the Remaining Leases, including for greater certainty, during any period of notice provided for in subsection 32(5) of the CCAA; and (ii) the date of any decision of the Court declining to approve the Central Walk Transaction;

- (c) require that if the Central Walk Transaction is terminated or not approved, that the Potential Lease Purchaser 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) require, 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; and
- (e) make 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.

1.10 On July 29, 2025, the Applicants served a motion record in connection with the Central Walk Approval Motion. The Applicants' motion record included affidavits sworn the same date by Franco Perugini, Senior Vice-President, Real Estate & Legal, and Elias Louis Ampas, Divisional Vice-President, Construction, of Hudson's Bay, and Adam Zalev, a managing director at Reflect Advisors, LLC. As set out therein, the Applicants are seeking an order (the "**CW Leases Assignment Order**"), among other things:

- (a) approving the Asset Purchase Agreement dated as of May 23, 2025, between Hudson's Bay and HBC Centrepont GP Inc., as vendors, Ruby Liu Commercial Investment Corp. (the "**Potential Lease Purchaser**"), as purchaser, and Weihong

(Ruby) Liu (“**Ms. Liu**”), as guarantor (as amended on June 13, 2025, July 21, 2025, and July 29, 2025, the “**Central Walk APA**”);²

- (b) assigning and vesting Hudson’s Bay’s and HBC Centrepont GP Inc.’s (as applicable) right, title, and interest in and to the Subject Leases, in and to the Potential Lease Purchaser, free and clear of all claims and encumbrances, other than certain permitted encumbrances (collectively, the “**CW Transactions**”);
- (c) declaring that certain portions of sections 3.05 and 3.05(A) of the IC Leases (as defined below) are unenforceable as *ipso facto* clauses and pursuant to section 34 of the CCAA; and
- (d) sealing Confidential Appendix “A” to this Report, which contains a summary of the economic terms of the bids received in the Lease Monetization Process for the Subject Leases, until closing of the CW Transactions.

1.11 On July 29, 2025, the Potential Lease Purchaser served a supporting motion record, including an affidavit sworn the same date by Ms. Liu, supporting approval of the CW Leases Assignment Order (the “**Liu Affidavit**”).

1.12 On July 31, 2025, counsel to the Potential Lease Purchaser served a supplemental supporting motion record to correct an exhibit to the Liu Affidavit, which had included a prior draft of the Business Plan (as defined below) as a result of an administrative error.

² The Monitor notes that the Applicants’ materials refer to the “Central Walk APA” and the “CW Transactions”, despite the fact that the Potential Lease Purchaser is not one of the Central Walk landlord entities. For simplicity, the Monitor uses these definitions throughout this Eighth Report.

1.13 On August 9, 2025, the following materials were served by the landlords of 24 of the 25 Subject Leases included in the Central Walk APA (the “**Opposing Landlords**”):

- (a) the responding motion record of Cadillac Fairview Corporation Limited (“**Cadillac Fairview**”), the landlord in respect of seven of the Subject Leases. The Cadillac Fairview record, which provides the basis for Cadillac Fairview’s opposition to the CW Leases Assignment Order, includes the affidavit of Rory MacLeod, the Executive Vice President, Operations with Cadillac Fairview, and the affidavit of Sharon Hamilton, President of Ernst & Young Inc., which appends thereto an expert report dated August 8, 2025 by Ernst & Young Inc. (the “**EY Report**”);
- (b) the responding motion record of Primaris Management Inc. (“**Primaris**”), the landlord in respect of five of the Subject Leases. The Primaris record, which provides the basis for Primaris’ opposition to the CW Leases Assignment Order, includes the affidavit of Patrick Sullivan, the President and Chief Operating Officer with Primaris;
- (c) the responding motion record of Morguard Investments Limited (“**Morguard**”), the landlord in respect of four of the Subject Leases. The Morguard record, which provides the basis for Morguard’s opposition to the CW Leases Assignment Order, includes the affidavit of David Wyatt, the Senior Vice President, Retail with Morguard;
- (d) the motion record of OPGI Management Limited Partnership by its general partner OPGI Management GP Inc. (“**Oxford**”), which, through its affiliates, is the landlord in respect of three of the Subject Leases. As set out in the Oxford record, Oxford seeks an Order, among other things: (i) dismissing the Central Walk Approval Motion; or,

in the alternative, (ii) declaring that Oxford's exercise of the option in its favour by way of a right of surrender (the "**Hillcrest ROFR**") under section 7.03 of the Hillcrest Lease (as defined below), as effected through its letters dated July 31, 2025, and August 1, 2025, the executed Landlord Election Form, and the payment of the \$450,000 deposit to the Monitor is valid. The Oxford record includes the separate affidavits of Nadia Corrado, the Vice-President, Asset Management with Oxford, and a clerical affidavit sworn by Natalie Longmore, a legal assistant for Oxford's counsel;

- (e) two responding motion records of various Ivanhoe Cambridge entities ("**Ivanhoe**"), the landlord in respect of two of the Subject Leases. The first Ivanhoe record, which provides the basis for Ivanhoe's opposition to the CW Leases Assignment Order generally, includes the affidavit of Ruby Paola, a managing director at Ivanhoe's parent company, and the affidavit of Scott R. Lee, the founding partner of Revesco Properties Ltd., which appended an expert opinion by Mr. Lee (the "**Lee Report**" and together with the EY Report, the "**Expert Reports**"). The second Ivanhoe record, which provides the basis for Ivanhoe's specific opposition to the relief sought regarding sections 3.05 and 3.05(A) of the IC Leases, includes the affidavit of Charles Saint-Pierre, internal counsel at Ivanhoe's parent company;
- (f) the responding motion record of Westcliff Management Ltd. ("**Westcliff**"), the landlord in respect of one of the Subject Leases. The Westcliff record, which provides the basis for Westcliff's opposition to the CW Leases Assignment Order, includes the affidavit of Alan Marcovitz, the President and Chairman of the board of Westcliff;

- (g) the responding motion record of KingSett Capital Inc. (“**KingSett**”), the landlord in respect of one of the Subject Leases. The KingSett record, which provides the basis for KingSett’s opposition to the CW Leases Assignment Order, includes the affidavit of Theresa Warnaar, the Senior Vice President, Retail & Asset Resilience at KingSett; and
 - (h) the responding motion record of QuadReal Property Group (“**QuadReal**”), the landlord in respect of one of the Subject Leases. The QuadReal record, which provides the basis for QuadReal’s opposition to the CW Leases Assignment Order, includes the affidavit of Jay Camacho, the Senior Vice President, Canadian Retail with QuadReal.
- 1.14 On August 12, 2025, the FILO Agent served a reply motion record in respect of the FILO Motion, including the affidavit of Ian Fredericks sworn the same date (the “**Fredericks Reply Affidavit**”).
- 1.15 On the same date, the Applicants served a reply motion record in respect of the Central Walk Approval Motion, including further affidavits sworn by Franco Perugini, Elias Louis Ampas, and Adam Zalev.
- 1.16 The Potential Lease Purchaser also served a reply motion record, including a further affidavit sworn by Ms. Liu (the “**Liu Reply Affidavit**”).
- 1.17 On August 13, counsel for the Potential Lease Purchaser delivered a certified Mandarin translation of the Liu Affidavit and the Business Plan. On August 14, counsel for the

Potential Lease Purchaser delivered a certified Mandarin translation of the Liu Reply Affidavit.

- 1.18 On August 14, 15 and 18, cross-examinations were conducted for various individuals in connection with the August Hearing. A list of the individuals cross-examined is attached hereto as **Appendix “B”**.
- 1.19 On the evening of August 18, 2025, counsel to the FILO Agent provided a letter to counsel to the Monitor setting out certain written interrogatories. On August 19, 2025, counsel to the Monitor responded to note that the Monitor would file this Eighth Report on August 20, 2025, in accordance with the Litigation Timetable and that after the Eighth Report was filed, it would then consider and answer any proper written interrogatories. Counsel to the Monitor invited the FILO Agent to confirm what, if any, written interrogatories it wished to pose to the Monitor following its review of the Eighth Report.
- 1.20 On August 19, 2025, counsel to the Monitor received a letter from counsel to the Potential Lease Purchaser that included additional information that the Potential Lease Purchaser requested be included in this Eighth Report. Among other things, the letter addressed various issues that had been canvassed by the Opposing Landlords’ counsel during Ms. Liu’s cross-examination.
- 1.21 As counsel to the Monitor advised counsel to the Potential Lease Purchaser, given the nature of the information contained in the letter, the Monitor does not believe that it would be appropriate to include that letter or the information therein in this Eighth Report given that evidence has closed and the statements in the letter have not been tested or cross-examined.

Purpose of this Report

1.22 This Eighth Report is being delivered in accordance with the Litigation Timetable. The purpose of this Eighth Report is to provide the Court with information and, where applicable, the Monitor's views on:

- (a) the Lease Monetization Process and the bid submitted by the Potential Lease Purchaser;
- (b) the CW Transactions;
- (c) the Business Plan;
- (d) the Central Walk Approval Motion;
- (e) the FILO Motion;
- (f) the Hillcrest ROFR issue;
- (g) the Applicants' cash flow results relative to forecast; and
- (h) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Eighth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, the materials served by the various parties in connection with the August Hearing, and has held discussions with various parties, including advisors to

the Applicants (collectively, the “**Information**”). Except as otherwise described in this Eighth Report, in respect of the Applicants’ cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the “**CAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and
- (b) some of the information referred to in this Eighth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Eighth Report was prepared based on the estimates and assumptions of the Applicants (and, in the case of the Business Plan, the Potential Lease Purchaser (each as defined below)). Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Eighth Report should be read in conjunction with the materials filed with the Court in connection with the Central Walk Approval Motion and the FILO Motion.

2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 LEASE MONETIZATION PROCESS AND CENTRAL WALK BID³

3.1 The Prior Reports describe the efforts to solicit bids under the Lease Monetization Process and have provided certain information on the bids received thereunder. In summary:

- (a) commencing on March 24, 2025, Oberfeld emailed the Teaser Letter to approximately 60 potentially interested parties, which list was developed by Oberfeld based on its market expertise and its consideration of parties that may have an interest in the Leases with input from the Applicants and the Monitor;
- (b) 31 parties executed an NDA and were provided with access to an electronic data room to conduct due diligence;⁴
- (c) on April 3, 2025, Oberfeld emailed a process letter to the Landlords and each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their non-binding LOI submissions;
- (d) as of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same locations such that there was overlap of locations across multiple LOIs. Also, multiple LOIs described that the interested party would also be making a

³ Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Lease Monetization Process approved by this Court pursuant to the Lease Monetization Order dated March 21, 2025.

⁴ In accordance with the Lease Monetization Process, Landlords were not required to sign an NDA in respect of a bid for any of their own Leases.

submission in the SISP, such that the LOI was effectively a subset of a broader bid to be made in the SISP;

(e) as of the Qualified Bid Deadline:

- (i) 12 parties submitted a Qualified Bid (including bids submitted in the SISP that included Leases), bidding on a total of 39 individual Leases. Multiple Qualified Bids included the same locations such that there was overlap of locations across multiple bids;
- (ii) no Qualified Bid was submitted for 62 Leases; and
- (iii) no “Insider Bid” (as defined in the Insider Protocol) was submitted in either the Lease Monetization Process or the SISP, and the Insiders previously declared that they would not submit a bid in the Lease Monetization Process.

3.2 The Applicants, in consultation with Oberfeld, the Monitor and the Agents, and with the assistance of their advisors, worked with bidders to clarify aspects of the bids and to enter into definitive agreements suitable for tabling with the Landlords that are counterparties to the applicable Leases. As described in greater detail in the Monitor’s Fifth Report dated June 19, 2025, the Court granted an Order on June 23, 2025 approving the assignment of three leases to the Potential Lease Purchaser pursuant to the Affiliate Lease Assignment Agreement (as defined in the Fifth Report). In addition, the Court granted an Order on July 31, 2025, approving the assignment of six leases (five to YM Inc. (Sales) and one to an affiliate of the applicable Landlord) – this relief is discussed in greater detail in the Monitor’s Seventh Report dated July 29, 2025.

Execution of Central Walk APA and Related Developments

- 3.3 As discussed in the Prior Reports, on May 23, 2025, Hudson's Bay entered into the Central Walk APA, pursuant to which it would pursue the assignment of the Subject Leases in Ontario, Alberta and British Columbia to the Potential Lease Purchaser. The Potential Lease Purchaser provided a \$9.4 million deposit⁵ in connection with the Central Walk APA, which is currently being held by the Monitor in trust. The Applicants' advisors, the Monitor, the FILO Agent, and Pathlight all supported Hudson's Bay entering into the Central Walk APA at that time.
- 3.4 As discussed in greater detail below, the Central Walk APA provides that the assignment of the Subject Leases to the Potential Lease Purchaser is conditional upon, among other things, the receipt of satisfactory Landlord consents and/or approval of the Court.
- 3.5 The Monitor reported on certain developments and discussions with Landlords following the execution of the Central Walk APA in its Sixth Report prepared in connection with the FILO Motion that was originally scheduled to be heard on July 15, 2025. As set out in more detail therein:
- (a) during the week of June 2, 2025, initial meetings were coordinated by Oberfeld and took place between the Potential Lease Purchaser and most of the Landlords, which meetings were attended by the Monitor and (in most cases) its counsel;

⁵ The total deposit paid by Central Walk was \$10 million, of which \$600,000 was later allocated to the Affiliate Lease Assignment Transaction.

- (b) following those meetings, certain follow-up information was provided to the Landlords by the Potential Lease Purchaser's former legal counsel;
- (c) during the week of July 9, 2025, Landlords representing 23 of the 25 Subject Leases wrote, through their legal counsel, to the Applicants' counsel and/or the Monitor's counsel to advise that, based on the information provided to date, those Landlords would not consent to the assignment of their Subject Leases;
- (d) as of the date of the Sixth Report (July 14, 2025), despite repeated discussions, correspondence and follow-ups from the Applicants, the Monitor, and their counsel (including certain written communications from the Applicants' counsel), the Potential Lease Purchaser had failed to meaningfully respond to the issues and concerns raised by the Applicants and had not taken the basic and necessary steps to advance its bid; and
- (e) as of the date of the Sixth Report, the Monitor understood that the Potential Lease Purchaser was no longer represented by counsel.

3.6 As such, at the time of the Sixth Report, the Monitor expressed significant concerns with respect to the Potential Lease Purchaser meeting its obligations under the Central Walk APA and the likelihood of a transaction ultimately being completed.

3.7 As described above, the Court adjourned the FILO Motion at the July 15 Hearing, and subsequently endorsed the Litigation Timetable for the August Hearing.

3.8 At the July 15 Hearing, the Court noted that it had received certain direct correspondence from Ms. Liu and/or Ms. Qin (the "**Liu Correspondence**"), the principal and CEO,

respectively, of the Potential Lease Purchaser. Ms. Liu, Ms. Qin, and the Potential Lease Purchaser were not represented by counsel at the July 15 Hearing, and as such, the Court indicated it would hear from counsel for those parties once retained on that issue as appropriate.

3.9 The Potential Lease Purchaser subsequently retained counsel in connection with the Central Walk Transaction and the August Hearing. After discussions between that counsel, the Applicants' counsel, the Monitor's counsel, and certain Landlord counsel, a redacted copy of the Liu Correspondence was served on the service list for these CCAA Proceedings on July 29, 2025.

3.10 The Liu Correspondence included a letter from the Applicants' counsel to the Potential Lease Purchaser dated July 5, 2025 (the "**July 5 Letter**")⁶, which reiterated and expanded on issues identified in a prior letter from the Applicants' counsel dated May 29, 2025.⁷ Among other things, the July 5 Letter:

- (a) detailed the substantial efforts of the Applicants and their counsel to: (i) describe what would be needed for the Potential Lease Purchaser to comply with the clause in the Central Walk APA requiring the Potential Lease Purchaser to use "commercially reasonable efforts" to obtain from each Landlord under each Subject Lease a waiver in form and substance acceptable to Hudson's Bay and the Potential Lease Purchaser

⁶ Affidavit of Rory Macleod, Exhibit T ("**MacLeod Affidavit**"); Responding Motion Record of Cadillac Fairview Corporation Limited dated August 9, 2025 at Tab 1, Pg. 254 ("**CF Record**").

⁷ MacLeod Affidavit, Exhibit T; CF Record at Tab 1, Pg. 280.

(the “**Reasonable Efforts Clause**”); and (ii) provide assistance to the Potential Lease Purchaser in connection therewith;

- (b) noted that as of July 5, there was no agreement between the Potential Lease Purchaser, Hudson’s Bay, and the Monitor as to the claims of the Potential Lease Purchaser in respect of Cure Costs (as defined in the Central Walk APA);
- (c) noted that after adequate responses were not received to initial inquiries that were sent by the Landlords following the Initial Landlord Meetings, Landlords representing all or virtually all of the Subject Lease locations wrote to the Potential Lease Purchaser, Hudson’s Bay, and the Monitor seeking further information and/or advising that the Landlords did not or would not consent to the assignment of their Leases (the “**Landlord Communications**”);
- (d) asserted that the Potential Lease Purchaser, despite substantial offers of assistance and communications from Hudson’s Bay, had failed to take the steps necessary to comply with the Reasonable Efforts Clause, including by:
 - (i) failing to retain counsel in advance of the initial Landlord meetings held on June 2, 2025 (the “**Initial Landlord Meetings**”);
 - (ii) failing to prepare any substantive materials or presentation for the Initial Landlord Meetings;
 - (iii) failing to provide adequate responses to basic questions from the Landlords regarding matters such as the proposed tenant’s financial covenants, retail

operational experience, capital expenditure plan for each Lease location, and intended suppliers and product mix; and

(iv) failing to adequately respond to the initial information requests following the Initial Landlord Meetings, or to respond at all to the Landlord Communications, despite Hudson's Bay extending the date by which Landlord waivers needed to be obtained under the Central Walk APA by five business days; and

(e) set out the terms of a proposal offered by the Applicants that, without prejudice to Hudson's Bay's rights and remedies under the Central Walk APA, provided certain conditions for the Potential Lease Purchaser to agree to in order for the Applicants to continue to pursue the Central Walk Transaction.

3.11 The Monitor agreed with the assertions made by Hudson's Bay in the July 5 Letter. The Monitor understands that the FILO Agent and Pathlight reviewed and commented on a draft of the July 5 Letter and supported Hudson's Bay delivering the final July 5 Letter.

3.12 On July 7, 2025, counsel for the Applicants sought the Monitor's position with respect to a potential termination of the Central Walk APA. Counsel for the Monitor advised that in the circumstances, the Monitor would support a decision by the Applicants to terminate the agreement. The Applicants ultimately decided not to terminate the Central Walk APA.

3.13 As described above, the Applicants and Central Walk delivered their motion materials seeking approval of the Central Walk APA on July 29, 2025. The Applicants' motion materials appended the Central Walk APA, which was amended on June 13, July 21, and

July 29, 2025 to, among other things, reduce the Purchase Price (as defined therein) to allow certain funds to be used to retain professionals to advance and complete the CW Transactions, and extend the “Outside Closing Date” and “Target Closing Date” thereunder such that both fall after the August Hearing. The materials included a business plan from the Potential Lease Purchaser for the go-forward business that it intends to operate at the premises of the Subject Leases (the “**Business Plan**”), which is discussed further below.

3.14 In her affidavit sworn August 12, 2025, Ms. Liu indicated that she was prepared, on closing of the CW Transaction, to execute a personal guarantee (or guarantees) in favour of the Landlords guaranteeing the rent obligations under the Subject Leases for a period of one year following closing (the “**Guarantee**”).

3.15 A summary of the CW Transactions contemplated in the Central Walk APA, the positions of the parties on the CW Leases Assignment Order, and the views of the Monitor in respect of each are provided below.

4.0 CENTRAL WALK APA

4.1 On May 23, 2025, Hudson’s Bay entered into the Central Walk APA with the Potential Lease Purchaser or a permitted assignee thereof, which would be a corporation controlled by Ms. Liu, for the assignment of up to 25 Leases in Ontario, Alberta and British Columbia (i.e. the Subject Leases).

4.2 A chart summarizing each of the 25 Subject Leases proposed to be assigned to the Potential Lease Purchaser pursuant to the Central Walk APA is set out in the Affidavit of Franco Perugini dated July 29, 2025 (the “**Perugini Affidavit**”).

4.3 Certain key provisions of the Central Walk APA are summarized in the table below. Terms capitalized in the table below but not otherwise defined therein have the meaning ascribed to them in the Central Walk APA.

SUMMARY OF THE CENTRAL WALK APA	
Parties	<ul style="list-style-type: none"> • Hudson’s Bay Company ULC and HBC Centrepont GP Inc., as Vendor • Ruby Liu Commercial Investment Corp, as Purchaser • Weihong Liu, as Guarantor
Structure of Agreement	<ul style="list-style-type: none"> • Subject to obtaining Landlord Waivers and Approval and Vesting Order(s) or Assignment Orders, as applicable, and satisfaction of closing conditions, the Vendor agreed to sell to the Purchaser all of the Vendor’s right, title and interest in and to the Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances). • The Purchased Assets include the Assigned Leases and all Leasehold Improvements located on the Premises but exclude any of the following: (a) any Art, Artifacts and Archives including Art, Artifacts and Archives that are installed, embedded, incorporated, affixed or included or present on any of the Premises; (b) any trademarks or other intellectual property of any kind owned by the Vendor or its Affiliates (and all intellectual property rights therein); or (c) any property (other than the Assigned Leases) which is not owned by the Vendor, including any Leasehold Improvements sold by the liquidator in the CCAA Proceedings prior to the Execution Date (collectively, the “Excluded Property”). • The Vendor may exclude up to three (3) Leases from Schedule “D” at its sole discretion, provided the “Minimum Lease Condition” can otherwise be satisfied or waived. The Minimum Lease Condition means Leases equal to or greater than 11 Leases which satisfy the conditions in section 8.1, provided that such Leases must include each of the Key Leases in Schedule “G” of the Central Walk APA. • The Vendor may also, in the circumstances set out in Section 2.3(2) of the Central Walk APA, remove the IC Leases (being those listed in Schedule “D” of the Central Walk APA) from the Transaction.
Assigned Leases	<ul style="list-style-type: none"> • For purposes of the Agreement, the “Assigned Leases” means the Leases listed on Schedule “C” of the Central Walk APA, subject to the above-noted right of the Vendor to exclude certain Leases, the provisions of Section 2.4 of the Central Walk APA dealing with the Hillcrest Mall Lease, and otherwise to the extent ultimately assigned to or vested in the Purchaser.

