

**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 **NORDSTROM CANADA RETAIL,
INC., NORDSTROM CANADA HOLDINGS, LLC** and
NORDSTROM CANADA HOLDINGS II, LLC

APPLICANTS

**FACTUM OF THE APPLICANTS
(STAY EXTENSION)**

June 19, 2025

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TO: **SERVICE LIST**

PART I - NATURE OF THE MOTION

1. The Applicants obtained relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) pursuant to an Initial Order dated March 2, 2023 (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List).
2. The Initial Order provided for an initial stay of proceedings until and including March 12, 2023, which has since been extended several times (as extended, the “**Stay Period**”), most recently by an order granted December 9, 2024 (the “**December Stay Extension Order**”). The current Stay Period will expire on June 30, 2025.
3. This factum is filed in support of a motion by the Applicants for an order extending the Stay Period up to and including December 19, 2025 (the “**Stay Extension**”).
4. The Nordstrom Canada Entities have acted with due diligence and in good faith in these CCAA proceedings while they pursue a responsible and orderly wind-down of their business. Since this Court granted the December Stay Extension Order, the Nordstrom Canada Entities, in close consultation with the Monitor, have continued to advance post-implementation Plan matters, worked to resolve the small number of remaining creditor Claims in the Claims Process including CRA matters, and prepared to make a second distribution to Affected Creditors with Proven Claims.
5. The Stay Extension is appropriate, and the requested extended Stay Period is necessary and reasonable to permit the Nordstrom Canada Entities to continue to implement the Plan, resolve the few remaining Claims in the Claims Process including the CRA Marker Claim, make additional distributions to Affected Creditors, and prepare for the termination of these CCAA proceedings.

The Nordstrom Canada Entities currently intend to come back to Court before the expiry of the proposed extended Stay Period to seek a Discharge and Termination Order.

PART II - SUMMARY OF FACTS

6. The facts underlying this motion are more fully set out in the Affidavit of Misti Heckel sworn June 16, 2025 (the “**Eleventh Heckel Affidavit**”). Capitalized terms used but not defined herein have the meanings ascribed to them in the Eleventh Heckel Affidavit. Certain facts relevant to the requested relief are highlighted in the sections below.

A. Background

7. On December 20, 2023, this Court granted the Meeting Order, which, among other things, accepted the filing of the Plan, authorized the Nordstrom Canada Entities to call and hold the Creditors’ Meeting, and extended the Stay Period until and including April 5, 2024.¹

8. The Creditors’ Meeting to vote on the Plan was held on March 1, 2024. According to the Monitor’s tabulation, the Affected Creditors holding Proven Claims that were present in person or by proxy and voted (or were deemed to vote) at the Creditors’ Meeting voted unanimously to approve the Resolution in favour of the Plan.²

9. On March 19, 2024, this Court granted the Sanction and Vesting Order, which, among other things, sanctioned the Plan and authorized the Nordstrom Canada Entities and the Monitor to implement it. The Stay Period was also extended until and including June 28, 2024.³

¹ Eleventh Heckel Affidavit at para. 7.

² Eleventh Heckel Affidavit at para. 8.

³ Eleventh Heckel Affidavit at para. 9.

10. The Plan Implementation Date occurred on April 25, 2024, and the Initial Distribution Date occurred on May 15, 2024. The initial distribution was in the amount of approximately 72% of Proven Claims of Affected Creditors (other than Other Priority Claim Creditors, Convenience Class Creditors, and Supporting Rack Landlords), who received their full distribution entitlement as part of the initial distribution.⁴

11. On June 26, 2024, the Court granted an order extending the Stay Period until and including December 20, 2024.⁵

12. On December 9, 2024, the Court granted the December Stay Extension Order, which extended the Stay Period until and including June 30, 2025.⁶

B. Progress of the CCAA Proceedings

13. The Nordstrom Canada Entities, in close consultation with the Monitor, have continued to make progress in these CCAA proceedings since the December Stay Extension Order was granted.