SUMMARY OF THE CENTRAL WALK APA

Purchase Price and Closing Date

- The aggregate purchase price for the Vendor's right, title and interest in and to the Purchased Assets is \$69,100,000 (the "**Purchase Price**")⁸ in which the total Consideration is allocated as follows:

Shopping Centre	Consideration
Coquitlam Centre	\$2,333,333
Guildford Town Centre	\$3,500,000
Orchard Park Shopping Centre	\$1,333,333
Willowbrook Shopping Centre	\$2,833,333
Richmond Centre	\$2,833,333
Fairview Mall	\$2,833,333
Sherway Gardens	\$4,333,333
Centrepont Mall	\$3,833,333
Hillcrest Mall	\$4,500,000
Masonville Place	\$800,000
Bayshore Shopping Centre	\$1,833,333
St. Laurent Shopping Centre	\$5,000,000
Mapleview Centre	\$2,500,000
Oshawa Centre	\$2,000,000
Conestoga Mall	\$633,333
Bramalea City Centre	\$2,833,333
Lime Ridge Mall	\$833,333

⁸ The estimated net proceeds from the proposed CW Transactions are approximately \$50 million, comprised of the Purchase Price of \$69.1 million, less (i) 50% of the Aggregate Accepted Cure Costs, being \$15 million; and (ii) commissions payable on the transaction of \$4.5 million.

SUMMARY OF THE CENTRAL WALK APA

	Markville	\$2,833,333
	Upper Canada Mall	\$833,334
	Fairview Park	\$1,833,334
	CF Market Mall	\$4,833,334
	Chinook Centre	\$4,833,334
	West Edmonton Mall	\$3,833,334
	Southgate Shopping Centre	\$3,500,000
	Southcentre Mall	\$1,833,334
	<ul style="list-style-type: none"> The Purchase Price is subject to adjustment for: (a) all Rent payable under each Assigned Lease which has been paid to the Landlord in respect of such Assigned Lease, with the Closing Date itself to be allocated to Central Walk; (b) charges and other fees payable for Utilities related to each Assigned Lease for the period to the Closing Date; and (c) fifty percent (50%) of the Aggregate Accepted Cure Costs allocated to each Assigned Lease (other than the Hillcrest Mall Lease). If any Lease becomes an Excluded Lease, the Purchase Price will be reduced by the portion of the Purchase Price allocated to such Excluded Lease. “Closing Date” means seven (7) business days following the date that the Approval and Vesting Order and all necessary Assignment Orders, as applicable, become Final Orders. The date that the Approval and Vesting Order and all necessary Assignment Orders become Final Orders shall not be later than the “Outside Date” (First Business Day following issuance of the CW Leases Assignment Order and subject to extension in accordance with the terms of the Agreement). 	
Cure Costs	<ul style="list-style-type: none"> The Vendor, the Purchaser, and the Monitor agreed to Aggregate Accepted Cure Costs in the amount of \$30,000,000. The Purchaser is entitled to a reduction in the Purchase Price on Closing equal to 50% of the Aggregate Accepted Cure Costs in relation to the Assigned Leases (provided that no portion of the Aggregate Accepted Cure Costs have been allocated to the Hillcrest Mall Lease so that the portion of the Purchase Price applicable to the Hillcrest Mall Lease shall not be reduced to less than \$4,500,000), which reduction shall be in full satisfaction of all rights and claims that the Purchaser may have for and on account of all Cure Costs and any defaults, conditions, or circumstances in respect of any CW Lease giving rise to such Aggregate Accepted Cure Costs relating to each of the Assigned Leases, whether arising before or after closing. 	

SUMMARY OF THE CENTRAL WALK APA	
	<ul style="list-style-type: none">• Purchaser shall pay and be responsible for all Assumed Liabilities in accordance with the terms of the Assigned Leases, inclusive of those included in the Aggregate Accepted Cure Costs.

Confidential Bid Summary

4.4 The Monitor has prepared a summary of the bids received under the Lease Monetization Process for the Leases included in the Central Walk APA (the “**Confidential Bid Summary**”). As demonstrated in the Confidential Bid Summary, certain initial bids were received for certain Subject Leases in excess of the value allocated under the Central Walk APA; however, those bids did not advance to an executable stage. As such, the CW Transactions provide for the highest consideration for the Subject Leases of any executable bid received under the Lease Monetization Process and therefore would provide the greatest value for the Applicants. The Confidential Bid Summary is attached hereto as **Confidential Appendix “A”**.

4.5 The Applicants seek to seal the Confidential Bid Summary pending closing of the CW Transactions. The Confidential Bid Summary, among other things, shows the purchase prices offered by the other bidders on the Subject Leases. The Monitor is of the view that the limited sealing request is not prejudicial to stakeholders and is appropriate in the circumstances.

5.0 BUSINESS PLAN

5.1 On July 25, 2025, the Potential Lease Purchaser delivered the Business Plan to the Applicants in support of the Applicants’ motion for assignment of the Subject Leases. The

Business Plan contains financial information in respect of the Potential Lease Purchaser's proposed operations of a full-line department store under the "Ruby Liu" banner. A copy of the Business Plan is attached as "Exhibit A" to the Liu Affidavit.

5.2 As set out in the Liu Affidavit, Ms. Liu and the Potential Lease Purchaser have committed to the following in respect of the Business Plan: (a) Ms. Liu and her related companies have committed to invest \$375 million in equity capital in the Potential Lease Purchaser to complete the CW Transactions and to fund the launch of operations⁹; (b) the Potential Lease Purchaser commits to assuming the Subject Leases "as is, where is" and to comply with all terms and conditions; (c) the Potential Lease Purchaser will invest approximately \$120 million in store repairs and renovations; (d) the Potential Lease Purchaser will make an initial inventory investment of approximately \$135 million; (e) the Potential Lease Purchaser proposes to hire 1,800 employees at various levels, and plans to prioritize former Hudson's Bay employees; (f) the Potential Lease Purchaser intends to launch three different tiers of stores, organized around "Flagship", "Platinum", and "Standard" store formats; and (g) the Potential Lease Purchaser plans to have all locations open within twelve months of receiving building permits.

5.3 The Business Plan included financial forecasts in the form of a pro forma income statement, balance sheet, and cash flow statement (the "**Financial Model**"). A summary of the key assumptions contained in the Business Plan and Financial Model is provided below:

⁹ The Financial Model appears to contemplate \$375 million being injected immediately upon closing of the CW Lease Transactions, with \$50 million being utilized for transaction costs and other contingencies. The Monitor notes that the commitment letter included with the Liu Affidavit is for an aggregate amount of up to \$400 million.

SUMMARY OF THE BUSINESS PLAN AND FINANCIAL MODEL	
(I) Business Plan	
Strategy & Store Formats	<ul style="list-style-type: none"> Operate a full-line department store chain under the ‘Ruby Liu’ banner. All lease obligations are to be assumed on an “as-is, where-is” basis, without modifications to existing lease terms. Stores will operate under three formats: Flagship, Platinum, and Standard.
Store Renovations & Leasehold Improvements	<ul style="list-style-type: none"> Renovation timelines are assumed to vary by format, with Standard/Platinum stores requiring approximately 6 months from receiving building permits, and Flagship stores requiring approximately 12 months from receiving building permits.¹⁰ Approximately \$120 million is budgeted for leasehold improvements, including among other things, upgrades to lighting, ceiling, signage, interior and exterior walls, flooring, HVAC, and security alarms.
Supply Chain & Merchandising	<ul style="list-style-type: none"> Product sourcing is expected to leverage relationships with Hudson’s Bay’s former suppliers alongside new supplier arrangements. Expressions of interest have been received from more than 60 suppliers. J2 Retail Management (“J2”) is expected to provide services, including supplier onboarding, category management, merchandising strategy, in-store execution, and warehousing/logistics.¹¹ No dedicated distribution centres are contemplated; inventory is expected to be delivered directly to stores by vendors or through a third-party logistics/warehouse provider (e.g. J2).
Management	<ul style="list-style-type: none"> The management team is anticipated to include Central Walk leadership from various entities associated with Ms. Liu and the Potential Lease Purchaser, including the Central Walk landlord entities, select former Hudson’s Bay executives, and external hires with retail experience.
(II) Financial Model	
Base Store P&L	<ul style="list-style-type: none"> The store-level income statement (the “Base Store P&L”) is based on a store-by-store roll-up of Hudson’s Bay’s fiscal 2025 forecast results for a 12-month period. The Base Store P&L is integrated into the Financial Model on a phased basis, aligned with estimated renovation timelines and expected opening dates by format; Flagship (6 stores in September 2026), Platinum (7 stores in March 2026), and Standard (12 stores in March 2026).

¹⁰ The Monitor notes that although the Business Plan references the timing of store opening from the date building permits are received, the Financial Model assumes that stores will open within 6 months from closing of the CW Transactions for the Standard/Platinum stores and within 12 months from closing of the CW Transactions for the Flagship Stores.

¹¹ In her cross-examination, Ms. Liu later stated that the Potential Lease Purchaser no longer intends to engage J2. See the Transcript of the Cross-Examination of Weihong (Ruby) Liu dated August 15, 2025 (“**Liu Transcript**”), Pg. 155.

SUMMARY OF THE BUSINESS PLAN AND FINANCIAL MODEL	
	<ul style="list-style-type: none"> • Occupancy costs are assumed to begin immediately on assignment of the Subject Leases in September 2025. • Underlying assumptions include:¹² <ul style="list-style-type: none"> ○ <u>Sales</u>: 3% same-store sales growth compared to actual Hudson’s Bay results during fiscal year 2024 (“FY2024”). ○ <u>Gross Margin</u>: 41.2%, compared to Hudson’s Bay’s actual FY2024 gross margin of 39.8%. ○ <u>Store Payroll</u>: 15.7% of net sales, compared to Hudson’s Bay’s actual FY2024 store payroll costs of 23.7%. ○ <u>Occupancy</u>: base rent, CAM, and property taxes consistent with Hudson’s Bay’s FY2024 costs; no rent escalations or inflation adjustments are included.
Corporate Costs	<ul style="list-style-type: none"> • The Financial Model includes high level run-rate amounts for the following corporate costs. No detailed information is included in the Financial Model to substantiate these run-rate amounts. <ul style="list-style-type: none"> ○ <u>Corporate Payroll</u>: \$6 million annually. ○ <u>Marketing</u>: \$10 million annually. ○ <u>IT</u>: \$3 million annually. ○ <u>Other</u>: \$7 million annually, consisting of professional fees (\$2 million), insurance (\$3 million), and a provision for other corporate costs (\$2 million).
Funding	<ul style="list-style-type: none"> • Net equity injection of \$375 million being injected immediately upon closing of the CW Lease Transactions, with \$50 million being utilized for transaction costs and other contingencies.
Capital Expenditures	<ul style="list-style-type: none"> • Store repair and renovation costs of approximately \$120 million are forecast to be incurred evenly over the 12-month period ending August 2026.
Inventory	<ul style="list-style-type: none"> • Target average owned inventory per store is \$4.5 million, compared to Hudson’s Bay’s average of approximately \$7 million per store based on the benchmark data provided in the Financial Model. • The Financial Model includes approximately \$122 million of inventory purchases between September 2025 to February 2026, in advance of the planned opening of the Platinum and Standard stores in March 2026. The peak inventory balance in the Financial Model is \$135 million.

¹² FY2024 actual results were provided by the Applicants to the Opposing Landlords subsequent to the delivery of the Business Plan.

SUMMARY OF THE BUSINESS PLAN AND FINANCIAL MODEL	
Accounts Payable	<ul style="list-style-type: none">35-day credit terms are assumed for inventory purchases as well as normal-course operating expenses, including utilities, repairs and maintenance, marketing, IT and professional fees.

Monitor's Observations on the Business Plan

5.4 The Monitor notes the following in respect of some of the key components of the Business Plan:

- (a) the Potential Lease Purchaser is a start-up organization with no existing operations, no brand recognition, and no track record as a retail business. In addition, the proposed leadership team includes individuals from affiliated entities who similarly do not have any prior track record in retail operations. While proposals have been made to hire certain former Hudson's Bay executives and managers to support the standing up of operations, those efforts remain incomplete.¹³ The overall lack of experience at the leadership level represents a risk to the operational viability of launching and managing 25 large department stores in the contemplated timeline;
- (b) the Business Plan allocates approximately \$120 million for store repairs, renovations and leasehold improvements across 25 locations. The evidence led by certain of the Opposing Landlords suggests that this budget is low according to independent building assessments conducted by the consultants they retained.¹⁴ If the amount of store repairs and renovation spend proves to be closer to the projections of the

¹³ Transcript of the Cross-Examination of Franco Perugini dated August 14, 2025, Pg. 200, Line 13; Transcript of the Cross-Examination of Lou Ampas dated August 15, 2025, Pg. 97, Lines 2-12.

¹⁴ See, for example, MacLeod Affidavit at para 111; CF Record at Tab 1, Pg. 33.

Opposing Landlords, absent further funding, this would represent a risk to the financial viability of the Business Plan. It should also be noted that the contemplated store repairs and renovation budget nonetheless represents a significant capital investment in these stores that was not previously made by Hudson's Bay;

- (c) the Business Plan assumes that Standard and Platinum stores (19 of the 25 locations) will open within 6 months of lease assignment and that Flagship stores will open within 12 months. In the Monitor's view, the evidence led by the Opposing Landlords¹⁵, including expert evidence¹⁶, raises a risk that these timelines may not be achievable (taking into consideration, for example, the time required for the permitting process, which is not contemplated in the Financial Model). Any delay in store openings would increase the cash funding requirements of the business;
- (d) the Business Plan requires that the Potential Lease Purchaser build out its IT infrastructure and related systems. These various IT systems are critical to the operations of a retail department store and include, among others: point-of-sale ("**POS**"); enterprise resource planning ("**ERP**"); payment service provider ("**PSP**"); and order management system ("**OMS**"). The amount budgeted in the Business Plan of up to \$5 million to address one-time payments related to establishing IT systems has not been allocated to specific vendors, nor does the Business Plan detail the lead times required to implement the IT systems. Any meaningful delays in implementing the IT systems could have cascading effects on the Company's ability to, among other

¹⁵ See, for example, MacLeod Affidavit at para 111; CF Record at Tab 1, Pg. 33.

¹⁶ Affidavit of Sharon Hamilton sworn August 8, 2025 at Exhibit C, Expert Report of Ernst & Young Inc. dated August 8, 2025 paras 16-17; CF Record at Tab 3, Pg. 415. Affidavit of Scott R. Lee sworn August 9, 2025 at Exhibit B, Expert Opinion of Scott R. Lee at Pgs. 46-47; Responding Motion Record of Ivanhoe Cambridge at Pgs. 324-325.

things, procure inventory and open the stores in the timelines contemplated in the Business Plan;

- (e) the Business Plan assumes that the Potential Lease Purchaser will be able to begin issuing purchase orders and secure the requisite inventory needed to support the forecast sales levels. This function was expected to be primarily managed by third-party service provider J2, combined with additional expressions of interest from other potential suppliers. The Opposing Landlords have expressed concern that this plan may not be feasible to fully stock a department store of this size in accordance with the use clause obligations under the Subject Leases.¹⁷ Further, during her cross-examination, Ms. Liu testified that the Potential Lease Purchaser no longer intends to engage J2 to manage the Potential Lease Purchaser's supply chain and logistics functions. The Potential Lease Purchaser identifies no alternative to J2 in its evidence. The Monitor notes that the compressed timeline and scale of inventory ramp-up, and the Potential Lease Purchaser's ability to source adequate inventory (products and assortments consistent with the Business Plan), through its existing inventory procurement plan, represents a risk to the execution of the Business Plan;
- (f) the forecast store operating results are based on same-store sales performance achieved by Hudson's Bay in FY2024, adjusted upward for incremental sales increases of approximately 3%.¹⁸ This assumes that the Potential Lease Purchaser will exceed Hudson's Bay's actual 2024 results. Given the concerns highlighted above,

¹⁷ MacLeod Affidavit at Para 101(h); CF Record at Tab 1, Pg. 31.

¹⁸ Transcript of the Cross-Examination of Sharon Hamilton dated August 18, 2025 at Pg. 110, Lines 20-25, Pg. 111, Lines 1-8.

there is a risk that the forecast results may not be achievable in the contemplated timeline; and

- (g) the Business Plan assumes reduced corporate overhead costs relative to Hudson's Bay's reported corporate overhead costs for FY2024 (\$26.3 million in the forecast for FY2027 vs. \$67.8 million). While the number of stores proposed to be operated by the Potential Lease Purchaser is significantly reduced relative to the number of stores operated by Hudson's Bay (25 versus 96), certain costs incurred by Hudson's Bay would have been fixed in nature and would not decrease proportionate to a reduction in store count. If the corporate overhead costs are materially higher, it would increase the cash funding requirements of the business.

5.5 In the Monitor's view, the observations outlined above should not be considered in isolation. There is risk that meaningful delays in executing on key areas of the Business Plan could have compounding effects. For example, delays in store repairs and renovations and/or in fully implementing the IT systems could impede inventory procurement and delay store openings. These types of execution risks are particularly relevant given the proposed 6-month timeline for opening the majority of the stores.

5.6 The Monitor further notes that the observations above highlight areas of risk that may also impact the Potential Lease Purchaser's required funding levels and business performance; but they do not on their own, in the Monitor's view, preclude the possibility that the Potential Lease Purchaser has the capacity to satisfy the obligations within the meaning of subsection 11.3(3)(b) under the CCAA and may be an appropriate person within the meaning of subsection 11.3(3)(c) of the CCAA. Further, in his cross-examination, Adam

Zalev referred to the forecast model showing a minimum liquidity amount in excess of \$30 million, which could provide a buffer for addressing cash flow shortfalls relative to forecast.¹⁹

6.0 CENTRAL WALK APPROVAL MOTION

Introduction

- 6.1 The Applicants seek approval of the CW Leases Assignment Order, with the support of the Potential Lease Purchaser and Pathlight.
- 6.2 As discussed above, the CW Leases Assignment Order would, among other things: (a) approve the Central Walk APA and the CW Transactions (the “**Sale Approval Relief**”) and assign the Subject Leases to the Potential Lease Purchaser (the “**Lease Assignment Relief**”); and (b) declare that certain provisions in the IC Leases are unenforceable (the “**IC Lease Relief**”).
- 6.3 The views of the interested parties and the Monitor on the relief sought follows below. The positions of the parties are summarized by the Monitor at a high-level, and the below should be read in conjunction with the materials filed with the Court.

Sale Approval – Generally

- 6.4 On a motion for disposition of assets outside of the ordinary course of business, subsection 36(3) of the CCAA sets out the following non-exhaustive list of factors for consideration:

¹⁹ Transcript of the Cross-Examination of Adam Zalev dated August 14, 2025 at Pgs. 151-158.

(3) In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process leading to the proposed sale or disposition;

(c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

6.5 These factors overlap with the well-known *Soundair* factors that are also considered on such a motion. The *Soundair* factors consider, among other things, the interests of all parties and the efficacy and integrity of the process by which offers were obtained, including whether there was any unfairness in the process.

Lease Assignment – Generally

6.6 On a motion for assignment of an agreement, subsection 11.3(3) of the CCAA sets out the following non-exhaustive list of factors for consideration:

(3) In deciding whether to make the order, the court is to consider, among other things,

(a) whether the monitor approved the proposed assignment;

(b) whether the person to whom the rights and obligations are to be assigned would be able to perform the obligations; and

(c) whether it would be appropriate to assign the rights and obligations to that person.

- 6.7 Pursuant to subsection 11.3(4), the Court must also be satisfied that all monetary defaults in relation to the agreement, other than those arising by reason only of the company's insolvency, the commencement of proceedings under the CCAA, or the company's failure to perform a non-monetary obligation, will be remedied on or before the day fixed by the Court.
- 6.8 The Monitor is informed by its counsel that inherent in both subsections 11.3(3)(b) and (c) is a reasonableness threshold.
- 6.9 The Monitor is informed by its counsel that under subsection 11.3(3)(b), while a guarantee of meeting obligations is not required, the evidence on such a motion should demonstrate, on a reasonableness standard, that the proposed assignee can meet the financial obligations and other obligations such as "use" clauses, which may depending on the context require considerations relating to financial capacity, business plans, and industry experience of the proposed assignee or persons they have retained.
- 6.10 The Monitor is informed by its counsel that under subsection 11.3(3)(c), courts will consider the benefits of the proposed assignment in light of the policy objectives of the CCAA, examining whether the assignment furthers the CCAA process and treats stakeholders equitably. The potential impact of the assignment, or lack thereof, is to be considered, as well as impact on stakeholders, including in this case the Opposing Landlords.

Lease Assignment Relief – Applicants’ and Potential Lease Purchaser’s Motion Materials

- 6.11 The Applicants and the Potential Lease Purchaser support the Central Walk APA and the CW Transactions contemplated therein being approved and the Subject Leases being assigned to the Potential Lease Purchaser.
- 6.12 The Applicants and the Potential Lease Purchaser are of the view that the CW Transactions will generate significant benefits and create meaningful value for the Applicants and their stakeholders. They submit that it is in the best interests of the Applicants and their stakeholders that the CW Leases Assignment Order be granted. In their materials, the Applicants and the Potential Lease Purchaser submit that the following points favour the approval of the Central Walk APA and the assignment of the Subject Leases in connection therewith:
- (a) the Central Walk APA contemplates a Purchase Price of \$69 million and, if completed, the CW Transactions will result in a recovery of approximately \$50 million for the Applicants’ creditors;
 - (b) entities related to the Potential Lease Purchaser are landlords in the Canadian real estate industry, and although it does not have direct experience operating a retail business, its affiliates have extensive experience improving the retail experience at its three shopping centres;
 - (c) the Potential Lease Purchaser has proposed to hire certain of Hudson’s Bay’s former senior management, which will assist with launching the Potential Lease Purchaser’s new brand;

- (d) the Potential Lease Purchaser has indicated that it anticipates hiring approximately 1,800 employees, and that it will hire former Hudson's Bay employees wherever possible;
- (e) subject to the IC Lease Relief, the Potential Lease Purchaser has committed to assuming the Subject Leases on an "as-is, where is" basis and complying with the terms, use provisions, and obligations thereunder;
- (f) Ms. Liu has committed to capitalizing, through certain related entities, the Potential Lease Purchaser with an initial equity investment of \$375 million (and has advised she will invest further funds if necessary), of which approximately \$120 million will be utilized on repairs and renovations;
- (g) the Potential Lease Purchaser was in advanced discussions with various suppliers, and J2, a leading Canadian merchandising expert, which confirmed sufficient inventory is available to supplement inventory for all 25 department store locations;²⁰
- (h) the pro forma financial statements for the first two years subsequent to the CW Lease Transactions closing are reasonable and conservative;
- (i) immediately following closing of the CW Transactions, the Potential Lease Purchaser will start paying all rent, common area maintenance charges, property taxes, and any related charges in respect of the Subject Leases;

²⁰ As noted above, Ms. Liu has since indicated that the Potential Lease Purchaser no longer intends to engage J2.

- (j) the Potential Lease Purchaser anticipates that its stores will be ready to open on a rolling basis between six and twelve months following closing of the CW Transactions, which will result in the reopening of 25 stores, creating wide-ranging positive ripple effects in the economies of each mall; and
- (k) the only alternative to the approval of the CW Transactions will be the disclaimer of the 25 Subject Leases, which would likely result in several years (or longer) of many of such stores remaining “dark” or unoccupied.

6.13 In their reply materials, the Applicants and the Potential Lease Purchaser assert that the value to the Landlords of the Subject Leases lie in redevelopment opportunities, and highlight that none of the Opposing Landlords submitted a bid for the Subject Leases in the Lease Monetization Process.

6.14 The Applicants replied to various points raised by the Opposing Landlords regarding forecast revenues and spending (among other things), including in the Expert Reports, and emphasized that the figures provided were reasonable and defensible. The Applicants also noted that despite the complaints of the Opposing Landlords, the repair budget is significantly higher than what could have been achieved with Hudson’s Bay remaining as tenant.

6.15 Ms. Liu also submitted in the Liu Affidavit that the Opposing Landlords attempt to cast their concerns as fact, and emphasized that the Potential Lease Purchaser will abide by the terms of the Subject Leases. Specifically, Ms. Liu advised that her previous statements – which suggested an intention not to comply with the use clauses in the Subject Leases – were made prior to her undertaking diligence in respect of the lease terms.

Lease Assignment Relief – Objecting Landlord Materials

- 6.16 The Opposing Landlords strongly oppose the assignment of the Subject Leases to the Potential Lease Purchaser. The Opposing Landlords led evidence from senior management at the respective Opposing Landlord entities, as well as the two Expert Reports.
- 6.17 The Opposing Landlords emphasize that the Subject Leases are for significant premises within the malls in which Hudson's Bay was the "anchor tenant". The evidence filed by the Opposing Landlords stress the importance of an anchor tenant in a shopping mall, including that an anchor tenant shapes the shopping centre's identity. They assert, among other things, that anchor tenants assist overall mall stability and traffic and attract desirable co-tenants, and that a change in the business of an anchor tenant can cause widespread negative effects.
- 6.18 The Opposing Landlords also emphasize that the Subject Leases contain use clauses that the lessee will operate a "department store" or a "first class department store", and that a change to a tenant that is not a department store could erode the shopping mall's brand and identity.
- 6.19 The Opposing Landlords submit, among other things, that the Potential Lease Purchaser cannot perform the obligations under the Subject Leases and is not an appropriate person to assume the Subject Leases. In the affidavits filed by the senior management of the Opposing Landlords, the Opposing Landlords submit that the following factors, among others, provide a basis for their objection to the Lease Assignment Relief:

- (a) it is unprecedented and unrealistic for a start-up business to immediately launch a retail business of this scale in Canada in the timeline proposed by the Potential Lease Purchaser;
- (b) Ms. Liu and the Potential Lease Purchaser lack credibility, as evidenced by their conduct in meetings with the landlords (including as described in the July 5 Letter) and their many media appearances in which they described a business plan significantly at odds with the Hudson's Bay model and the Business Plan ultimately delivered on July 29, 2025;
- (c) the management team assembled by the Potential Lease Purchaser lacks relevant retail experience, key positions in the Business Plan remain vacant, and the overall staffing projections are insufficient for a business of the size the Potential Lease Purchaser will need to operate in the Subject Leases;
- (d) the Business Plan is not sufficiently developed or realistic, and does not present a clear concept for a go-forward business;
- (e) the Potential Lease Purchaser has significantly underestimated the capital required to launch a department store and the initial costs that it would be required to incur under the Subject Leases, including the costs required to complete various repairs and renovations;
- (f) at the time the Opposing Landlords' materials were filed, there was no third-party guarantee provided in respect of the Potential Lease Purchaser's obligations under the Subject Leases;

- (g) the Potential Lease Purchaser will fail to meet several lease clauses, including financial covenants, permitted use clauses, and clauses dealing with obligations for repairs, restrictions on subleasing, and continuous operations; and
- (h) there is a significant risk that the Potential Lease Purchaser will be insolvent in the near term.

6.20 As noted above, in addition to the various affidavits filed by senior management of the Opposing Landlords, the Opposing Landlords filed two Expert Reports: the Lee Report and the EY Report. A brief summary of the conclusions of each follows below. A more detailed summary of the Lee Report and the EY Report prepared by the Monitor is included at **Appendix “C”**.

6.21 Ivanhoe filed the Lee Report in support of the Opposing Landlords’ opposition to the Lease Assignment Relief. Scott R. Lee, a Managing Director at Revesco Properties Ltd. with over 35 years of specialized experience, prepared the Lee Report. As set out therein, based on his review of the Business Plan and supporting materials submitted by the Proposed Lease Purchaser, Mr. Lee is of the view that the retail concept proposed by the Proposed Lease Purchaser is not viable in its current form and carries a high likelihood of failure if implemented as described.

6.22 Cadillac Fairview filed the EY Report in support of the Opposing Landlords’ opposition to the Lease Assignment Relief. The EY Report was authored by Sharon Hamilton, President of Ernst & Young Inc. and a Chartered Professional Accountant, Chartered Insolvency and Restructuring Professional and Licensed Insolvency Trustee with over 30 years of experience in transaction advisory services. The EY Report, which assumes a 28-store

chain (including the three leases acquired by the Potential Lease Purchaser in connection with the Affiliate Lease Transaction) finds that the estimated costs to store opening presented in the financial model prepared by the Potential Lease Purchaser are unrealistic, and projects substantially higher actual expenses. Further, it finds the Business Plan overlooks the complexity and costs of launching a 28-department store chain as a start-up and provides a timeline for opening stores that is deemed unreasonable. Additionally, the EY Report finds that the anticipated financial outcomes appear overly optimistic, particularly when compared to the experiences of other retailers such as Hudson's Bay. Finally, the EY Report concludes that the equity commitment of \$375 million by Ms. Liu is not sufficient to support the Potential Lease Purchaser until it achieves positive cash flow.

Lease Assignment Relief – Conclusions of the Opposing Landlords

- 6.23 The Opposing Landlords emphasize that they would in no circumstances consensually choose the Potential Lease Purchaser as a tenant of the Subject Leases. They submit that they will suffer material prejudice if the Lease Assignment Relief is granted, and that the assignments will result in, among other things: depressed rents and property values; difficulty attracting and retaining quality tenants; potentially significant financial exposure and legal fees in the event of tenant defaults; potentially significant spending to repair damage to premises; and overall damage to the long-term health and reputation of the affected shopping centres. The Opposing Landlords are of the view that it would be less prejudicial to have the Subject Leases remain without a tenant for the time being than it would be to take on the Potential Lease Purchaser as a tenant.

Lease Assignment Relief – Monitor-Specific Issues Arising from Cross-Examinations

- 6.24 As noted above, cross-examinations were conducted of various individuals on August 14, 15, and 18, 2025. The transcripts from those examinations will be compiled into a compendium and made available on the Case Website in due course. While the Monitor does not intend to summarize or comment generally on the cross-examinations, the Monitor wishes to comment on certain statements made during the cross-examinations that relate specifically to the Monitor.
- 6.25 During the cross-examination of Ms. Liu on August 15, 2025, Ms. Liu gave evidence that she received assistance from the Monitor in preparing the Central Walk Phase II Qualified Bid, dated May 1, 2025 (the “**May 1 Bid**”).²¹ However, later in her examinations Ms. Liu suggested that she was referring to the Business Plan when she gave that evidence.²²
- 6.26 For clarity, the Monitor did not provide any assistance to Ms. Liu or the Potential Lease Purchaser in preparing the May 1 Bid or the Business Plan.
- 6.27 During the cross-examination of Adam Zalev on August 14, 2025, Mr. Zalev referred to an excel spreadsheet (the “**Security Position Analysis**”) that was sent by Reflect Advisors, LLC to the FILO Agent on May 23, 2025.²³ The Security Position Analysis projected that the FILO Lenders would be paid out in full (absent the Make-Whole (as defined in the Sixth Report)) by mid-June, 2025. Mr. Zalev gave evidence that he believed the Security

²¹ Transcript of the Cross-Examination of Ms. Liu, Pg. 92, Lines 8-23.

²² Transcript of the Cross-Examination of Ms. Liu, Pgs. 96-97.

²³ Transcript of the Cross Examination of Adam Zalev dated August 14, 2025 at p. 189, lines 23-25; Pg. 190, Lines 1-2.

Position Analysis was shown to the Monitor for its input before or at the time it was shared with the FILO Agent.²⁴

6.28 For clarity, the Monitor did not review or provide input on the Security Position Analysis before it was sent to the FILO Agent on May 23, 2025.

6.29 During the examination of Franco Perugini on August 14, 2021, Mr. Perugini gave evidence that could be taken to suggest Hudson's Bay had the support of the Monitor in deciding on July 8, 2025 to proceed with the Central Walk APA and related transactions.²⁵

6.30 For clarity, the Monitor did not communicate to the Applicant between July 5 and July 8, 2025 that it supported proceeding with the Central Walk APA and related transactions.

Sale Approval Relief – Views of the Monitor

6.31 In light of the Monitor's views on the Lease Assignment Relief below, the Monitor's views on the Sale Approval Relief are intentionally brief.

6.32 As noted above, the Court will have to consider, among other things, the factors set out in section 36 of the CCAA.

6.33 In respect of those factors, the Monitor approved the Lease Monetization Process leading to the Central Walk APA, which the Monitor believes was a thorough and rigorous sale process. The Lease Monetization Process was approved by the Court after significant negotiations with and input from various stakeholders, including many of the Opposing

²⁴ Transcript of the Cross Examination of Adam Zalev dated August 14, 2025 at Pg. 189, Lines 23-25; Pg. 190, Lines 1-2.

²⁵ Transcript of the Cross-Examination of Franco Perugini dated August 14, 2025, at Pgs. 184-187

Landlords. The Central Walk APA is the only option before the Court stemming from the Lease Monetization Process, and the Central Walk APA would provide approximately \$50 million of value for the Applicants and their stakeholders, which would be more beneficial than a sale or disposition under a bankruptcy (where it is assumed that the Subject Leases would be disclaimed with no consideration to the estate). The Monitor also believes the total consideration provided for in the Central Walk APA is fair and reasonable in the circumstances.

- 6.34 Under the non-exhaustive list of factors set out above, the Monitor would support the Sale Approval Relief, but for its view in respect of the Lease Assignment Relief which is necessarily integrated with the Sale Approval Relief.

Lease Assignment Relief – Views of the Monitor

- 6.35 In consideration of the evidence presented on this motion, and the relevant factors to be considered with respect to the Lease Assignment Relief as set out above, the Monitor does not approve the Lease Assignment Relief pursuant to subsection 11.3(3)(a) of the CCAA. In coming to this view, the Monitor has taken into consideration the factors relevant under subsections 11.3(3)(b) and (c), as noted above, and discussed further below. For greater certainty, the Monitor is not purporting to form a legal conclusion in respect of subsections 11.3(3)(b) or (c).
- 6.36 In reaching its conclusion, the Monitor is aware that no one factor in subsection 11.3(3) of the CCAA is determinative, including the recommendation of the Monitor. The Monitor also acknowledges that there is limited caselaw considering subsection 11.3(3) of the CCAA, and that the Court may consider other factors than those considered by the Monitor.

- 6.37 The Monitor notes that the Lease Assignment Relief is unique in the circumstances given that: (a) the Subject Leases are not being assigned as part of a broader acquisition of a business (in this case, aside from the Subject Leases and related FF&E, there are no assets being acquired); and (b) the Potential Lease Purchaser is not an established business with a track record of sustained operations.
- 6.38 The Monitor first considered whether, as contemplated under subsection 11.3(3)(b) of the CCAA, the Potential Lease Purchaser would be able to perform the obligations under the Subject Leases. In the Monitor's view, there is a reasonable evidentiary basis to conclude that the Potential Lease Purchaser would be able to meet the *financial* obligations under the Subject Leases on a reasonableness standard. However, the Monitor believes there are credible concerns about the Potential Lease Purchaser's ability to satisfy the non-monetary obligations under the Subject Leases, as discussed further below.
- 6.39 With respect to the ability to meet the financial obligations:
- (a) Ms. Liu and certain entities controlled by Ms. Liu have provided the Potential Lease Purchaser an equity commitment of \$375 million²⁶ and provided evidence of liquid holdings in Canada.²⁷ The Potential Lease Purchaser committed approximately \$120 million to improve the leased premises after assignment²⁸ and committed to pay the cure costs. In her reply affidavit, Ms. Liu also indicated she is prepared to provide the Guarantee for the rent obligations under the Subject Leases for a period of one year

²⁶ Affidavit of Weihong (Ruby) Liu sworn July 29, 2025 at Exhibit C ("**Liu Affidavit**"); Motion Record of Ruby Liu Commercial Investment Corp. dated July 29, 2025 ("**RLCI Record**") at Tab 1C, Pg. 185.

²⁷ Liu Affidavit at Exhibit D; RLCI Record at Tab 1D, Pg. 189.

²⁸ Liu Affidavit at Para 40; RLCI Record at Tab 1.

following closing.²⁹ The Applicants have also presented evidence of the extensive financial resources committed by the Potential Lease Purchaser;³⁰

- (b) the Opposing Landlords presented evidence that the cost estimates provided by the Potential Lease Purchaser were materially understated, including as described above in the Expert Reports;
- (c) the Applicants provided evidence in response to these submissions indicating, among other things, improper comparisons used in the Expert Reports, further information on the financial forecasts, and evidence that the Potential Lease Purchaser has the financial wherewithal to support the business;³¹
- (d) during the cross-examination of Ruby Liu on August 15, 2015, testimony was given in respect of certain additional related party loans and, separately, mortgages on properties of affiliates of the Potential Lease Purchaser that were not disclosed in the Liu Affidavit or Liu Reply Affidavit.³² During this cross-examination, there appeared to be some confusion on Ms. Liu's part regarding the existence of the equity commitment, and which entity was the beneficiary of the equity commitment.³³ There

²⁹ Affidavit of Weihong (Ruby) Liu sworn August 12, 2025 at Exhibit B ("**Liu Reply Affidavit**"); Reply Motion Record of Ruby Liu Commercial Investment Corp. dated August 12, 2025 at Tab 1B ("**RLCI Reply Record**").

³⁰ Affidavit of Franco Perugini sworn July 29, 2025 at Para 20 ("**Perugini Affidavit**"); Motion Record of the Applicants dated July 29, 2025 ("**Applicants' Record**") at Tab 2.

³¹ Affidavit of Adam Zalev sworn August 12, 2025 ("**Zalev Reply Affidavit**"); Reply Motion Record of the Applicants dated August 12, 2025 at Tab 4.

³² Liu Transcript, Pg. 35, Line 23; Pg. 38, Lines 2-3.

³³ Liu Transcript, Pgs. 79-83. On August 20, 2025, counsel for the Potential Lease Purchaser sent a letter to the Monitor's counsel. In that letter, counsel for the Potential Lease Purchaser identified a drafting error in the form of equity commitment provided by Ms. Liu and certain of her affiliated companies to the Potential Lease Purchaser and advised that counsel had delivered a revised form of equity commitment to the Applicants. A copy of the August 20, 2025 letter is attached as **Appendix "D"**.

also appeared to be some confusion on Ms. Liu's part regarding the structure of her companies³⁴ and she disputed certain aspects of the audited financial statements for Central Walk Mayfair Shopping Centre;³⁵ and

- (e) the Monitor is informed by its counsel that the caselaw provides that the Opposing Landlords are not entitled to a financial guarantee under subsection 11.3(3)(b) of the CCAA, but rather it must be considered whether there is a reasonable assurance the Potential Lease Purchaser will meet the financial obligations. There is no legal requirement to show that the new business will be able to operate and comply with the financial obligations indefinitely. On balance, the Monitor views there as being a reasonable basis upon which the Potential Lease Purchaser can meet the financial obligations in respect of the Subject Leases.

6.40 With respect to the ability to perform the other obligations under the Subject Leases:

- (a) the Potential Lease Purchaser presented evidence of the Business Plan within its materials, and also states that the business will be built in compliance with the use clauses and other provisions of the Subject Leases.³⁶ The Potential Lease Purchaser initially indicated that it has a proposal from J2 confirming it has sufficient inventory to support the Business Plan and to provide logistics support;³⁷

³⁴ Liu Transcript, Pgs. 33-37, 62-64, 85-87.

³⁵ Liu Transcript, Pgs. 28-29. See also the letter from counsel to the Potential Lease Purchaser dated August 20, 2025 at Appendix "D" hereto.

³⁶ Liu Affidavit at Paras 36-39, RLCI Record at Tab 1.

³⁷ Liu Affidavit at Para 45, RLCI Record at Tab 1.

- (b) the Potential Lease Purchaser provided evidence of its affiliates' experience with the Central Walk malls, including experience with renovations and relationships with major retailers.³⁸ The Potential Lease Purchaser also provided evidence that it had discussions with certain individuals that had experience at the Company regarding go-forward roles with the proposed business.³⁹ However, the Potential Lease Purchaser has not provided evidence that any of these individuals have yet been hired;
- (c) in support of the Lease Assignment Relief, the Applicants indicated that while the Potential Lease Purchaser may not have direct experience operating retail businesses, it has experience improving the retail experience at its shopping centres and has committed to hiring a team with the experience required to operate a retail business including former employees of the Company;⁴⁰
- (d) while the above stated evidence may present a reasonable assurance of compliance with the obligations in respect of the Subject Leases, the cross-examination of Ms. Liu subsequently raised concerns with respect to these assurances:
 - (i) while Ms. Liu testified that she was actively involved in preparing the Business Plan, she also testified that she does not speak English and that it was not translated into Mandarin until shortly before her cross-examination.⁴¹ This reasonably raises concerns as to Ms. Liu's involvement and understanding of the Business Plan upon which the proposed CW

³⁸ Liu Affidavit at Paras 56-66, RLCI Record at Tab 1.

³⁹ Liu Affidavit at Paras 49-52, RLCI Record at Tab 1.

⁴⁰ Perugini Affidavit at Para 18; Applicants' Record at Tab 2.

⁴¹ Liu Transcript, Pgs. 119-121.

Transactions are premised;

- (ii) while the evidence of the Potential Lease Purchaser suggested that it had agreed to retain individuals with institutional experience, Ms. Liu testified during her cross-examination that the Potential Lease Purchaser had not entered into contracts with these individuals and that she has had limited interactions with them.⁴² In addition, Ms. Liu also indicated that she retained Wayne Drummond as a consultant, but for only two days and that he would not be involved in the Potential Lease Purchaser's operations;⁴³ and
- (iii) while the evidence of the Potential Lease Purchaser indicated that discussions were continuing with J2, and that J2 would be able to provide the requisite inventory and logistics supports for the Subject Leases, the cross-examination of Ms. Liu indicated that the Potential Lease Purchaser will not be using J2 (and no alternative was identified in the evidence);⁴⁴
- (e) the Lee Report also raises concerns about the ability of the Potential Lease Purchaser to execute on the Business Plan in light of, among other things, the lack of retail experience and brand identity;
- (f) without: (i) a track record of retail operations, and without the firm commitment of a team with that experience; and (ii) a demonstrated inventory procurement plan, the Monitor is concerned that there is a material risk that the Potential Lease Purchaser

⁴² Liu Transcript, Pg. 130-134.

⁴³ Liu Transcript, pg. 114-116.