(a) Implementation of the Plan

14. Following the Initial Distribution Date, the Nordstrom Canada Entities and the Monitor have worked to address claims by Creditors for undeliverable or uncashed distributions in respect of Proven Claims. Pursuant to the Plan, all such claims made later than four months after the Initial Distribution Date are forever discharged and barred, and the Cash amount held by Nordstrom Canada in relation to such Claims is to be returned to the Consolidated Cash Pool Account. As of

⁴ Eleventh Heckel Affidavit at para. 14.

⁵ Eleventh Heckel Affidavit at para. 11.

⁶ Eleventh Heckel Affidavit at para. 12.

December 2, 2024, five Creditors had not cashed their distribution cheques, despite a number of attempts by the Nordstrom Canada Entities and the Monitor to contact them. Since the granting of the December Stay Extension Order, only one of these five Creditors contacted the Nordstrom Canada Entities or the Monitor and received their distribution. The approximately \$78,600 in Cash that would have been payable to the remaining four Affected Creditors has accordingly been deemed “undeliverable distributions” and returned to the Consolidated Cash Pool Account.⁷

(b) Termination of Employee Trust

15. As of April 2, 2024, the Monitor and MNP LLP had filed all tax forms relating to the Employee Trust, and the tax owing was paid. Once the notice of assessment was received from the CRA, an application for a clearance certificate and closure of the business number was submitted to the CRA on January 29, 2025. As of April 30, 2025, the Monitor’s trust account for the Employee Trust held a balance of approximately \$327,000. Once the clearance certificate is received, any remaining balance in the Employee Trust will be returned to Nordstrom US in accordance with its terms.⁸

(c) Lease Monetization Transactions

16. On February 1, 2024, the transactions for the Vaughan Mills and Deerfoot Meadows Nordstrom Rack Leases closed. As a result of adjustments made on closing, Winners LP made an additional payment to the Nordstrom Canada Entities of approximately \$229,000, resulting in net proceeds to Canada Leasing LP of approximately \$408,000, net of \$175,000 in withholding taxes

⁷ Eleventh Heckel Affidavit at para. 15.

⁸ Eleventh Heckel Affidavit at para. 16.

withheld by Winners LP's counsel and remitted to the CRA. Pursuant to clearance certificates received by the Nordstrom Canada Entities on September 11 and 19, 2024, the CRA confirmed there was no tax liability. Once the CRA has paid the withheld amount to Canada Leasing LP, the funds will be contributed to the Consolidated Cash Pool Account to be distributed to Affected Creditors.⁹

(d) The Claims Process

17. The Nordstrom Canada Entities and the Monitor have continued to work to resolve the small number of remaining Claims in the Claims Process.¹⁰ As at December 2, 2024, the Disputed Claims Reserve—initially set at approximately \$6.2 million—contained approximately \$5.2 million. Since then, an additional \$185,000 has been transferred from the Disputed Claims Reserve Account to the Consolidated Cash Pool Account, leaving approximately \$5.1 million remaining in the Disputed Claims Reserve as at June 16, 2025. The remaining balance of the Disputed Claims Reserve that is not needed to satisfy Disputed Claims that become Proven Claims will ultimately be transferred to the Consolidated Cash Pool Account for distribution to Affected Creditors.¹¹

18. The CRA Marker Claim and post-filing Canadian federal income tax and HST matters continue to be the principal remaining matters to be resolved in these CCAA proceedings.¹² The Nordstrom Canada Entities have continued to actively work with the CRA, in consultation with the Monitor, to reconcile the CRA Marker Claim with the Nordstrom Canada Entities' accounts

⁹ Eleventh Heckel Affidavit at para. 17.

¹⁰ Eleventh Heckel Affidavit at para. 18.

¹¹ Eleventh Heckel Affidavit at para. 19.