⁴⁴ Liu Transcript, pg. 155.

may be unable to execute on the Business Plan and thereby comply with all obligations under the Subject Leases, including the use clauses as detailed by the Opposing Landlords. In coming to this view, the Monitor notes that the Subject Leases are unique “anchor tenant” leases that contain additional requirements and considerations that may be taken into account in this situation; and

- (g) the Monitor also notes the concerns raised by the Opposing Landlords with respect to Ms. Liu directly writing to the Court after being told not to do so,⁴⁵ the July 5 Letter in respect of potential breaches of the Central Walk APA, lack of preparation for the Initial Landlord Meetings and the prior public statements made by Ms. Liu with respect to her intentions for the Subject Leases which are inconsistent with the use clauses (while acknowledging that Ms. Liu indicated in her affidavit that these statements were made prior to conducting diligence on the Subject Leases).⁴⁶

6.41 The Monitor also considered whether, as contemplated under subsection 11.3(3)(c) of the CCAA, it would be appropriate to assign the Subject Leases to the Potential Lease Purchaser. The Monitor recognizes the significant benefit to the Applicants, their stakeholders (including the Opposing Landlords) and their creditors of the Sale Approval and Lease Assignment Relief, including:

- (a) the recovery of approximately \$50 million for the Applicants’ creditors, and additional consideration of approximately \$680,000 from the sale of FF&E (along

⁴⁵ Liu Transcript, Pg. 112.

⁴⁶ MacLeod Affidavit at Exhibit T; CF Record at Tab 1, Pg. 253.

with the avoidance of incurring FF&E removal costs that would be incurred if the Subject Leases were otherwise disclaimed);

- (b) potential employment for up to 1,800 individuals directly by the Potential Lease Purchaser, and additional indirect employment opportunities for suppliers and lenders;
- (c) the payment of cure costs, the immediate and ongoing payment of rent, guaranteed for one year, the payment of property taxes and related charges, and repairs and renovations for the Subject Leases in the amount of approximately \$120 million; and
- (d) there is no alternative to the Sale Approval and Lease Assignment Relief that would provide material value to the Applicants and their stakeholders. Without the Lease Assignment Relief, the Subject Leases are expected to be disclaimed back to the Opposing Landlords for no consideration, and the properties may remain vacant for a significant period of time.⁴⁷ The Monitor also notes the evidence presented by the Applicants that the Opposing Landlords would obtain significant value through the disclaimer or termination of the Subject Leases as a result of redevelopment opportunities and that the Opposing Landlords did not choose to participate in the Lease Monetization Process.⁴⁸

⁴⁷ Perugini Affidavit at paras 26-30; Applicants' Record at Tab 2.

⁴⁸ Affidavit of Franco Perugini sworn August 12, 2025 at paras 5-15; Reply Motion Record of the Applicants dated August 12, 2025 at Tab 2.

- 6.42 If the Sale Approval Relief and Lease Assignment Relief is not approved, the Applicants and their creditors will suffer material prejudice – as they would recover nothing, rather than approximately \$50 million, for the Subject Leases.
- 6.43 In contrast, if the Sale Approval Relief and Lease Assignment Relief is approved, it is not clear that the Opposing Landlords will suffer material prejudice. If the CW Transactions are completed, the Opposing Landlords will continue to receive rent and will see funds invested for repairs and renovations. Further, the Opposing Landlords will retain the same rights of termination under the Subject Leases that they bargained for with the Applicants, such that they can terminate if the Proposed Lease Purchaser breaches the terms of the Subject Leases. Finally, if the Potential Lease Purchaser ultimately becomes insolvent, the Opposing Landlords would be in the same position they are in today – as noted above, the Opposing Landlords cannot expect to improve their position through the lease assignments.
- 6.44 However, the Monitor acknowledges the potential impacts (or prejudice) on the Opposing Landlords should the Lease Assignment Relief be granted and the Potential Lease Purchaser is unable to comply with the obligations under the Subject Leases and execute on the Business Plan (which, as noted above, the Monitor believes there is a risk of):
- (a) many of the Subject Leases have very long terms remaining (after considering renewals),⁴⁹ which could potentially increase any prejudicial impacts on the Opposing Landlords;

⁴⁹ See, for example, Affidavit of Theresa Warnaar sworn August 9, 2025 at Para 23; Responding Motion Record of KingSett Capital Inc., Tab 1, Pg. 47.

- (b) the Subject Leases are “anchor tenant” leases in larger shopping malls, which the Opposing Landlords submit, among other things, reflect the unique bargaining power and strategic value and importance of an anchor tenant and require considerations of the other tenants in the mall. However, the Monitor notes that reasonable doubts were raised about the importance of an anchor tenant in a current mall through the examinations of the Opposing Landlords’ affiants;
- (c) as noted above, the evidence raises reasonable concerns with respect to the Business Plan and the Potential Lease Purchaser’s ability to execute same; and
- (d) the Monitor notes that landlords for 24 of the 25 Subject Leases are opposing the Lease Assignment Relief. While not determinative, the near unanimous opposition to the Lease Assignment Relief is notable.

6.45 In consideration of all of the foregoing, and recognizing that no one factor is determinative, the Monitor does not approve the Lease Assignment Relief pursuant to subsection 11.3(3)(a) of the CCAA because, among other things:

- (a) the Potential Lease Purchaser is a start-up with no retail operating experience, no infrastructure, and no personnel with retail operating experience definitively in place to support the scale of operations that would be necessary to comply with all obligations under the Subject Leases;
- (b) the Subject Leases are generally long-term (including renewals) and, on their face, have unique “anchor tenant” provisions;

- (c) there are credible and reasonable concerns with respect to the Business Plan and the Potential Lease Purchaser's ability to execute same;
- (d) there are credible and reasonable concerns raised with respect to Ms. Liu's conduct since the time the Central Walk APA was entered into; and
- (e) there is near unanimous opposition to the Lease Assignment Relief by the Landlords of the Subject Leases.

IC Lease Relief

- 6.46 The Applicants seek a declaration that the IC leases should be assigned to Central Walk without the impugned portions of sections 3.05 and 3.05(A) of the IC Leases on the basis that they are invalid and unenforceable as *ipso facto* clauses (which the Monitor understands to be clauses that are found to violate the common law anti-deprivation rule) and pursuant to section 34 of the CCAA. The proposed IC Lease Relief is set out in section 10 of the draft Order within the Applicants' motion record.
- 6.47 The impugned portions of sections 3.05 and 3.05(A) (the "**Impugned Provisions**") provide, in part:

Tenant and Landlord hereby agree that if at November 13, 2028 (the "Original Lease Reinstatement Date") no Event (as such term is hereinafter defined) has occurred or is continuing, and there is not then any default occurring of the Tenant's obligations under this Lease, failing which this provision shall not apply and be null and void..., then the parties shall execute and deliver to one another the Reinstated Original Lease...

"Event" means the occurrence of any of the following:

- (1) Tenant (or any of its affiliates) defaulting under any of its monetary obligations (beyond any applicable cure period) under this Lease or any HBC IC Lease (as hereinafter defined); or

(2) Tenant (a) is insolvent, (b) has committed an act of bankruptcy, and/or (c) has become bankrupt.⁵⁰

6.48 As such, based on a plain reading of the above provision, if an “Event” occurs as defined above prior to November 13, 2028, the provision would become null and void, and the Tenant would no longer have the option to revert back to the Reinstated Original Lease. The evidence presented by the Applicants indicates that the Reinstated Original Lease has material benefits to the Tenant. As stated in the affidavit of Franco Perugini, sworn July 29, 2025, on behalf of the Applicants, the Reinstated Original Leases have substantially more value than the current leases.⁵¹

6.49 Both the Applicants and Ivanhoe have briefed this issue and, as noted above, the second Ivanhoe record provides the basis for Ivanhoe’s opposition to the IC Lease Relief. Among other things, the affidavit of Charles Saint-Pierre, sworn August 9, 2025, submitted on behalf of Ivanhoe, explains how the Impugned Provisions are part of a larger contractual arrangement between Ivanhoe and HBC.

6.50 While the Applicants and Ivanhoe have provided the background and context for the Impugned Provisions within their materials on this motion, in the Monitor’s view, the basis for the IC Lease Relief turns more specifically on the effect of the Impugned Provisions themselves, rather than the background for those provisions. The two grounds presented by the Applicants for the IC Lease Relief are considered in turn below.

⁵⁰ Affidavit of Charles Saint-Pierre sworn August 9, 2025 at Exhibit P; Responding Motion Record of Ivanhoe Cambridge Inc. (IC Lease Issue) dated August 9, 2025 at Pg. 1148.

⁵¹ Perugini Affidavit at Para 57; Applicants’ Record at Tab 2.

The Common Law Anti-Deprivation Rule

- 6.51 The Monitor is informed by its counsel that the most recent pronouncement from the Supreme Court of Canada on this issue provides that the anti-deprivation rule is an effects-based test, not a purpose or intention-based test.⁵² In other words, the Monitor understands that the intention behind the Impugned Provisions is not relevant for purposes of the anti-deprivation rule; rather, the relevant considerations for application of the anti-deprivation rule are: (a) the trigger for the Impugned Provisions; and (b) the effect of the Impugned Provisions.
- 6.52 With respect to the trigger, the Monitor is informed by its counsel that for purposes of the anti-deprivation rule, a key consideration is whether the clause at issue is triggered by bankruptcy or insolvency. The definition of “Event” in the Impugned Provisions is comprised of bankruptcy or insolvency or, separately, a default of monetary obligations beyond the cure period. In this respect, the Monitor notes that the affidavit of Charles Saint-Pierre, sworn August 9, 2025, submitted on behalf of Ivanhoe, states that the CCAA “application appears to have been made well after HBC was unable to meet its obligations as they become due” under the applicable IC Leases. However, if the IC Lease Relief is sought as a result of the triggering of the Impugned Provisions based on bankruptcy or insolvency, then it would appear to fall within the parameters of the common law anti-deprivation rule.
- 6.53 With respect to the effect of the Impugned Provisions, the Monitor is informed by its counsel that the key consideration is whether the effect of the clause is to remove value

⁵² *Chandos Construction Ltd. v. Deloitte Restructuring Inc.*, 2020 SCC 25.

from what would otherwise be available to stakeholders. As noted above, the Applicants' evidence, as well as certain of the evidence presented through cross-examinations, supports that there is value to the ability to revert to the Reinstated Original Lease and therefore, the Applicants' materials support that value would be lost if that provision was removed.

- 6.54 The Monitor further notes that the fact the Potential Lease Purchaser is not willing to accept the IC Leases without the IC Lease Relief is demonstrative of value; as noted in the Chart above, there is an increased value attributable to the IC Leases without the Impugned Provisions.

Section 34 of the CCAA

- 6.55 The relevant provisions of section 34 of the CCAA provide:

34 (1) No person may terminate or amend, or claim an accelerated payment or forfeiture of the term under, any agreement, including a security agreement, with a debtor company by reason only that proceedings commenced under this Act or that the company is insolvent.

(2) If the agreement referred to in subsection (1) is a lease, the lessor may not terminate or amend the lease by reason only that proceedings commenced under this Act, that the company is insolvent or that the company has not paid rent in respect of any period before the commencement of those proceedings.

...

(5) Any provision in an agreement that has the effect of providing for, or permitting, anything that, in substance, is contrary to this section is of no force or effect.

...

- 6.56 Based on a plain reading of this provision, a landlord cannot amend its leases by reason only of insolvency or the lack of payment of rent prior to commencement of the CCAA Proceedings. The trigger under section 34 of the CCAA is not limited solely to insolvency.

6.57 The excerpt from section 3.05(A) set out above provides that the Impugned Provision becomes null and void if an “Event” occurs. An Event includes both default of monetary obligations and insolvency. Therefore, to the extent that the effect of a provision becoming null and void is viewed as an amendment to the lease as contemplated in section 34 above, the Monitor believes a plain reading of section 34 would indicate it captures the Impugned Provisions.

7.0 FILO MOTION

7.1 The FILO Agent previously brought a motion seeking the Expanded Powers Order on July 15, 2025. The Monitor’s Sixth Report dated July 14, 2025 discussed the relief sought and provided the Monitor’s views in respect thereof at Section 5. The background on that motion and those views are not repeated herein. A copy of the Sixth Report (without schedules and appendices) is attached hereto as **Appendix “E”**.

7.2 As discussed above, the relief sought by the FILO Agent was adjourned by the Court, and the FILO Agent has since filed the Amended Notice of Motion and the Fredericks Reply Affidavit. The Fredericks Reply Affidavit clarifies that the FILO Agent is not taking a position on the approval of the CW Leases Assignment Order. The remainder of the relief sought by the FILO Agent is discussed below.

Monitor’s Views on Certain Assertions Made in the Reply Fredericks Affidavit

7.3 The Monitor does not intend to comment on every assertion made in the Fredericks Reply Affidavit, which are similar in nature to the assertions made in the July 8, 2025 Fredericks Affidavit, which the Monitor commented on in its Sixth Report. However, the Monitor

believes that certain assertions in the Fredericks Reply Affidavit require further clarification and context.

- 7.4 Paragraph 19 of the Fredericks Reply Affidavit asserts that the FILO Lenders' cash collateral and expected recoveries has deteriorated throughout the course of the CCAA Proceedings. To support this assertion, the Fredericks Reply Affidavit compares the cumulative cash flow performance (actuals from March 7 to July 18, 2025, and forecast from July 19 to October 31, 2025) from the Fifth Updated Cash Flow Forecast appended to the Seventh Report, against the Updated Cash Flow Forecast originally filed by the Monitor on March 16, 2025, which covered the 13-week period ending June 6, 2025. This comparison is presented in a table that sets out the increase in the FILO Lenders' projected loan shortfall.
- 7.5 The Monitor acknowledges that the cash position of the Company has decreased between the Updated Cash Flow Forecast and the Fifth Updated Cash Flow Forecast. However, this comparison, in and of itself, does not illustrate the FILO Lender's security position. A cash flow forecast is not a security position analysis. As discussed in the Sixth Report, the Company has and continues to incur costs in order to: (a) monetize its remaining assets, including related to the Central Walk APA, the art collection and the pension surplus (with the corresponding potential realizations not forecast in the referenced period); (b) wind-down its business and remove remaining FF&E; and (c) administer the estate (including a very high volume process related to the Wage Earner Protection Program).
- 7.6 Paragraphs 20(a) to (c) of the Fredericks Reply Affidavit reference cost increases of over \$350 million, including: (a) increases in corporate payroll and benefits of \$18 million; (b)

increases in professional fees of the Applicants and Monitor of \$29 million; and (c) increases in occupancy costs post June 15, 2025 of \$16 million, on top of incremental store closure costs in excess of \$12 million. This comparison does not account for the fact that the Fifth Cash Flow (as referenced in the Fredericks Reply Affidavit) covers a 34-week period (including actuals and forecast) as compared to the 13-week period in the Updated Cash Flow Forecast. The additional 21 weeks necessarily result in further costs associated with the liquidation and closure of the stores (including significant trailing timing differences in payments to concession vendors and for sales taxes), ongoing realization efforts and the administration of the estate. Further, corporate payroll and benefits have been decreasing steadily over the course of the CCAA proceedings, as evidenced by the declining weekly-run rate of disbursements reflecting the ongoing workforce reductions undertaken by the Company.

- 7.7 Similarly, the referenced increase in professional fees reflects 21 additional weeks of these CCAA Proceedings. Professional fees and the related variances by firm are reported to the FILO Lenders and their advisors on a weekly basis.

Disclaimer of Subject Leases

- 7.8 In its Sixth Report, the Monitor provided its view that, unless the associated costs were funded by a source other than the FILO Lenders or another consensual resolution is reached between the parties, the Central Walk APA should be terminated and the Subject Leases should be disclaimed. To the extent that the CW Leases Assignment Order is not granted, the Monitor believes that the Subject Leases should be disclaimed forthwith to prevent further costs from being expended in connection therewith.

Allocation of Costs and Payment of Rent

- 7.9 The FILO Agent seeks various relief related to the allocation of the Central Walk Costs and certain relief related to the Applicants' requirement to pay rent on the Remaining Leases. The Monitor does not believe it would be fair to the Landlords or consistent with the provisions of the ARIO for the Court to order the Applicants not to pay rent on any Remaining Leases.
- 7.10 The Monitor believes that if the allocation of the Central Walk Costs incurred in respect of the Subject Leases since July 15, 2025 cannot be resolved consensually, it should be dealt with at a subsequent hearing on a full record after the Court has made a decision in respect of the Central Walk Approval Motion.
- 7.11 The Monitor does not support the FILO Agent's request that the Potential Lease Purchaser reimburse the Applicants for any Central Walk Costs incurred from and after July 15, 2025, if the Central Walk Transaction is terminated or not approved. The Monitor believes that it would be unprecedented (and inappropriate) for a Court to require a potential purchaser, absent its consent, to pay costs associated with pursuing a failed transaction.

Proposed Distribution

- 7.12 The FILO Agent continues to seek the Proposed Distribution in the Amended Notice of Motion. The Monitor continues to believe that this relief is unnecessary for the reasons discussed in the Sixth Report – namely: the Applicants are already authorized to make distributions to the FILO Agent as necessary; the Proposed Distribution approximates the full proceeds from the Affiliate Lease Assignment Transaction, two-thirds of which are

Pathlight's priority collateral; and the Monitor will support (and has supported) making distributions to the FILO Agent when appropriate. The Monitor notes that since the date of the Sixth Report, it has approved distributions to the FILO Agent on August 1, 2025 in the amount of \$2.0 million in respect of the Affiliate Lease Assignment Transaction and on August 8, 2025 in the amount of \$5.025 million, representing the proceeds from the YM Transactions (as defined in the Seventh Report).⁵³

Collateral Shortfall

- 7.13 The FILO Agent asserts that the FILO Lenders are projected to experience a shortfall in their recovery and are therefore the fulcrum creditors of the Applicants.⁵⁴ The Applicants believe that Pathlight is more likely than not the fulcrum creditor.⁵⁵
- 7.14 The Monitor previously noted in the Sixth Report that the ultimate repayment of the FILO Obligations (as defined in the Amended ABL Credit Agreement to which the FILO Lenders are party) remains uncertain, as the enforceability of the Make-Whole has not yet been determined and potential recoveries relating to the pension surplus are highly contingent. The Monitor therefore provided its view that it was too early to conclude that the FILO Obligations will ultimately be repaid in full.

⁵³ The Monitor also approved a distribution in the amount of \$100,000 to the FILO Agent on August 7, 2025 in connection with a sale of Zellers brand intellectual property (which sale was approved by the Applicants' secured creditors).

⁵⁴ Affidavit of Ian Fredericks sworn July 8, 2025 at para 87; Motion Record of Restore Capital LLC dated July 8, 2025 at Tab 2, Pg. 38.

⁵⁵ Affidavit of Michael Culhane sworn July 13, 2025 at 16; Responding Motion Record of the Applicants dated July 13, 2025 at Tab 1.

- 7.15 Since the date of the Sixth Report, the Monitor has prepared an analysis estimating the projected secured lender collateral shortfall under various scenarios (the “**Confidential Secured Lender Recovery Waterfall Analysis**”). As demonstrated in that analysis, it remains uncertain as to whether the FILO Obligations will be repaid in full. The determination of which secured lender is ultimately the fulcrum creditor continues to be highly dependent on the resolution of the pension surplus recovery. The Confidential Secured Lender Recovery Analysis is attached hereto at **Confidential Appendix “B”**.
- 7.16 The Monitor believes that it is appropriate in the circumstances for the Confidential Secured Lender Recovery Analysis to be sealed pending further order of the Court. The treatment of the pension surplus will be subject to a mediation and/or litigation, and the public disclosure of that information could prejudice stakeholders. The Monitor believes no stakeholder will be materially prejudiced by the requested sealing order.

Enhanced Powers of the Monitor

- 7.17 The issue as to whether the Monitor should be granted enhanced powers is being fully briefed by the FILO Agent and the Applicants, and in the circumstances, the Monitor does not believe it is appropriate for it to provide a view.
- 7.18 The Monitor takes its direction from the Court, and will defer to the Court’s judgment. In the event the Court is of the view that such relief is appropriate in the circumstances, the Monitor is prepared to act in accordance with the Enhanced Powers Order.⁵⁶

⁵⁶ Notwithstanding that the Monitor is prepared to act in accordance with the Enhanced Powers Order, it believes the distribution relief sought is unnecessary and should not be authorized if the Court is prepared to grant the Enhanced Powers Order.

8.0 HILLCREST ROFR

- 8.1 As set out above, Oxford served a notice of motion seeking a declaration regarding the validity of Oxford's exercise of the Hillcrest ROFR at the August Hearing as part of its responding motion record served on August 11, 2025. Neither the Monitor nor the Applicants were provided advanced notice that the notice of motion would be forthcoming.
- 8.2 On August 13, 2025, counsel to the Applicants wrote to counsel to Oxford to: (a) advise that the Litigation Timetable did not contemplate Oxford's motion; (b) confirm that the Applicants had not responded and did not intend to respond to the motion at this time; and (c) note that a future motion should be scheduled through the Commercial List Office or pursuant to a case conference with Justice Osborne. Counsel to Oxford replied on the same date, taking the position that the issue is properly before the Court at the August Hearing, but agreeing that the determination of the issue may be moot depending on the outcome of the approval of the Central Walk APA. That exchange between counsel is attached hereto as **Appendix "F"**.
- 8.3 The Monitor agrees with the Applicants that the Litigation Timetable did not contemplate the delivery of a notice of motion with respect to the Hillcrest ROFR, and is of the view that this issue should not be determined on the basis of an incomplete record at the August Hearing. To the extent it is ultimately necessary for this issue to be determined (i.e. if the Lease Assignment Relief is granted), the Monitor will provide its views in a Report to the Court at a future hearing.

9.0 CASH FLOW RESULTS RELATIVE TO FORECAST⁵⁷

9.1 Actual receipts and disbursements for the four-week period from July 19 to August 15, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as **Appendix “J”** to the Seventh Report, are summarized in the following table:

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts			
Lease Monetization Process Proceeds	7,078	2,020	5,058
Other Receipts	1,171	--	1,171
Total Receipts	8,249	2,020	6,229
Disbursements			
Payroll & Benefits	(1,274)	(2,055)	781
Occupancy Costs	(3,722)	(4,056)	334
Operating Expenses	(2,375)	(8,497)	6,122
Store Closure & Exit Costs	(1,437)	(6,274)	4,837
Sales Tax Remittances	(4,127)	(4,200)	73
Consultant Fees & Expenses	(1,000)	(1,280)	280
Professional Fees	(5,499)	(6,740)	1,241
Shared Service Payments	(655)	(4,029)	3,375
Interest Payments & Fees	(997)	(781)	(216)
Total Disbursements	(21,086)	(37,912)	16,827
Net Cash Flow	(12,837)	(35,892)	23,056
Opening Cash Balance	82,034	82,026	8
Net Cash Flow	(12,837)	(35,892)	23,056
FILO Credit Facility Paydown	(7,125)	(2,000)	(5,125)
Closing Cash Balance	62,072	44,134	17,938

⁵⁷ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

9.2 Pursuant to paragraph 22(c) of the Court's endorsement in these proceedings dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

9.3 Explanations for the variances during the Reporting Period are as follows:

- (a) the positive variance in Lease Monetization Process proceeds relates to timing differences primarily as a result of the YM Transactions closing earlier than forecast. Upon receipt of the proceeds from the YM Transactions of \$5.025 million, the Company concurrently made an interim distribution to the FILO Agent. The YM Transactions proceeds and corresponding distribution had been forecast to occur during the week ending August 22;
- (b) the positive variance in other receipts of \$1.2 million relates to: (i) the return of post-filing vendor deposits (\$839,000); (ii) interest earned on cash balances held in the Company's bank accounts (\$219,000); and (iii) gross proceeds from the closing of the sale of Zellers intellectual property (\$113,000). These receipts were not included in the forecast and are permanent positive variances;
- (c) the positive variance in payroll and benefits is primarily attributable to the following timing variances which are expected to reverse in future weeks: (i) outstanding arrears owing to HBC India, an affiliated entity, for personnel providing support and administrative services to the Company; and (ii) forecast KERP and liquidation retention payments which have not yet been paid;

- (d) the positive variance in store closure & exit costs of approximately \$4.8 million is a timing variance as FF&E removal work continues to advance;
- (e) the positive variance in professional fees of approximately \$1.2 million is primarily considered to be a timing variance that is expected to reverse in future weeks;
- (f) the positive variance in shared service payments of \$3.4 million is a timing variance relating to ongoing reconciliations for services incurred during June and July that have not yet been paid; and
- (g) the remaining net positive variance in total disbursements of approximately \$6.6 million is primarily due to timing differences in certain operating expenses. The Monitor anticipates that the positive variances will reverse as the Company continues to receive invoices and related reconciliations from vendors for post-filing services.

9.4 During the Reporting Period and in accordance with the Stay Extension and Distribution Order, the Company made the following distributions:

- (a) on August 1, 2025, the Monitor transferred \$2.0 million to the Company from the \$6.0 million of funds held in trust in respect of the proceeds from the closing of the Affiliate Lease Assignment Transaction. The funds transferred to the Company represent proceeds related to the lease in which the FILO Lenders held a first-ranking priority charge. Upon receipt of these funds, the Company concurrently distributed \$2.0 million to the FILO Lenders as an interim distribution;

- (b) on August 7, 2025, concurrent with the closing of the sale of Zellers brand intellectual property, the Company distributed the net proceeds of \$100,000 (excluding HST) to the FILO Lenders as an interim distribution; and
- (c) on August 8, 2025, concurrent with the closing of the YM Transactions, the Company distributed gross proceeds of \$5.025 million to the FILO Lenders as an interim distribution.

9.5 The principal balance owing to the FILO Lenders under the FILO Credit Facility after accounting for the distributions noted above and excluding the Make-Whole is approximately \$57.1 million.

9.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$23.1 million, before considering the distributions to the FILO Agent. The closing cash balance as of August 15, 2025, was approximately \$62.1 million, as compared to the projected cash balance of \$44.1 million.

9.7 As noted above, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction of \$4.0 million in trust (received on June 26). These funds are incremental to the Company's closing cash balance as of August 15, 2025.

10.0 CONCLUSIONS AND RECOMMENDATIONS

10.1 The Monitor does not approve the proposed assignment to the Potential Lease Purchaser under subsection 11.3(3)(a) of the CCAA. However, as noted above, no one factor in subsection 11.3(3) of the CCAA is determinative, including the recommendation of the Monitor.

- 10.2 To the extent the Court determines that the Lease Assignment Relief is not appropriate in these circumstances, the Monitor supports the disclaimer of the Subject Leases.
- 10.3 To the extent the Court determines that the Lease Assignment Relief is appropriate in these circumstances, the Monitor recommends that the CW Leases Assignment Order be granted given the Monitor's view that the Sale Approval Relief and the IC Lease Relief are appropriate.
- 10.4 With respect to the relief sought by the FILO Agent, the Monitor: (a) is not taking any position with respect to its proposed enhanced powers; and (b) believes that no relief should be granted at the August Hearing in respect of the Central Walk Costs or the Proposed Distribution.

All of which is respectfully submitted to the Court this 20th day of August, 2025.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI, et al,
not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

APPENDIX F
Ninth Report of the Monitor dated September 22, 2025

See attached.

**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
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC.,
AND 2472598 ONTARIO INC.**

Applicants

**NINTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

SEPTEMBER 22, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	6
3.0	ART AUCTION PROCESS ORDER	8
4.0	CHARTER AUCTION PROCESS ORDER.....	13
5.0	UPDATE ON EMPLOYEE MATTERS	19
6.0	CASH FLOW RESULTS RELATIVE TO FORECAST	21
7.0	ACTIVITIES OF THE MONITOR.....	25
8.0	CONCLUSIONS AND RECOMMENDATIONS.....	29

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Schedule B – Name Changes for Hudson’s Bay Canada entities

1.0 INTRODUCTION

- 1.1 On March 7, 2025, 1242939 B.C. Unlimited Liability Company (at the time, known as Hudson’s Bay Company ULC Compagnie De La Baie D’Hudson SRI) (“**Hudson’s Bay**” or the “**Company**”), and the other applicants listed on **Schedule “A”** hereto (together, the “**Applicants**”), were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule “A”** hereto (together with HBC Holdings LP, the “**Non-Applicant Stay Parties**”). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as “**Hudson’s Bay Canada**”.¹ In accordance with an Order granted by the Court on June 23, 2025, certain Hudson’s Bay Canada entities completed corporate name changes on August 6 and 7, 2025, and again on August 12, 2025. The current names of the Hudson’s Bay Canada entities after the name changes on August 12, 2025, are set out on **Schedule “B”** hereto.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). A&M, then in its capacity as proposed Monitor, issued a pre-

¹ The CCAA Proceedings have since been terminated in respect of two Applicants (HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc.), and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties (RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.). The defined terms “Applicants”, “Non-Applicant Stay Parties” and “Hudson’s Bay Canada” as used in this Report refer to the applicable entities at the relevant times.

filing Report dated March 7, 2025, to provide the Court with information and, where applicable, its views on the relief sought by the Applicants.

- 1.3 Since the Initial Order was granted, this Court has heard several motions and granted various Orders, and a significant volume of materials have been filed by interested parties in connection therewith. This Report (the “**Ninth Report**”) does not contain a detailed chronology of these proceedings or the various relief granted. Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the “**Prior Reports**”) and all endorsements and orders made by the Court, are available on the Monitor’s case website at: www.alvarezandmarsal.com/HudsonsBay, and the Monitor’s Sixth Report dated July 14, 2025 contains a detailed chronology of these proceedings up to that date.

SISP and A&R SISP

- 1.4 On March 21, 2025, the Court granted various Orders, including an order (the “**SISP Order**”), among other things, approving a sale and investment solicitation process in respect of the Applicants’ business and property (the “**SISP**”) to be conducted by the Applicants and the Company’s financial advisor, Reflect Advisors, LLC (“**Reflect**”), under the supervision of the Monitor. The SISP Order provided that the Charter (as defined below) and the Company’s art and artifacts collection (the “**Art Collection**”) would be included in the Property (as defined in the SISP) available for sale pursuant to the SISP.
- 1.5 On April 24, 2025, the Court granted an order amending and restating the SISP Order (the “**A&R SISP Order**”), among other things, approving: (i) the removal of the Charter and the Art Collection from the SISP; and (ii) the engagement of Heffel Gallery Limited

(“**Heffel**”) as auctioneer (the “**Auctioneer**”) to conduct a separate auction for the sale of the Charter and the Art Collection.

September 9 Motion

- 1.6 On July 30, 2025, the Applicants served a motion record in support of a motion returnable September 9, 2025 (the “**September 9 Motion**”) seeking an Order, among other things, approving the sale of the Charter by Hudson’s Bay to Wittington Investments, Limited (“**Wittington**”), a corporation owned by the Weston family, pursuant to the transaction (the “**Charter Transaction**”) contemplated by the offer received from Wittington to acquire the Charter (the “**Wittington Offer**”) dated June 18, 2025. The Charter Transaction contemplated, among other things, that Wittington would purchase the Charter for \$12.5 million and immediately donate the Charter to the Canadian Museum of History.
- 1.7 The Court issued an endorsement on July 31, 2025, among other things, directing that any responding materials in respect of the September 9 Motion be delivered no later than August 21, 2025.
- 1.8 On August 21, 2025, counsel for the Attorney General of Canada served a motion record in support of the September 9 Motion.
- 1.9 On the same date, counsel for DKRT Family Corp. (“**DKRT**”), the personal family holding company of David K.R. Thomson, served a responding motion record, including the affidavit of Patrick Phillips of DKRT sworn the same date (the “**Phillips Affidavit**”). The Phillips Affidavit, among other things, indicated that DKRT:

- (a) opposed the Charter Transaction and is of the view that the Charter should only be sold after an open auction;
 - (b) was prepared to make an initial bid of at least \$15 million, with a view to actively participating in the ensuing auction;
 - (c) would immediately donate the Charter to a suitable Canadian institution if it is the successful purchaser; and
 - (d) intended to commit at least \$2 million to a chosen donee institution to support consultation with Indigenous groups, collaborations with museums, archives, and other cultural institutions, and the sharing of the Charter across Canada to maximize public access, as long as the Charter, in the opinion of qualified experts, is not physically jeopardized in the process.
- 1.10 The Association for Manitoba Archives also served on the service list a letter addressed to the Monitor, among other things, expressing concerns regarding the pending sale of the Charter and arguing that the Charter should be housed in the Archives for Manitoba.
- 1.11 On September 5, 2025, counsel to the Applicants informed the CCAA service list and the Art Service List (as defined below) that the September 9 Motion had been adjourned.
- 1.12 On September 19, 2025, the Applicants served a motion record returnable September 25, 2025, including the affidavit of Adam Zalev sworn the same date (the “**Zalev Art Affidavit**”), seeking an Order (the “**Art Auction Process Order**”), among other things:

- (a) approving the proposed process (the “**Art Collection Auction Procedures**”) for the auction of the Art Collection (the “**Art Collection Auction**”) in the form attached as Schedule “A” to the Art Auction Process Order, with such non-material amendments as the Applicants, Reflect, the Auctioneer and the Monitor may agree;
- (b) authorizing the Auctioneer to conduct the Art Collection Auction in accordance with the Art Collection Auction Procedures; and
- (c) vesting the individual Lots (as defined below) constituting the Art Collection in the Purchasers (as defined therein) at the Art Collection Auction free and clear of all claims and encumbrances.

1.13 On the same date, the Applicants served a motion record returnable September 29, 2025, also including an affidavit of the same date sworn by Adam Zalev (the “**Zalev Charter Affidavit**”, and together with the Zalev Art Affidavit, the “**Zalev Affidavits**”), seeking an Order (the “**Charter Auction Process Order**”), among other things:

- (a) approving the proposed process (the “**Charter Auction Process**”) for the auction of the Charter (the “**Charter Auction**”) in the form attached as Schedule “A” to the Charter Auction Process Order, with such non-material amendments as the Applicants, Reflect and the Monitor may agree; and
- (b) authorizing Reflect to conduct the Charter Auction in accordance with the Charter Auction Process.

Purpose of this Report

- 1.14 The purpose of this Ninth Report is to provide the Court with information and, where applicable, the Monitor's views on:
- (a) the Art Auction Process Order, which is being sought on September 25, 2025;
 - (b) the Charter Auction Process Order, which is being sought on September 29, 2025;
 - (c) the Applicants' cash flow results relative to the Applicants' cash flow forecast attached as Appendix "J" to the Seventh Report of the Monitor dated July 29, 2025 (the "**Seventh Report**");
 - (d) an update on certain employee matters;
 - (e) the activities of the Monitor since its Seventh Report; and
 - (f) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Ninth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Ninth Report, in respect of the Applicants' cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the “CAS”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “CPA Handbook”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and
 - (b) some of the information referred to in this Ninth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
- 2.2 Future oriented financial information referred to in this Ninth Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.
- 2.3 This Ninth Report should be read in conjunction with the Zalev Affidavits. Capitalized terms used and not defined in this Ninth Report have the meanings ascribed in the Zalev Affidavits.
- 2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 ART AUCTION PROCESS ORDER

Background on Art Collection

- 3.1 As noted above, the A&R SISP Order provided for the removal of the Art Collection from the SISP, and approved the engagement of Heffel as Auctioneer to conduct a separate auction process in respect of the Art Collection at a future date.
- 3.2 In accordance with the A&R SISP Order, the Applicants and Reflect, in consultation with the Auctioneer, created a comprehensive list of the Art Collection and made it available to any interested party upon execution of a non-disclosure agreement (“**NDA**”). The Applicants also prepared a service list consisting of government entities, public institutions, Indigenous stakeholders, and other parties interested in the Art Collection (the “**Art Service List**”). The Applicants first sent a letter to the Art Service List on May 8, 2025, inviting parties to execute an NDA to receive access to the Art Collection catalogue and a virtual database managed by Reflect. The Art Service List has subsequently been used to provide updates to these parties. Approximately 14 of the parties executed the NDA.
- 3.3 The Company and Reflect have received many inquiries regarding the Art Collection and, in consultation with the Monitor, have engaged in numerous discussions with Indigenous groups, government institutions, museums, universities, high-net-worth individuals, and other stakeholders interested in the Art Collection from a cultural and/or historical perspective.
- 3.4 As discussed in the Prior Reports, a significant portion of the Company’s documents, records, and artifact collection was donated prior to these CCAA Proceedings. In particular,

the majority of the Company's documents and records were previously donated to the Hudson's Bay Company Archives, which forms part of the Archives of Manitoba, and the majority of the Company's artifact collection (primarily related to the fur trade and Indigenous culture) was donated to the Manitoba Museum in 1994.

3.5 The Monitor understands that the Art Collection currently comprises over 1,700 pieces of art and over 2,700 artifacts. As a result of the donations to the Manitoba Museum, only a small number of items of Indigenous origin remain in the Art Collection. The Company has recently identified a total of 24 artifacts in the Art Collection that are believed to be of Indigenous origin, potentially of Indigenous origin, or uniquely representative of Indigenous culture, including three artifacts of Indigenous origin currently on long-term loan at a museum. The Company intends to exclude these items from the Art Collection Auction, and with the assistance of Reflect and the Monitor, is in the process of consulting with relevant stakeholders and Indigenous communities to ensure these artifacts are returned or donated.

3.6 At the outset of these CCAA Proceedings, the Company's Art Collection also included four war memorials located in stores across Canada, along with two memorials held in storage. The Applicants do not intend to include the war memorials in the Art Collection Auction. The Company, with the assistance of Reflect and in consultation with the Monitor, has undertaken efforts to ensure appropriate, accessible future locations for these memorials in the cities in which they are currently located, and has engaged in discussions with Canadian institutions and veteran's associations to ensure the war memorials are donated and displayed appropriately.

Art Collection Auction Procedures

- 3.7 The Art Collection Auction Procedures have been developed by Reflect and Heffel, in consultation with the Applicants and the Monitor. As noted above, a comprehensive list of the Art Collection has been prepared, and Heffel has designated specific pieces to be featured in a live, in-person auction while designating others for inclusion in an online auction. Certain items of a lesser monetary value have also been excluded from the Art Collection Auction and have been earmarked for donation.
- 3.8 On September 3, 2025, Reflect wrote to the Art Service List to: (a) advise that the Art Collection Auction Procedures had been developed and were available to be reviewed by parties that had executed an NDA (the “**Interested Parties**”); and (b) request that Interested Parties contact Reflect or the Monitor with any feedback by no later than September 16, 2025, after which the Applicants intended to seek Court approval for same. The Applicants, the Monitor, and Reflect have not received any material feedback on the Art Collection Auction Procedures.
- 3.9 The Art Collection Auction is proposed to begin online on November 12, 2025, with a subsequent live, in-person auction at the Auction House, Heffel Gallery Limited in Toronto, occurring on or about November 19, 2025. The Auctioneer has determined that the interval between the approval hearing and the commencement of the Art Collection Auction is both necessary and suitable to facilitate a comprehensive marketing of the Art Collection, thereby ensuring optimal participation and attendance. In preparation, the Auctioneer will execute an extensive promotional campaign, providing prospective bidders with an opportunity to inspect individual lots available through the Art Collection Auction

(“**Lots**”), review detailed catalogues, and view digital images via Heffel.com. Both physical and virtual catalogues will be distributed to enhance accessibility and engagement.

3.10 The Art Collection Auction will be conducted pursuant to the Art Collection Auction Procedures, which specify the terms applicable to seller commissions, auction formats, expenses, and fees for consigned items across both live and online auctions. The Auctioneer will be exclusively responsible for marketing and event expenses, while consulting with Reflect, the Applicants, and the Monitor to align promotional strategies with the cultural and historical significance of the Art Collection. Interested bidders may register through Heffel.com, and a summary of the eligibility guidelines and participation requirements will be made available. A summary of the guidelines governing eligibility and auction participation is provided in the Zalev Art Affidavit and reproduced below:

- (a) any party who wishes to become a registered bidder (“**Registered Bidder**”) will be required to complete the registration process and provide the required information to the Auction House in full;
- (b) upon becoming a Registered Bidder, the party will be assigned a unique paddle number (the “**Paddle**”) for the purpose of bidding on Lots in the auction. For online auctions, a password will be created in addition to a Paddle;
- (c) items selected for the live auction shall be offered subject to reserve prices. For items included in the online auction, such Lots may be sold without reserve. Heffel reserves the right to combine multiple items into single Lots for the online auction. In order to maximize bidder participation and market exposure, one or more online auctions will

be scheduled over a period of several weeks, with each auction to be curated to appeal to a wide range of prospective bidders;

- (d) subject to approval of the Court, each Lot will be sold on an “as-is, where is” basis, free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests;
- (e) the winning bidder for each Lot will be the Registered Bidder whose bid is recognized by the Auctioneer as the highest at the moment the Lot is sold (the “**Buyer**”);
- (f) each Buyer is required to remit the full purchase price, including the Buyer’s Premium (as defined therein) and any applicable sales tax, to the Auction House by 4:30 PM (ET) on the seventh day after the auction. Upon receipt of payment, the Lot and its associated title will be released or delivered to the Buyer; and
- (g) Heffel’s commissions and expenses are documented in its engagement letter, which was previously approved by this Court.

3.11 The Art Auction Process Order provides that the net proceeds of sale of the Art Collection Auction shall be held by the Monitor pending further order of the Court or distribution to the FILO Agent. Given that amounts owing to the FILO Lenders under the FILO Credit Facility are secured by a first-priority security interest over many of the Applicants’ assets, including all inventory, FF&E, intellectual property, art, and artifacts (including the Art Collection), based on current circumstances and subject to Court approval and the closing of the sales of the Art Collection, the Monitor supports a distribution being made to the FILO Agent on behalf of the FILO Lenders from the net proceeds of the sales of the Art

Collection. To the extent facts and circumstances at the relevant time require that some or all of such net proceeds be retained by the Monitor as a reserve, the Monitor will discuss that with the FILO Agent as soon as practicable.

3.12 The Monitor respectfully recommends that this Court approve the Art Auction Process Order given that, among other things:

- (a) the Art Collection Auction will be conducted by Heffel, an experienced art auctioneer that was previously approved in the A&R SISP Order, and the Art Collection Auction Procedures provide for a process that will allow the Applicants to maximize the value of the Art Collection in a fair and reasonable manner;
- (b) the Art Collection Auction Procedures will respect the cultural and historical significance of the Art Collection, and certain art and artifacts will be excluded from same and have been earmarked for donation;
- (c) the Art Collection Auction Procedures have been available for interested parties to review since September 3, 2025, and no party has provided material feedback; and
- (d) the Monitor does not believe the granting of the Art Auction Process Order will materially prejudice any of the Applicants' stakeholders.

4.0 CHARTER AUCTION PROCESS ORDER

Background on the Charter and September 9 Motion

4.1 Hudson's Bay, which until these proceedings was the oldest continually-operating company in North America, was established in 1670 by Royal Proclamation of King

Charles II pursuant to the Charter. The Charter is not just Hudson's Bay's originating document; it is a foundational document to Canada's historical narrative broadly and is of great importance to Indigenous groups.

- 4.2 Prior to these proceedings, the Charter was stored in a protective case at the Company's head office in Toronto. Recently, the Applicants, with the assistance of Reflect and under the supervision of the Monitor, relocated the Charter to a secure facility equipped to store and protect important documents, art and artifacts. The Applicants intend for the Charter to remain in that secure facility until the Charter is conveyed to a bidder in connection with the Charter Auction.
- 4.3 The Applicants had originally intended to include the Charter in the Art Collection Auction. However, following receipt of the Wittington Offer and consultation with the Monitor, Reflect and the Auctioneer, and with the consent of the FILO Agent, on July 26, 2025, the Applicants withdrew the Charter from the Art Collection Auction. As noted above, the Applicants served motion materials on July 30, 2025, in support of their motion seeking approval of the Charter Transaction with Wittington on September 9, 2025.
- 4.4 As noted above, the Phillips Affidavit was served on the service list on August 21, 2025. Among other things, DKRT's bid as described in the Phillips Affidavit represented an increase of \$2.5 million above the Wittington Offer, included a commitment to donate the Charter to a public institution, and committed to endow a minimum of \$2 million to the chosen donee institution to support consultation with Indigenous groups, collaborations with cultural institutions, and the sharing of the Charter across Canada to maximize public access.

- 4.5 After reviewing the Phillips Affidavit on August 21, 2025, and subsequently receiving expressions of interest from additional parties, the Applicants, in consultation with Reflect, the Monitor, the FILO Lenders, and Pathlight, ultimately determined that a competitive process for the Charter, with certain Court-approved participation requirements, was more appropriate in the circumstances.
- 4.6 The Monitor understands that Reflect and counsel to the Applicants engaged in discussions with the advisors for DKRT and Wittington regarding the possibility of an auction for the Charter. Further, the Applicants, in consultation with the Monitor, subsequently obtained a binding commitment letter dated September 9, 2025, from DKRT (the “**DKRT Commitment Letter**”) to: (a) participate in any Court-approved process; and (b) submit an opening bid of no less than \$15 million on terms consistent with those set out in the Phillips Affidavit.
- 4.7 On September 5, 2025, the Applicants informed the CCAA service list and the Art Service List that the September 9 Motion had been adjourned. Counsel to the Monitor reached out to the Association for Manitoba Archives to discuss its opposition to the Wittington Offer on September 9, 2025. The Monitor understands that the Association for Manitoba Archives would not oppose the bid described by DKRT in the Phillips Affidavit. The Monitor advised the Association of Manitoba Archives that a motion would be served in respect of the Charter Auction in the near term, and that the Monitor was available to discuss any further concerns after that motion record was served.
- 4.8 On September 19, 2025, the Applicants served the motion in support of the Charter Auction Process Order.

Charter Auction²

- 4.9 The Applicants, in consultation with Reflect, the FILO Lenders, Pathlight, and the Monitor, have since developed an auction process to govern the sale of the Charter. The goal of that process is to maximize value, while balancing the need to safeguard the Charter and ensure it is preserved in a publicly-accessible manner that respects its historical significance.
- 4.10 The Charter Auction Procedures contemplate that the Charter Auction will take place on or about October 15, 2025, and that Interested Potential Bidders will submit Bid Proposals to Reflect and the Monitor by no later than 5:00 p.m. on October 7, 2025.
- 4.11 The Charter Auction Procedures provide various requirements for a Potential Bidder to be classified as a Qualified Bidder. Only Qualified Bidders may participate in the Charter Auction.
- 4.12 To be classified as a Qualified Bidder, a Potential Bidder must submit an executed confidentiality agreement, provide their identity and contact details, and commit to bidding at least \$15 million. Qualified Bidders are also required to acknowledge the Charter's status as protected cultural property under Canadian law and commit to acquiring it for their own account, with a promise to permanently donate it to a Canadian public institution or museum acceptable to Reflect and the Monitor. The Canadian public institution or museum chosen as donee will be required to share the Charter with other Canadian public institutions and Indigenous groups pursuant to arrangements developed through a consultation process. Additional requirements include outlining donation terms, supplying

² Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the Charter Auction Process.

a letter from the recipient institution confirming acceptance, agreeing to cover all handling and moving expenses, demonstrating authority to complete the purchase, confirming that registration is non-transferable and payment matches bidder details, and attesting that the funds used are not proceeds of crime under the Canadian *Criminal Code*.

4.13 The Charter Auction Procedures are summarized in the Zalev Charter Affidavit. Among other things, the Charter Auction Procedures provide that:

- (a) bid increments at the Charter Auction shall be set by Reflect, in consultation with the Monitor, at the commencement of the Charter Auction and from time to time thereafter and communicated to the Qualified Bidders;
- (b) all bids made at the Charter Auction shall remain irrevocable and binding on the Qualified Bidder until the later of such Qualified Bidder submitting a higher bid and closing of the sale of the Charter. All bids shall be communicated to the Charter Auction participants, and the Monitor shall maintain a summary of all bids made and announced at the Charter Auction;
- (c) Reflect, with the consent of the Monitor, may waive any of the rules set forth therein and/or announce and employ additional rules at the Charter Auction, provided that such rules are: (i) not inconsistent with the Charter Auction Process Order; (ii) disclosed to each Qualified Bidder; and (iii) designed, in Reflect's business judgement, to result in the highest and/or otherwise best Successful Bid;
- (d) each Qualified Bidder participating in the Charter Auction must confirm at the commencement and again at the conclusion of the Charter Auction, that it has not

engaged in any concerted action with any other Qualified Bidder: (i) without the consent of Reflect and the Monitor; and (ii) that has been disclosed to all other Qualified Bidders;

- (e) Reflect, in consultation with the Monitor, shall determine when the Charter Auction has concluded. The Qualified Bidder who submitted the highest bid during the Charter Auction shall be the Successful Bidder; and
- (f) no bids submitted after the announced conclusion of the Charter Auction will be considered.

4.14 DKRT has already been designated as a Qualified Bidder based on the DKRT Commitment Letter.

4.15 Following the conclusion of the Charter Auction, the Applicants will return to Court to seek approval of the proposed sale, in accordance with the Charter Auction Process and any further direction of the Court.

4.16 The Charter Auction Process Order provides that the net proceeds of sale of the Charter Auction shall be held by the Monitor pending further order of the Court or distribution to the FILO Agent. The Monitor supports a distribution being made to the FILO Agent on behalf of the FILO Lenders from the net proceeds of the sale of the Charter on the same basis as it is supportive of such a distribution being made from the proceeds of the sale of the Art Collection. To the extent facts and circumstances at the relevant time require that some or all of such net proceeds be retained by the Monitor as a reserve, the Monitor will discuss that with the FILO Agent as soon as practicable.

4.17 The Monitor respectfully recommends that this Court approve the Charter Auction Process Order given that, among other things:

- (a) the Charter Auction Process will provide for an open and transparent sale of the Charter during the Charter Auction in a value-maximizing manner;
- (b) the Charter Auction Process was designed with the Charter's unique cultural and historical importance in mind, and contains appropriate safeguards to ensure, among other things, that the Charter remains in Canada and will be made publicly-accessible;
- (c) the DKRT Commitment Letter ensures that, even if no new bids are received, appropriate value will be achieved and the Charter will be donated to a public institution and additional funds have been committed to be provided to the donee institution to support consultation with Indigenous groups, collaborations with cultural institutions, and the sharing of the Charter across Canada to maximize public access; and
- (d) the Monitor does not believe the granting of the Charter Auction Process Order will materially prejudice any of the Applicants' stakeholders.

5.0 UPDATE ON EMPLOYEE MATTERS

5.1 On June 3, 2025, this Court granted an Order, among other things, declaring that the Applicants met the criteria under section 3.2 of the *Wage Earner Protection Program Regulations* effective June 21, 2025, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*.

- 5.2 The Monitor has continued to work closely with the Applicants, Ursel Phillips Fellows Hopkinson LLP, in its capacity as the Court-appointed representative counsel for certain employees (“**Employee Representative Counsel**”), and Service Canada to facilitate the implementation of the Wage Earner Protection Program (“**WEPP**”) claims process and to ensure employees are able to access their entitlements in an efficient and timely manner.
- 5.3 As described in the Seventh Report, information packages (the “**Information Package**”) were prepared to provide former employees with the information necessary to submit their WEPP application to Service Canada. Each Information Package contained a formal WEPP notice, a frequently asked questions document, a proof of claim form, and an individualized claim summary of eligible claims owing to the applicable employee (which estimates were prepared by the Monitor with the assistance of the Company). As further described in the Seventh Report, the Monitor is required to prepare and submit a Trustee Information Form (“**TIF**”) before Service Canada can process an employee’s application.
- 5.4 Since the date of the Seventh Report, the Information Package was finalized and approximately 8,500 packages were mailed to all eligible former employees of the Company. The Monitor has spent considerable time corresponding with former employees to assist them with their WEPP applications and answering their queries. In addition, if a package was determined to be undelivered, the Monitor has attempted to e-mail the package to the intended recipient.
- 5.5 The Monitor has held regular discussions with both Employee Representative Counsel and Service Canada with respect to the WEPP materials being provided to employees, and the timing of the WEPP process. As part of these discussions, Service Canada has granted the

Monitor an extension to submit all TIFs from September 30, 2025, to October 31, 2025. Accordingly, employees now have until December 26, 2025, to submit their applications to Service Canada, which represents 56 days from October 31, 2025.

- 5.6 As of the date of this Ninth Report, approximately 6,100 TIFs have been submitted by the Monitor to Service Canada, representing 72% of the total. The Monitor expects to have all TIFs submitted to Service Canada by early October.

6.0 CASH FLOW RESULTS RELATIVE TO FORECAST³

- 6.1 Actual receipts and disbursements for the eight-week period from July 19 to September 12, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as **Appendix “J”** to the Seventh Report, are summarized in the following table:

³ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts			
Lease Monetization Process Proceeds	7,078	7,045	33
Other Receipts	2,324	-	2,324
Total Receipts	9,402	7,045	2,357
Disbursements			
Payroll & Benefits	(2,459)	(3,873)	1,414
Occupancy Costs	(7,712)	(7,404)	(308)
Operating Expenses	(4,164)	(10,850)	6,686
Store Closure & Exit Costs	(4,017)	(10,863)	6,845
Sales Tax Remittances	(4,130)	(4,250)	120
Consultant Fees & Expenses	(1,000)	(1,280)	280
Professional Fees	(12,442)	(11,793)	(649)
Shared Service Payments	(747)	(4,554)	3,807
Interest Payments & Fees	(1,572)	(1,529)	(43)
Total Disbursements	(38,243)	(56,396)	18,153
Net Cash Flow	(28,841)	(49,351)	20,510
Opening Cash Balance	82,034	82,026	8
Net Cash Flow	(28,841)	(49,351)	20,510
FILO Credit Facility Paydown	(7,125)	(7,025)	(100)
Closing Cash Balance	46,068	25,650	20,418

6.2 Pursuant to paragraph 22(c) of the Court's endorsement in these proceedings dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

6.3 Explanations for the variances during the Reporting Period are as follows:

- (a) the positive variance in other receipts of \$2.3 million relates to: (i) the return of post-filing vendor deposits of \$1.8 million; (ii) interest earned on cash balances held in the Company's bank accounts of \$386,000; and (iii) gross proceeds from the closing of

the sale of Zellers intellectual property of \$113,000. These receipts were not included in the forecast and are permanent positive variances.

- (b) the positive variance in payroll and benefits of \$1.4 million is comprised primarily of approximately \$1.2 million in positive timing variances, related to outstanding arrears owed to HBC India, an affiliated entity, for personnel providing support and administrative services to the Company, as well as forecast KERP and retention payments that have not yet been paid. The remaining positive variance is permanent resulting from approximately \$0.2 million of payroll reimbursements received from the pension administrator for payroll costs incurred by the Company for employees assisting directly with pension related matters.
- (c) the positive variance in store closure and exit costs of approximately \$6.8 million is a timing variance, as FF&E removal and record destruction work continues to advance, while store signage removal work remains on pause at the request of the FILO Agent;
- (d) the negative variance in professional fees of approximately \$649,000 is considered a permanent variance;
- (e) the positive variance in shared service payments of \$3.8 million is a timing variance relating to ongoing reconciliations for services incurred during June, July and August that have not yet been paid; and
- (f) the remaining net positive variance in total disbursements of approximately \$6.7 million is comprised of: (i) a positive permanent variance of approximately \$3.0

million due to lower than forecast operating and insurance expenses; and (ii) a positive timing variance of approximately \$3.7 million due to timing differences in certain operating expenses. The Monitor anticipates that this timing variance will reverse as the Company continues to receive invoices and related reconciliations from vendors for post-filing services.

6.4 During the Reporting Period and in accordance with the Stay Extension and Distribution Order dated May 13, 2025, which authorized distributions to be made to the FILO Agent in respect of amounts owing under the FILO Credit Facility (excluding the “Make-Whole”) (each as defined in the Third Report of the Monitor dated May 9, 2025), the Company made the following distributions:

- (a) on August 1, 2025, the Monitor transferred \$2.0 million to the Company from the \$6.0 million of funds held in trust in respect of the proceeds from the closing of the Affiliate Lease Assignment Transaction (as defined in the Fifth Report of the Monitor dated June 19, 2025). The funds transferred to the Company represent proceeds related to the lease in which the FILO Agent held a first-ranking priority charge. Upon receipt of these funds, the Company distributed \$2.0 million to the FILO Agent as an interim distribution;
- (b) on August 7, 2025, concurrent with the closing of the sale of Zellers brand intellectual property, the Company distributed the net proceeds of \$100,000 (i.e. the process net of HST) to the FILO Agent as an interim distribution; and

(c) on August 8, 2025, concurrent with the closing of the YM Transactions (as defined in the Seventh Report), the Company distributed gross proceeds of \$5.025 million to the FILO Agent as an interim distribution.

6.5 The principal balance owing to the FILO Lenders under the FILO Credit Facility, after accounting for the distributions noted above and excluding the Make-Whole, is approximately \$57.1 million.

6.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$20.5 million, before considering the distributions to the FILO Agent. The closing cash balance as of September 12, 2025, was approximately \$46.1 million, as compared to the projected cash balance of \$25.7 million.

6.7 As noted above, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction of \$4.0 million in trust (received on June 26, 2025). These funds are incremental to the Company's closing cash balance as of September 12, 2025.

7.0 ACTIVITIES OF THE MONITOR

7.1 Since the granting of the Initial Order on March 7, 2025, the Monitor has worked closely with the Applicants to assist in stabilizing its business and operations. As summarized in the Prior Reports and below, this has included concerted efforts to address urgent operational and logistical issues essential to the orderly liquidation of inventory and FF&E at each of the stores, extensive communications with stakeholders, as well as assisting with

other activities essential to the Liquidation Sale, the Lease Monetization Process and the SISP.

7.2 Since the date of the Seventh Report, the primary activities of the Monitor and its counsel, Bennett Jones LLP, have included the following:

- (a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and/or termination of services, and to reconcile and settle all outstanding post-filing obligations;
- (b) monitoring cash receipts and disbursements and coordinating with management in preparing weekly cash flow variance reporting; communicating with the FILO Lenders and its financial advisor in respect of ongoing variance reporting, and responding to related information requests and questions; and communicating with Pathlight in respect of ongoing variance reporting, and responding to related information requests and questions;
- (c) preparing the Confidential Secured Lender Recovery Waterfall Analysis;
- (d) working with the Applicants and Saks Global on shared services cost allocations, negotiating the draft shared service agreement, coordinating the level of support necessary to advance workstreams anticipated to generate future recoveries and properly administer remaining aspects of the wind-down, and reviewing/analyzing related supporting information and documentation;
- (e) participating in the contested motion for the assignment of the Subject Leases (as defined in the Monitor's Eighth Report dated August 20, 2025), including reviewing

materials filed in connection therewith; organizing and attending examinations; preparing the Eighth Report; and preparing for and participating in two-day hearing regarding same;

- (f) monitoring the concurrent receivership proceeding in respect of the JV Entities (as defined in the Fourth Report of the Monitor dated May 29, 2025) and coordinating with the Receiver of the JV Entities on various matters;
- (g) assisting Reflect in conducting the SISP as it pertains to the Art Collection, including participating in discussions and meetings with the auction services provider and other parties in respect of the Art Collection; and assisting Reflect in conducting the SISP as it pertains to the Charter, including participating in discussions and meetings with the auction service provider and other parties in respect of the Charter and developing the Charter Auction Process;
- (h) assisting the Applicants in vacating the stores and assessing and responding to the Applicants' requests for Monitor consents to notices to disclaim contracts, leases and agreements;
- (i) assisting the Applicants in assessing contracts and agreements to be disclaimed and responding to the Applicants' requests for Monitor consents to notices to disclaim such contracts and agreements;
- (j) assisting the Applicants in obtaining quotes from third-party contractors and coordinating the removal of FF&E;


- (k) working with the Applicants and Employee Representative Counsel to advance employee issues arising during the CCAA Proceedings and liaising with the Applicants, Employee Representative Counsel and Service Canada in relation to the WEPP process;
- (l) preparing estimates of eligible employee claims that may be owed to individual employees under WEPP, preparing and mailing Information Packages sent to former employees, and submitting TIFs on behalf of each of the former employees for WEPP purposes;
- (m) working with the Applicants and their counsel to develop a process to address the pension surplus;
- (n) responding to a high volume of enquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or email account established for the case by the Monitor;
- (o) posting non-confidential materials filed with the Court to the Case Website; and
- (p) with the assistance of Bennett Jones, preparing this Ninth Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS


8.1 For the reasons set out in this Ninth Report, the Monitor respectfully recommends that this Court grant the relief sought by the Applicants.

All of which is respectfully submitted to the Court this 22nd day of September, 2025.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1242939 B.C. Unlimited Liability Company, et al,
not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

APPENDIX G

Supplement to the Ninth Report of the Monitor dated November 17, 2025

See attached.

**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
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC.,
AND 2472598 ONTARIO INC.**

Applicants

**SUPPLEMENT TO THE NINTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

NOVEMBER 17, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	5
3.0	UPDATED CHARTER AUCTION PROCESS ORDER	7
4.0	CASH FLOW RESULTS RELATIVE TO FORECAST	13
5.0	CONCLUSIONS AND RECOMMENDATIONS.....	17

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Schedule B – Name Changes for Hudson’s Bay Canada entities

Appendix A – Ninth Report (without appendices)

Appendix B – Updated Charter Auction Process Order

Appendix C – Redline of Updated Charter Auction Process Order to Charter Auction Process Order included in September 19 Motion Record

1.0 INTRODUCTION

- 1.1 On March 7, 2025, 1242939 B.C. Unlimited Liability Company (at the time, known as Hudson’s Bay Company ULC Compagnie De La Baie D’Hudson SRI) (“**Hudson’s Bay**” or the “**Company**”), and the other applicants listed on **Schedule “A”** hereto (together, the “**Applicants**”), were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule “A”** hereto (together with HBC Holdings LP, the “**Non-Applicant Stay Parties**”). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as “**Hudson’s Bay Canada**”.¹ In accordance with an Order granted by the Court on June 23, 2025, certain Hudson’s Bay Canada entities completed corporate name changes on August 6 and 7, 2025, and again on August 12, 2025. The current names of the Hudson’s Bay Canada entities after the name changes on August 12, 2025, are set out on **Schedule “B”** hereto.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). A&M, then in its capacity as proposed Monitor, issued a pre-

¹ The CCAA Proceedings have since been terminated in respect of two Applicants (HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc.), and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties (RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.). The defined terms “Applicants”, “Non-Applicant Stay Parties” and “Hudson’s Bay Canada” as used in this Report refer to the applicable entities at the relevant times.

filing Report dated March 7, 2025, to provide the Court with information and, where applicable, its views on the relief sought by the Applicants.

- 1.3 Since the Initial Order was granted, this Court has heard numerous motions and granted various Orders, and a significant volume of materials has been filed by interested parties in connection therewith. This Report (the “**Supplemental Report**”) is a supplement to the Monitor’s Ninth Report dated September 22, 2025 (the “**Ninth Report**”), and should be read in conjunction with the Ninth Report and the Zalev Charter Affidavits (as defined below). A copy of the Ninth Report, without appendices, is attached hereto as **Appendix “A”**.

September 25 and September 29 Motions

- 1.4 On September 19, 2025, the Applicants served a motion record returnable September 25, 2025, including the affidavit of Adam Zalev of Reflect Advisors, LLC (“**Reflect**”), the Applicants’ financial advisor, sworn September 19, 2025, seeking an Order (the “**Art Auction Process Order**”), among other things:
- (a) approving the proposed process (the “**Art Collection Auction Procedures**”) for the auction of the Art Collection (the “**Art Collection Auction**”) in the form attached as Schedule “A” to the Art Auction Process Order, with such non-material amendments as the Applicants, Reflect, the Auctioneer and the Monitor may agree;
 - (b) authorizing Heffel Gallery Limited, as auctioneer, to conduct the Art Collection Auction in accordance with the Art Collection Auction Procedures; and

- (c) vesting the individual Lots (as defined in the Art Collection Auction Procedures) constituting the Art Collection in the Purchasers (as defined in the Art Auction Process Order) at the Art Collection Auction free and clear of all claims and encumbrances.
- 1.5 On the same date, the Applicants served a motion record returnable September 29, 2025, also including an affidavit sworn September 19, 2025 by Adam Zalev (the “**First Zalev Charter Affidavit**”), seeking an Order (the “**Charter Auction Process Order**”), among other things:
 - (a) approving the proposed process (the “**Charter Auction Process**”) for the auction of the Hudson’s Bay Company Royal Charter (the “**Charter**”, and that auction, the “**Charter Auction**”) in the form attached as Schedule “A” to the Charter Auction Process Order, with such non-material amendments as the Applicants, Reflect and the Monitor may agree; and
 - (b) authorizing Reflect to conduct the Charter Auction in accordance with the Charter Auction Process.
- 1.6 The Monitor filed its Ninth Report in connection with the motions for the Art Auction Process Order and the Charter Auction Process Order. The Art Auction Process Order was granted by the Court on September 25, 2025.
- 1.7 At the hearing for the Charter Auction Process Order on September 29, 2025, counsel for the Applicants advised the Court that an unsolicited proposal in respect of the Charter had been received late in the evening of September 28, 2025. As discussed in greater detail

below, the proposal referenced by the Applicants' counsel was a joint bid from DKRT Family Corp. ("**DKRT**") and Wittington Investments, Limited ("**Wittington**").

- 1.8 Given the unexpected and unsolicited joint offer, of which DKRT (who had previously committed to submitting an independent offer in connection with the Charter Auction Process)², was a bidder, the Applicants requested an adjournment of the motion for the approval of the Charter Auction Process Order. The adjournment was not opposed by any party and was supported by the Monitor and the Attorney General of Canada. The Court granted the adjournment request pursuant to an endorsement of the same date.
- 1.9 The hearing of the motion for the Charter Auction Process Order was re-scheduled for October 9, 2025, and was subsequently re-scheduled for October 20, 2025. The Applicants ultimately did not seek approval of any relief in respect of the Charter at the October 20 hearing.

Updated Charter Auction Process Order

- 1.10 On November 14, 2025, the Applicants served the affidavit of Adam Zalev sworn on the same date supplementing the First Zalev Charter Affidavit (together, the "**Zalev Charter Affidavits**") in support of the Applicants' motion seeking updates to the form of Charter Auction Process Order originally sought (the "**Updated Charter Auction Process Order**"). Among other things, the Updated Charter Auction Process Order would:

² Such offer was contained in the DKRT Commitment Letter described in further detail below and in the Ninth Report.

- (a) approve a revised version of the Charter Auction Process for the Charter Auction in the form attached as Schedule “A” to the Updated Charter Auction Process Order (the **“Updated Charter Auction Process”**); and
- (b) authorize Reflect to conduct the Charter Auction in accordance with the Updated Charter Auction Process.

1.11 A copy of the Updated Charter Auction Process Order, and a redline to the version that was originally to be sought by the Applicants at the September 29 hearing, are attached at **Appendix “B”** and **“C”**, respectively.

Purpose of this Supplemental Report

1.12 The purpose of this Supplemental Report is to provide the Court with information and, where applicable, the Monitor’s views on:

- (a) the Updated Charter Auction Process Order and related developments following the Ninth Report; and
- (b) the Applicants’ cash flow results relative to the Applicants’ cash flow forecast attached as Appendix “A” to the Tenth Report of the Monitor dated October 17, 2025 (the **“Tenth Report”**).

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Supplemental Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including

senior management of, and advisors to, the Applicants (collectively, the “**Information**”). Except as otherwise described in this Supplemental Report, in respect of the Applicants’ cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the “CAS”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and
- (b) some of the information referred to in this Supplemental Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Supplemental Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Supplemental Report should be read in conjunction with the Ninth Report and the Zalev Charter Affidavits. Capitalized terms used and not defined in this Supplemental Report have the meanings ascribed in the Ninth Report.

- 2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 UPDATED CHARTER AUCTION PROCESS ORDER

Developments Regarding the Charter Following Ninth Report

- 3.1 The Ninth Report provides background on the Charter and details the lead-up to the Applicants' motion for approval of the Charter Auction Process that was originally returnable September 29, 2025. The Ninth Report also discussed the DKRT Commitment Letter provided to the Applicants by DKRT pursuant to which DKRT agreed to: (a) participate in any Court-approved auction process for the Charter; (b) submit an opening bid of no less than \$15 million; and (c) not directly or indirectly discuss or cooperate with or offer to any person any position or other form of direct or indirect participation in the Charter Auction Process or the acquisition of the Charter without the prior written consent of the Applicant and the Monitor. Further details on the lead-up to the Charter Auction Process and the DKRT Commitment Letter are provided in the Ninth Report and are not repeated herein.
- 3.2 For the reasons set out in the First Zalev Charter Affidavit and the Ninth Report, the Applicants had expected to seek approval of the Charter Auction Process Order on September 29, 2025.
- 3.3 As noted above, on the evening of September 28, 2025, the Applicants received an unsolicited joint proposal from Wittington and DKRT (the "**Joint Proposal**"). Wittington and DKRT had each executed non-disclosure agreements with the Applicants prior to the

submission of the Joint Proposal. Pursuant to the terms thereof, and in the case of DKRT, also pursuant to the terms of the DKRT Commitment Letter, the Applicants and the Monitor are of the view that Wittington and DKRT (together, the “**Joint Bidders**”) were not permitted to submit a joint bid without the prior consent of the Applicants and the Monitor. The Joint Bidders dispute this interpretation.

- 3.4 The Applicants, Reflect, the Monitor, the FILO Agent, Pathlight and the Joint Bidders have engaged in constructive discussions following the submission of the Joint Proposal. These discussions ultimately culminated in the Joint Bidders delivering a binding commitment letter confirming the terms of the Joint Proposal dated November 14, 2025 (the “**Joint Commitment Letter**”) pursuant to which the Joint Bidders agreed to, among other things, participate in a Court-approved auction process for the Charter, and submit a bid of at least \$18 million thereunder.
- 3.5 The Joint Proposal contemplates a donation in equal parts, using a shared public custodianship model, to a consortium of the Archives of Manitoba, the Manitoba Museum, the Canadian Museum of History, and the Royal Ontario Museum (collectively, the “**Public Custodians**”). In the event the Joint Proposal is selected as the Successful Bid and approved by the Court, the Joint Bidders have also committed to provide a \$5 million donation to the Public Custodians to fund stewardship, consultation, education, and public access related to the Charter.
- 3.6 The Monitor understands that the contemplated donation is intended to facilitate public engagement that will: (a) involve consultations with First Nations, Inuit, and Métis communities and organizations, as well as other relevant organizations and the broader

public; (b) promote sharing of the Charter with institutions across Canada for public display; (c) support the Public Custodians' educational programs and outreach efforts in connection with the Charter; and (d) ensure that the Charter remains in Canada as well as its preservation, stewardship, and continuing accessibility for all Canadians.

3.7 The Applicants and the Monitor, in consultation with Reflect, the FILO Agent, and with Pathlight not opposing, agreed to allow Wittington and DKRT to act jointly and accepted the Joint Proposal. The Monitor is of the view that the acceptance of the Joint Proposal is reasonable and appropriate in the circumstances, and in the best interests of the Applicants' stakeholders given:

- (a) the Joint Proposal provides for additional consideration to be paid to the Applicants, and a greater donation to be made to the Public Custodians, compared to the DKRT Commitment Letter and the Wittington Offer;
- (b) the acceptance of the Joint Proposal is supported by the FILO Agent and is not opposed by Pathlight (the Applicants' two key economic stakeholders);
- (c) the Public Custodians are respected institutions with expertise in the preservation, care and dissemination of significant artifacts. The Monitor understands that the Public Custodians are committed to consult with Indigenous groups and facilitate public access to the Charter through national sharing mechanisms. Further, the Public Custodians are not bound by the Joint Proposal and are free to accept a donation from any other Qualified Bidder (as defined in the Updated Charter Auction Process); and

- (d) the Joint Proposal will represent the opening bid under the Updated Charter Auction Process, under which interested parties will have an opportunity to submit a superior offer. Further, as noted below, any bid determined to be a “Successful Bid” at the conclusion of the Updated Charter Auction Process (including, if applicable, the Joint Proposal), will be subject to Court approval.

Updated Charter Auction Process³

- 3.8 The Updated Charter Auction Process is substantially similar to the Charter Auction Process that the Applicants originally intended to seek at the motion scheduled for September 29, 2025. The main changes proposed are discussed below.
- 3.9 The key dates for the Charter Auction have been extended in light of the revised motion date – the Updated Charter Auction Process now contemplates that the Charter Auction will take place on or about December 3, 2025, with Interested Potential Bidders being required to submit Bid Proposals to Reflect and the Monitor by no later than November 28, 2025. As described below, there has been significant formal and informal marketing of the Charter, and the Monitor believes the November 28, 2025, bid deadline allows for sufficient time for potentially interested parties to receive notice of the Charter Auction and determine whether they will submit a Bid Proposal.
- 3.10 In addition to the criteria previously noted in the Ninth Report in respect of the original Charter Auction Process, to qualify as a Qualified Bidder under the Updated Charter

³ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the Updated Charter Auction Process.

Auction Process, Potential Bidders will be required to submit a Bid Proposal that includes, among other things:

- (a) a commitment, in form and substance satisfactory to Reflect and the Monitor, to bid no less than \$18.5 million at the Charter Auction;
- (b) an acknowledgement that the Charter is of outstanding significance and of high national importance and is protected under the *Canadian Cultural Property Export and Import Act*;
- (c) confirmation that the Potential Bidder is considering the acquisition of the Charter for its own account and a commitment by the Potential Bidder to permanently donate the Charter to one or more Canadian public institutions with the ability to preserve cultural property for the long term and make it accessible to the public through exhibitions, programming, publication, research, or online, and which includes a museum or archives (a “**Public Institution**”) immediately after the closing of the Charter’s purchase;
- (d) details of the terms of the donation, including the amount, if any, the Potential Bidder will donate to the proposed Public Institution to support a consultation process, sharing of the Charter, or other Charter-related activities; and
- (e) a letter from the Public Institution to which the Charter is proposed to be donated indicating it will accept the donation and the terms thereof, including the Public Institution’s capacity to ensure the continued preservation of the Charter, the Public Institution’s plan to conduct a consultation process with respect to sharing the Charter

with other Public Institutions and Indigenous groups, and the Public Institution's plans for the Charter while consultations are ongoing.

- 3.11 The Monitor is of the view that the Updated Charter Auction Process will be well-publicized – these CCAA Proceedings, and the potential disposition of the Charter, have received significant media coverage. The Company will issue a press release, and the Monitor understands that Reflect has contacted (and will continue to contact) a list of potential purchasers, including by way of distributing the 'teaser' document prepared in this regard. The proposed Updated Charter Auction Process included in the Applicants' motion materials is available on the Monitor's website, and if the Updated Charter Auction Process is approved, it will be posted to a separate and easily accessible tab on the Monitor's website.
- 3.12 The Applicants intend to return to seek Court approval of the Successful Bid following the conclusion of the Updated Charter Auction Process.
- 3.13 The Monitor is of the view that the approval of the Updated Charter Auction Process Order is in the best interests of the Applicants and their creditors for similar reasons for its support of the Charter Auction Process as discussed in the Ninth Report. The Monitor therefore respectfully recommends that this Court approve the Updated Charter Auction Process Order given that, among other things:
- (a) the Updated Charter Auction Process will provide for an open and transparent sale of the Charter during the Charter Auction in a value-maximizing manner;

- (b) the Updated Charter Auction Process was designed with the Charter's unique cultural and historical importance in mind, and contains appropriate safeguards to ensure, among other things, that the Charter remains in Canada and will be made publicly-accessible;
- (c) the Joint Proposal ensures that, even if no new bids are received, appropriate value will be received and the Charter will be donated to a public institution and additional funds have been committed to be provided to the donee institution to support consultation with Indigenous groups, collaborations with cultural institutions, and the sharing of the Charter across Canada to maximize public access;
- (d) the Updated Charter Auction Process Order is supported by the FILO Agent and not opposed by Pathlight; and
- (e) the Monitor does not believe the granting of the Updated Charter Auction Process Order will materially prejudice any of the Applicants' stakeholders.

4.0 CASH FLOW RESULTS RELATIVE TO FORECAST⁴

4.1 Actual receipts and disbursements for the four-week period from October 11 to November 7, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast attached as **Appendix "A"** to the Tenth Report (the "**Sixth Updated Cash Flow Forecast**"), are summarized in the following table:

⁴ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts	1,310	--	1,310
Disbursements			
Payroll & Benefits	(1,178)	(1,229)	51
Occupancy Costs	(3,980)	(3,964)	(16)
Wind-down Expenses	(835)	(1,485)	650
Store Closure & Exit Costs	(854)	(1,436)	582
Consultant Fees & Expenses	--	(280)	280
Professional Fees	(2,334)	(2,651)	317
Shared Service Payments	(1,193)	(2,890)	1,697
Interest Payments & Fees	(756)	(695)	(61)
Total Disbursements	(11,129)	(14,629)	3,500
Net Cash Flow	(9,819)	(14,629)	4,810
Opening Cash Balance	37,105	37,112	(7)
Net Cash Flow	(9,819)	(14,629)	4,810
FILO Credit Facility Paydown	(4,000)	-	(4,000)
Closing Cash Balance	23,286	22,483	803

4.2 Pursuant to paragraph 22(c) of the Court’s endorsement dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

4.3 Explanations for the variances during the Reporting Period are as follows:

- (a) receipts of approximately \$1.3 million relate to: (i) a partial release of the funds held by the Company’s credit card processor to cover chargeback exposure (the “**CC Processor Holdback**”) of approximately \$1.2 million; and (ii) interest income of approximately \$100,000 earned on cash balances held in the Company’s bank accounts. The cumulative positive variance of \$1.3 million is comprised of: (x) a

positive timing variance of \$500,000 related to the partial release of CC Processor Holdback, which had been forecast to be received the week ending November 14, 2025; (y) a positive permanent variance of \$700,000 resulting from a negotiated increase to the initial release of the CC Processor Holdback, which receipt had been expected to be received outside of the forecast period; and (z) a permanent positive variance of approximately \$100,000 due to interest income earned on the Company's cash balances;

- (b) the positive variance in store closure and exit costs of approximately \$582,000 is primarily a timing variance, as FF&E removal work continues to advance and signage removal work is to commence shortly. In addition, the Company has begun incurring FF&E removal costs in connection with the Subject Leases (as defined in the Eighth Report of the Monitor dated August 20, 2025), and these costs will be incremental to the amounts included in the forecast and will be a negative permanent variance;
- (c) the positive variance in professional fees of approximately \$317,000 is considered a timing variance;
- (d) the positive variance in shared service payments of approximately \$1.7 million is considered a timing variance relating to ongoing reconciliations for services incurred during June and October 2025, that have not yet been paid; and
- (e) the remaining net positive variance in total disbursements of approximately \$904,000 is considered a timing variance arising from timing differences in the payment of certain wind-down and other expenses.


- 4.4 As directed in the endorsement of Justice Osborne on October 24, 2025, and in accordance with the Stay Extension and Distribution Order dated May 13, 2025, which authorized distributions to be made to the FILO Agent in respect of amounts owing under the FILO Credit Facility (excluding the Make-Whole) (each as defined in the Third Report of the Monitor dated May 9, 2025), the Company made a distribution of \$4.0 million to the FILO Agent on October 31, 2025. This distribution was not forecast during the Reporting Period.
- 4.5 The principal balance owing to the FILO Lenders under the FILO Credit Facility, after accounting for the distribution noted above and excluding the Make-Whole, is approximately \$53.1 million.
- 4.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$4.8 million, before considering the distribution to the FILO Agent. The closing cash balance as of November 7, 2025, was approximately \$23.3 million, as compared to the projected cash balance of \$22.5 million.
- 4.7 As previously reported, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction of \$4.0 million in trust (received on June 26, 2025). These funds are incremental to the Company's closing cash balance as of November 7, 2025.

5.0 CONCLUSIONS AND RECOMMENDATIONS


5.1 For the reasons set out in this Supplemental Report, the Monitor respectfully recommends that this Court grant the relief sought by the Applicants.

All of which is respectfully submitted to the Court this 17th day of November, 2025.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1242939 B.C. Unlimited Liability Company, et al,
not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

APPENDIX H
Tenth Report of the Monitor dated October 17, 2025

See attached.

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
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC.,
AND 2472598 ONTARIO INC.

Applicants

TENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

OCTOBER 17, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION.....	2
2.0	TERMS OF REFERENCE AND DISCLAIMER	6
3.0	STAY EXTENSION	7
4.0	UPDATE ON WAGE EARNER PROTECTION PROGRAM MATTERS.....	10
5.0	CASH FLOW RESULTS RELATIVE TO FORECAST	11
6.0	SIXTH UPDATED CASH FLOW FORECAST.....	16
7.0	CONCLUSIONS AND RECOMMENDATIONS.....	20

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Schedule B – Name Changes for Hudson’s Bay Canada entities

Appendix A – Sixth Updated Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 On March 7, 2025, 1242939 B.C. Unlimited Liability Company (at the time, known as Hudson’s Bay Company ULC Compagnie De La Baie D’Hudson SRI) (“**Hudson’s Bay**” or the “**Company**”), and the other applicants listed on **Schedule “A”** hereto (together, the “**Applicants**”), were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule “A”** hereto (together with HBC Holdings LP, the “**Non-Applicant Stay Parties**”). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as “**Hudson’s Bay Canada**”.¹ In accordance with an Order granted by the Court on June 23, 2025, certain Hudson’s Bay Canada entities completed corporate name changes on August 6 and 7, 2025, and again on August 12, 2025. The current names of the Hudson’s Bay Canada entities after the name changes on August 12, 2025, are set out on **Schedule “B”** hereto.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).

¹ The CCAA Proceedings have since been terminated in respect of two Applicants (HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc.), and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties (RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.). The defined terms “Applicants”, “Non-Applicant Stay Parties” and “Hudson’s Bay Canada” as used in this Report refer to the applicable entities at the relevant times.

- 1.3 Since the Initial Order was granted, this Court has heard several motions and granted various Orders, and a significant volume of materials have been filed by interested parties in connection therewith. This Report (the “**Tenth Report**”) does not contain a detailed chronology of these proceedings or the various relief granted. Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the “**Prior Reports**”) and all endorsements and orders made by the Court, are available on the Monitor’s case website at: www.alvarezandmarsal.com/HudsonsBay, and the Monitor’s Sixth Report dated July 14, 2025 contains a detailed chronology of these proceedings up to that date.

FILO Motion and Central Walk Approval Motion

- 1.4 On August 28 and 29, 2025, this Court heard the FILO Motion and the Central Walk Approval Motion, each of which are defined and discussed in detail in the Eighth Report of the Monitor dated August 20, 2025 (the “**Eighth Report**”). The Monitor’s views in respect of each are also detailed in the Eighth Report. As of the date hereof, the Court’s decision in respect of those motions remains under reserve.

September 25 and September 29 Motions

- 1.5 On September 19, 2025, the Applicants served a motion record returnable September 25, 2025, including the affidavit of Adam Zalev of Reflect Advisors, LLC (“**Reflect**”), the Applicants’ financial advisor, sworn the same date, seeking an Order (the “**Art Auction Process Order**”), among other things:
- (a) approving the proposed process (the “**Art Collection Auction Procedures**”) for the auction of the Art Collection (the “**Art Collection Auction**”) in the form attached as

Schedule “A” to the Art Auction Process Order, with such non-material amendments as the Applicants, Reflect, the Auctioneer and the Monitor may agree;

- (b) authorizing Heffel Gallery Limited, as auctioneer, to conduct the Art Collection Auction in accordance with the Art Collection Auction Procedures; and
- (c) vesting the individual Lots (as defined in the Art Collection Auction Procedures) constituting the Art Collection in the Purchasers (as defined in the Art Auction Process Order) at the Art Collection Auction free and clear of all claims and encumbrances.

1.6 On the same date, the Applicants served a motion record returnable September 29, 2025, also including an affidavit of the same date sworn by Adam Zalev, seeking an Order (the “**Charter Auction Process Order**”), among other things:

- (a) approving the proposed process (the “**Charter Auction Process**”) for the auction of the Royal Charter of 1670 (the “**Charter**”, and that auction, the “**Charter Auction**”) in the form attached as Schedule “A” to the Charter Auction Process Order, with such non-material amendments as the Applicants, Reflect and the Monitor may agree; and
- (b) authorizing Reflect to conduct the Charter Auction in accordance with the Charter Auction Process.

1.7 The Monitor filed its Ninth Report dated September 22, 2025 (the “**Ninth Report**”) in connection with the motions for the Art Auction Process Order and the Charter Auction Process Order.

- 1.8 The Art Auction Process Order was granted by the Court on September 25, 2025.
- 1.9 At the hearing for the Charter Auction Process Order on September 29, 2025, counsel for the Applicants advised that an unsolicited proposal in respect of the Charter had been received late in the evening of September 28. As such, the Applicants requested an adjournment, which was not opposed by any party and was supported by the Monitor and the Attorney General of Canada. The Court granted the adjournment request pursuant to an endorsement of the same date.
- 1.10 The hearing of the motion for the Charter Auction Process Order was re-scheduled for October 9, 2025 and was subsequently scheduled for October 20, 2025. The Monitor understands that the Applicants do not intend to seek relief in respect of the Charter on October 20, 2025.

October 20 Stay Extension Motion

- 1.11 On October 15, 2025, the Applicants served a motion record returnable October 20, 2025, including the affidavit of Franco Perugini sworn the same date (the “**Third Perugini Affidavit**”), seeking an Order, among other things, extending the Stay Period (as defined below) to and including December 12, 2025 (the “**Stay Extension Order**”).

Purpose of this Report

- 1.12 The purpose of this Tenth Report is to provide the Court with information and, where applicable, the Monitor’s views on:
- (a) the Stay Extension Order;

- (b) an update on Wage Earner Protection Program (“**WEPP**”) matters;
- (c) the Applicants’ cash flow results relative to the Applicants’ cash flow forecast attached as Appendix “J” to the Seventh Report of the Monitor dated July 29, 2025 (the “**Seventh Report**”);
- (d) the Sixth Updated Cash Flow Forecast (as defined below); and
- (e) the Monitor’s conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Tenth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the “**Information**”). Except as otherwise described in this Tenth Report, in respect of the Applicants’ cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the “**CAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and

(b) some of the information referred to in this Tenth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Tenth Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Tenth Report should be read in conjunction with the Third Perugini Affidavit. Capitalized terms used and not defined in this Tenth Report have the meanings ascribed to them in the Third Perugini Affidavit.

2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 STAY EXTENSION

3.1 The Initial Order granted a stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and third-party tenants of commercial shopping centres or other properties where premises operated by Hudson's Bay were located (the "**Co-Tenant Stay**") until and including March 17, 2025 (the "**Stay Period**"). At the Comeback Hearing, the Court extended the Stay Period until May 15, 2025, excluding the Co-Tenant Stay. The Stay Period was subsequently extended to July 31, 2025, by Order dated May 13, 2025.

- 3.2 As discussed in the Prior Reports, on June 3, 2025, the Court granted an Order, among other things, appointing FTI Consulting Canada Inc. (the “**Receiver**”) as receiver and manager over RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc. (collectively, the “**JV Entities**”). On the same date, the Court granted a separate Order, among other things, terminating the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities, and terminating the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.
- 3.3 Pursuant to an Order granted on July 31, 2025 (the “**Stay Extension and Distribution Order**”), the Applicants obtained an extension of the Stay Period to and including October 31, 2025. Given the Orders granted on June 3, the stay extension did not include the JV Entities, and the JV Entities no longer have the benefit of the CCAA stay.
- 3.4 The Applicants’ activities since the granting of the Stay Extension and Distribution Order are detailed in the Third Perugini Affidavit and are not repeated herein.
- 3.5 The Monitor supports the Applicants’ request to extend the Stay Period to December 12, 2025, for the following reasons:
- (a) the Applicants have acted, and continue to act, in good faith and with due diligence to advance the CCAA Proceedings;

- (b) regardless of the decision to be rendered by the Court in respect of the FILO Motion and the Central Walk Approval Motion, an extension of the Stay Period is required to provide the Applicants with the time necessary to attend to and complete various matters, including:
 - (i) responding to the decision to be issued in respect of the Central Walk Approval Motion and the FILO Motion;
 - (ii) conducting the Art Collection Auction;
 - (iii) returning to Court to seek relief in respect of the Charter Auction, and implement the monetization efforts in respect of the Charter;
 - (iv) addressing any remaining applicable FF&E and signage matters;
 - (v) attending to various employee and pension related matters, including completing WEPP matters, working with Employee Representative Counsel in respect of the potential Hardship Fund, and addressing the pension surplus;
 - (vi) completing further distributions for the benefit of the Applicants' stakeholders;
- (c) as shown in the Sixth Updated Cash Flow Forecast, the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period; and
- (d) the Monitor is not aware of any party that would be materially prejudiced by the proposed extension of the Stay Period.

4.0 UPDATE ON WAGE EARNER PROTECTION PROGRAM MATTERS

- 4.1 As discussed further in the Ninth Report, on June 3, 2025, this Court granted an Order recognizing that the Applicants met the criteria under section 3.2 of the *Wage Earner Protection Program Regulations* effective June 21, 2025, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*.
- 4.2 Since the date of the Ninth Report, the Monitor has continued to work closely with the Applicants, Ursel Phillips Fellows Hopkinson LLP, in its capacity as the Court-appointed representative counsel for certain employees (“**Employee Representative Counsel**”), and Service Canada to facilitate the implementation of the WEPP claims process to ensure employees are able to access their entitlements in an efficient and timely manner.
- 4.3 As discussed in the Ninth Report, the Monitor and the Employee Representative Counsel prepared an information package (the “**Information Package**”) for former employees containing the information necessary to submit their WEPP application to Service Canada. As of July 29, 2025, the Information Packages were finalized and approximately 8,500 packages were mailed to all eligible former employees of the Company.
- 4.4 Before Service Canada can process an employee’s application, the Monitor must prepare and submit a Trustee Information Form (“**TIF**”) for each WEPP eligible employee. As of September 30, 2025, substantially all TIFs (approximately 8,500), had been submitted by the Monitor to Service Canada.
- 4.5 The Monitor and the Employee Representative Counsel have held regular discussions with Service Canada with respect to the WEPP materials being provided to employees, and the

timing of the WEPP process. As noted in the Ninth Report, as part of these discussions, Service Canada has granted the Monitor an extension to submit all TIFs from September 30, 2025 to October 31, 2025. Accordingly, employees now have until December 26, 2025 to submit their applications to Service Canada, which represents 56 days from October 31, 2025.

- 4.6 As of October 8, 2025, approximately 4,200 WEPP applications had been submitted by former employees to Service Canada and of those submitted, Service Canada has processed approximately 1,080 applications.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST²

- 5.1 Actual receipts and disbursements for the eight-week period from July 19 to October 10, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as **Appendix “J”** to the Seventh Report (the “**Fifth Updated Cash Flow Forecast**”), are summarized in the following table:

² Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts			
Lease Monetization Process Proceeds	7,078	7,045	33
Other Receipts	3,365	-	3,365
Total Receipts	10,443	7,045	3,398
Disbursements			
Payroll & Benefits	(4,128)	(4,737)	609
Occupancy Costs	(9,679)	(7,404)	(2,275)
Operating Expenses	(5,110)	(12,117)	7,007
Store Closure & Exit Costs	(5,346)	(10,863)	5,516
Sales Tax Remittances	(4,130)	(4,300)	170
Consultant Fees & Expenses	(1,000)	(1,280)	280
Professional Fees	(15,395)	(15,037)	(358)
Shared Service Payments	(1,066)	(5,048)	3,982
Interest Payments & Fees	(2,385)	(2,401)	16
Total Disbursements	(48,240)	(63,187)	14,947
Net Cash Flow	(37,797)	(56,142)	18,345
Opening Cash Balance	82,034	82,026	8
Net Cash Flow	(37,797)	(56,142)	18,345
FILO Credit Facility Paydown	(7,125)	(7,025)	(100)
Closing Cash Balance	37,112	18,860	18,252

5.2 Pursuant to paragraph 22(c) of the Court's endorsement dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

5.3 Explanations for the variances during the Reporting Period are as follows:

- (a) the positive variance in other receipts of approximately \$3.4 million relates to: (i) the return of post-filing vendor deposits and other refunds totaling approximately \$2.8 million; (ii) interest earned on cash balances held in the Company's bank accounts of

approximately \$500,000; and (iii) gross proceeds from the closing of the sale of Zellers intellectual property of \$113,000. These receipts were not included in the forecast and represent permanent positive variances;

- (b) the positive variance in payroll and benefits of approximately \$609,000 is comprised primarily of approximately \$400,000 in positive timing variances related to payroll tax, accrued vacation and retention payments that have not yet been paid. The remaining positive variance is permanent, resulting from approximately \$200,000 of payroll reimbursements received from the pension administrator for payroll costs incurred by the Company for employees assisting directly with pension related matters;
- (c) the negative variance in occupancy costs of approximately \$2.3 million relates to rent payments for the 25 leases (the “**Subject Leases**”) that are subject to the proposed Central Walk Transaction (as defined in the Eighth Report) for the period from October 1 to October 15, 2025. Occupancy costs in the Fifth Updated Cash Flow Forecast for the Subject Leases had been forecast to be paid through September 30, 2025. Accordingly, the negative variance is permanent;
- (d) the positive variance in operating expenses of approximately \$7.0 million is comprised of: (i) a permanent positive variance of approximately \$5.4 million, resulting from provisions included in the forecast that are no longer expected to materialize, and lower than forecast property insurance expenses; and (ii) a positive timing variance of approximately \$1.6 million, relating to invoices not yet received from vendors and ongoing vendor reconciliations;

- (e) the positive variance in store closure and exit costs of approximately \$5.5 million is primarily a timing variance, as FF&E removal work continues to advance and store signage removal work remains on hold at the request of the FILO Agent. In addition, the forecast included an estimate for document destruction costs, which have not been paid to date. The Company and its legal counsel, in consultation with the Monitor and its legal counsel, are reviewing data retention and destruction matters and associated costs. The Company and Monitor anticipate returning to the Court at a future date to address data and document retention matters;
- (f) the negative variance in professional fees of approximately \$358,000 is considered a permanent negative variance;
- (g) the positive variance in shared service payments of approximately \$3.8 million is comprised of: (i) a positive timing variance of approximately \$2.5 million relating to ongoing reconciliations for services incurred during June, July, August, and September 2025, that have not yet been paid; and (ii) a permanent positive variance of approximately \$1.3 million; and
- (h) the remaining net positive variance in total disbursements of approximately \$466,000 is comprised of: (i) a permanent positive variance of approximately \$170,000 due to lower than forecast sales tax remittances; and (ii) a positive timing variance of approximately \$296,000 arising from timing differences in the payment of certain other expenses.

5.4 During the Reporting Period and in accordance with the Stay Extension and Distribution Order dated May 13, 2025, which authorized distributions to be made to the FILO Agent

in respect of amounts owing under the FILO Credit Facility (excluding the Make-Whole) (each as defined in the Third Report of the Monitor dated May 9, 2025), the Company made the following distributions:

- (a) on August 1, 2025, the Monitor transferred \$2.0 million to the Company from the \$6.0 million of funds held in trust in respect of the proceeds from the closing of the Affiliate Lease Assignment Transaction (as defined in the Fifth Report of the Monitor dated June 19, 2025). The funds transferred to the Company represent proceeds related to the lease in which the FILO Agent held a first-ranking priority charge. Upon receipt of these funds, the Company distributed \$2.0 million to the FILO Agent as an interim distribution;
- (b) on August 7, 2025, concurrent with the closing of the sale of Zellers brand intellectual property, the Company distributed the net proceeds of \$100,000 (i.e. the proceeds net of HST) to the FILO Agent as an interim distribution; and
- (c) on August 8, 2025, concurrent with the closing of the YM Transactions (as defined in the Seventh Report), the Company distributed gross proceeds of \$5.025 million to the FILO Agent as an interim distribution.

5.5 The principal balance owing to the FILO Lenders under the FILO Credit Facility, after accounting for the distributions noted above and excluding the Make-Whole, is approximately \$57.1 million.

5.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$18.4 million, before considering the distributions to the FILO

Agent. The closing cash balance as of October 10, 2025, was approximately \$37.1 million, as compared to the projected cash balance of \$18.9 million.

- 5.7 As previously reported, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction of \$4.0 million in trust (received on June 26, 2025). These funds are incremental to the Company's closing cash balance as of October 10, 2025.

6.0 SIXTH UPDATED CASH FLOW FORECAST

- 6.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated and extended cash flow forecast (the "**Sixth Updated Cash Flow Forecast**") for the 9-week period from October 11 to December 12, 2025 (the "**Cash Flow Period**"). A copy of the Sixth Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "A"**.
- 6.2 A summary of the Sixth Updated Cash Flow Forecast is provided in the table below:

Sixth Updated Cash Flow Forecast		\$000's
		<u>9-Week Period</u>
Receipts		1,500
Disbursements		
Payroll & Benefits		(2,258)
Occupancy Costs		(7,934)
Wind-down Expenses		(2,959)
Store Closure & Exit Costs		(2,388)
Consultant Fees & Expenses		(280)
Professional Fees		(4,908)
Shared Service Payments		(3,291)
Interest Payments & Fees		(1,390)
Total Disbursements		(25,407)
Net Cash Flow		(23,907)
Opening Cash Balance		37,112
Net Cash Flow		(23,907)
FILO Credit Facility Paydown		--
Closing Cash Balance		13,205

6.3 The Monitor notes the following with respect to the Sixth Updated Cash Flow Forecast:

- (a) as described above, as of the date of this Tenth Report, a decision with respect to the proposed Central Walk Transaction remains pending. Accordingly, the forecast does not include any receipts from proceeds of the transaction, and for conservatism, occupancy costs for the Subject Leases have been forecast for the full duration of the Cash Flow Period;
- (b) receipts include: (i) an estimated partial refund of amounts held by the Company's credit card processor to cover potential credit card chargeback exposure; and (ii) an estimated claim payout in respect of a class action lawsuit commenced prior to the CCAA Proceedings, that was recently settled by the relevant counterparties;

- (c) payroll and benefits include salaries, wages, remittances, and payroll taxes for store-level employees assisting with FF&E removal and the ongoing maintenance and supervision of the Subject Leases, as well as corporate employees and other support personnel assisting with the wind-down of the estate;
- (d) occupancy costs include third-party rents, property taxes and common area maintenance for the Subject Leases, which are subject to the proposed Central Walk Transaction;
- (e) wind-down expenses relate to ongoing store-level carrying costs associated with the Subject Leases, as well as corporate wind-down costs. These expenses include, among other items, utilities, security and maintenance expenses, and record retention and storage fees;
- (f) store closure & exit costs relate to estimated costs to remove FF&E and interior and exterior store signage of approximately \$1.0 million and \$1.4 million, respectively.³ As noted above, removal of store signage was put on hold following receipt of a demand from the FILO Agent that the Company not incur any further costs associated with signage removal. The Monitor notes that the issue of signage removal was raised in the motions before the Court on August 28 and 29 and in recent communications with certain of the Landlords. If a consensual arrangement cannot be reached with the FILO Agent and the Landlords, the Company and the Monitor may require the Court's assistance to resolve signage removal matters;

³ Estimated costs to remove FF&E and interior and exterior store signage do not include potential costs related to the Subject Leases.

- (g) consultant fee & expense payments of approximately \$280,000 relate to the remaining payments claimed by the Consultant for Costs (each as defined in the Consulting Agreement dated March 25, 2025) incurred in conducting the Liquidation Sale; and
- (h) shared services payments consist of: (i) cost reimbursement for limited Saks Global employees that provide support services to Hudson's Bay; (ii) an estimate for Hudson's Bay's share of third party IT costs and related support services necessary to properly administer the remaining aspects of the wind-down; and (iii) reimbursement for shared services incurred during June, July, August, and September 2025, which remain subject to ongoing reconciliation between the Company (with the assistance of the Monitor) and Saks Global. The parties continue to advance a shared services agreement to address shared services and data retention matters.

- 6.4 Based on the Sixth Updated Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity throughout the Cash Flow Period.
- 6.5 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (a) the Cash Flow Assumptions are not consistent with the purpose of the Sixth Updated Cash Flow Forecast; (b) as at the date of this Tenth Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Sixth Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (c) the Sixth Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

7.0 CONCLUSIONS AND RECOMMENDATIONS

7.1 For the reasons set out in this Tenth Report, the Monitor respectfully recommends that this Court grant the Stay Extension Order.

All of which is respectfully submitted to the Court this 17th day of October, 2025.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1242939 B.C. Unlimited Liability Company, et al,
not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

APPENDIX I
Seventh Updated Cash Flow Forecast

See attached.

1242939 B.C. Unlimited Liability Company, et al.
Seventh Updated Cash Flow Forecast
\$CAD 000's

Cash Flow Week: Week Ending:	Note	Week 1 05-Dec-25	Week 2 12-Dec-25	Week 3 19-Dec-25	Week 4 26-Dec-25	Week 5 02-Jan-26	Week 6 09-Jan-26	Week 7 16-Jan-26	Week 8 23-Jan-26	Week 9 30-Jan-26	Week 10 06-Feb-26	Week 11 13-Feb-26	Week 12 20-Feb-26	Week 13 27-Feb-26	Week 14 06-Mar-26	Week 15 13-Mar-26	Week 16 20-Mar-26	Week 17 27-Mar-26	Week 18 03-Apr-26	Total
Receipts	1	-	5,424	-	21,470	9,682	1,700	-	-	-	-	-	-	-	-	-	-	-	-	38,276
Disbursements																				
Payroll & Benefits	2	(210)	(102)	(250)	(14)	(386)	(74)	(109)	(36)	(148)	(8)	(58)	(8)	(133)	(8)	(36)	(8)	(83)	(54)	(1,722)
Occupancy Costs	3	(100)	(6)	-	-	-	-	-	(500)	-	-	-	-	-	-	-	-	-	-	(606)
Wind-down Expenses	4	(539)	(425)	(340)	(265)	(367)	(310)	(20)	(34)	(170)	(85)	(10)	(24)	(10)	(85)	(10)	(24)	(10)	(85)	(2,815)
Store Closure & Exit Costs	5	(2,581)	(1,428)	(1,428)	(488)	(378)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,302)
Sales Tax Remittances		-	-	-	-	-	-	-	-	-	(3,094)	-	-	-	-	-	-	-	-	(3,094)
Professional Fees	6	(635)	(654)	(824)	(654)	(400)	(305)	(621)	(452)	(452)	(452)	(508)	(339)	(339)	(339)	(486)	(316)	(486)	(316)	(8,578)
Shared Service Payments	7	-	(408)	(1,280)	-	(408)	-	-	-	(263)	-	-	-	-	(263)	-	-	-	(263)	(2,887)
Interest Payments & Fees	8	-	-	-	(1,135)	(766)	-	-	-	(437)	-	-	-	(437)	-	-	-	(437)	-	(3,212)
Total Disbursements		(4,065)	(3,022)	(4,122)	(2,556)	(2,705)	(688)	(750)	(1,023)	(1,470)	(3,639)	(576)	(371)	(918)	(695)	(532)	(348)	(1,015)	(719)	(29,215)
Net Cash Flow		(4,065)	2,402	(4,122)	18,914	6,977	1,012	(750)	(1,023)	(1,470)	(3,639)	(576)	(371)	(918)	(695)	(532)	(348)	(1,015)	(719)	9,061
Opening Cash Balance		16,533	12,468	14,870	10,748	11,662	18,638	19,650	18,900	17,877	16,407	12,768	12,192	11,821	10,903	10,208	9,676	9,328	8,313	16,533
Net Cash Flow		(4,065)	2,402	(4,122)	18,914	6,977	1,012	(750)	(1,023)	(1,470)	(3,639)	(576)	(371)	(918)	(695)	(532)	(348)	(1,015)	(719)	9,061
FILO Credit Facility Paydown		-	-	-	(18,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,000)
Closing Cash Balance		12,468	14,870	10,748	11,662	18,638	19,650	18,900	17,877	16,407	12,768	12,192	11,821	10,903	10,208	9,676	9,328	8,313	7,594	7,594

1242939 B.C. Unlimited Liability Company, et al.
18-Week Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this cash flow forecast (the “Forecast”), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions described below with respect to the requirements and impact of a filing under the Companies’ Creditors Arrangement Act (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Forecast is presented in thousands of Canadian dollars.

1) Receipts

Includes: (i) expected gross proceeds from the Charter Transaction; (ii) estimated Art Collection Auction gross proceeds from the live auction held on November 19, 2025, and estimated Art Collection Auction gross proceeds from the first of four online art auctions, which closed on December 4, 2025; (iii) post-filing sales tax refunds from the Canada Revenue Agency related to prior periods; and (iv) an estimated claim payout in respect of a class action lawsuit commenced prior to the CCAA Proceedings, that was recently settled by the relevant counterparties.

Shortly after receipt, the net proceeds from the Charter Transaction of approximately \$18 million are forecast to be disbursed to the FILO Agent as a partial principal repayment of amounts owing under the FILO Credit Facility.

The remaining gross proceeds from the closing of the Affiliate Lease Assignment Agreement (\$4.0 million), continue to be held in trust by the Monitor and are incremental to the closing cash balance presented in the Seventh Updated Cash Flow Forecast.

2) Payroll & Benefits

Includes salaries, wages, statutory remittances, employee benefits and applicable taxes for remaining store-level employees assisting with FF&E and signage removal, as well as corporate employees assisting with wind-down of the estate. This line also includes: (i) accrued vacation payments to remaining employees; (ii) payments to HBC India, an affiliated entity, for personnel providing support and administrative services to the Company; (iii) payments to independent contractors who are assisting with the wind-down of the estate; and (iv) payments to remaining store-level employees pursuant to the liquidation retention bonus program, developed in consultation with the Consultant.

3) Occupancy Costs

Represents a reserve for potential reconciliations relating to third-party rents, property taxes and CAM charges for 2025.

4) Wind-down Expenses

Includes accrued expenses related to store-level carrying costs, as well as corporate wind-down costs. These expenses include, among other items, utilities, security and maintenance expenses, record retention and storage fees.

5) Store Closure & Exit Costs

Includes: (i) estimated remaining costs to remove FF&E from store locations (approximately \$4.1 million); and (ii) estimated costs to remove interior and exterior signage from store locations (approximately \$2.2 million).

6) Professional Fees

Represents estimated payments to the Applicants' legal counsel and financial advisor; the Monitor and its legal counsel; Employee Representative Counsel; and legal counsel and financial advisors to the FILO Lenders.

7) Shared Service Payments

Represents estimated payments for shared services provided by Saks Global, consisting of: (i) cost reimbursements for the limited Saks Global employees that provide support services to the Company; (ii) an estimate for the Company's share of third party IT costs and related support services necessary to properly administer the remaining aspects of the wind-down; and (iii) reimbursement for shared service costs incurred during June 2025 (amounts owing for subsequent months have been reconciled and paid), which remain subject to ongoing reconciliation between the Company (with the assistance of the Monitor) and Saks Global. The parties continue to advance a shared services agreement to address shared services and data retention matters.

1242939 B.C. Unlimited Liability Company, et al.

18-Week Cash Flow Forecast

Notes and Summary of Assumptions

8) Interest Payments & Fees

Represent payments owing to the FILO Lenders for: (i) accrued and unpaid interest; (ii) forecast interest for the period covered by the Seventh Updated Cash Flow Forecast; and (iii) an annual agency fee.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF 1242939 B.C.
Unlimited Liability Company et al.

Court File No.: CV-25-738613-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

ELEVENTH REPORT OF THE MONITOR

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