¹² Eleventh Heckel Affidavit at para. 22.

and resolve outstanding audits for HST compliance under the *Excise Tax Act* (R.S.C., 1985, c. E-15) (the “**ETA**”). As at December 2, 2024, the parties had essentially agreed on all pre-filing and post-filing amounts (including all post-filing HST amounts) for each of the Nordstrom Canada Entities. The balance of the Consolidated Cash Pool Account has increased by \$2.5 million due to refunds received from the CRA for ITCs related primarily to HST paid by NCL on post-filing payments and HST included in the initial distribution to Supporting Rack Landlords.¹³

19. Since December 2, 2024, the Nordstrom Canada Entities have received confirmation from the CRA regarding the final revised version of the CRA Marker Claim. By the end of June 2025, the Nordstrom Canada Entities plan to file with the CRA all required income tax returns for fiscal year-end 2025 and the pro-forma tax returns to cover the period of the current taxation year through the completion of the wind-down for review by the CRA.¹⁴

20. Although these CRA matters were not fully and finally resolved during the last Stay Period, the parties continue to make significant progress with respect to these issues. While the Nordstrom Canada Entities cannot fully control the timing, they anticipate that matters with the CRA and all other outstanding matters will be resolved during the proposed extended Stay Period.¹⁵ Following such resolution, the Nordstrom Canada Entities intend to proceed with the Final Distribution under the Plan (as discussed below) and seek an order terminating these CCAA proceedings. The Nordstrom Canada Entities and the Monitor remain of the view that the CRA Marker Claim and

¹³ Eleventh Heckel Affidavit at para. 20.

¹⁴ Eleventh Heckel Affidavit at para. 21.

¹⁵ Eleventh Heckel Affidavit at para. 22.

additional tax matters, once resolved, will not materially affect the recoveries analysis provided to Affected Creditors in connection with the Plan, which has been updated as set out below.¹⁶

(e) Other Plan Matters

21. Pursuant to the Plan, from and after the Initial Distribution Date, as frequently as the Nordstrom Canada Entities and the Monitor may determine, Nordstrom Canada, on behalf of NCL, is required to make a distribution to each FLS Landlord with a Proven Claim in an amount equal to the amount of Cash in the NCL ITC Cash Pool Account multiplied by the FLS Landlord ITC Share in respect of such FLS Landlord applicable to such distribution. The distributions to the FLS Landlords would be inclusive of HST. Under the terms of the FLS Landlord Settlement Agreements, the non-HST portion of such distributions are to be paid by the FLS Landlords to Nordstrom US. The HST portions of such distributions entitle NCL to claim and receive ITCs under the ETA of an equivalent amount. The FLS Landlord Settlement Agreements further provide that an amount equal to such ITCs (when the ITCs are received by NCL) are to be distributed by NCL to the FLS Landlords. These distributions would be treated in the same manner as the distributions described above, such that the non-HST portion would be paid to Nordstrom US and the HST portion would generate further ITCs.¹⁷ This cycle would continue until the value of the ITC amounts payable to NCL in respect of a distribution is negligible, such that there would be no benefit from claiming them. As at December 2, 2024, it was anticipated that it may take approximately four to six distribution cycles over several months in order to reach this point.¹⁸

¹⁶ Eleventh Heckel Affidavit at para. 23.

¹⁷ Eleventh Heckel Affidavit at para. 24.

¹⁸ Eleventh Heckel Affidavit at para. 25.

22. The Nordstrom Canada Entities, the CRA, and the Department of Justice worked cooperatively to expedite this timeline. NCL filed a HST return in respect of final payments made to FLS Landlords in a manner to eliminate any distribution cycle delays. All such ITCs have now been received by NCL.¹⁹

C. The Second Interim Distribution

23. The Nordstrom Canada Entities and the Monitor believe that a second interim distribution to Affected Creditors with Proven Claims is appropriate at this time, given the advanced status of the Claims Process and these CCAA proceedings generally, and the fact that there is approximately \$14 million between the Administrative Reserve Account, Disputed Claims Reserve Account, and Consolidated Cash Pool Account.²⁰ As such, the Nordstrom Canada Entities currently anticipate making a second interim distribution to Affected Creditors with Proven Claims in the amount of \$10.5 million in July 2025. This additional \$10.5 million distribution will result in an incremental 6% in recovery for Affected Creditors with Proven Claims and an aggregate recovery to date of 78%.²¹

24. The Nordstrom Canada Entities, in conjunction with the Monitor, have refreshed the recovery analysis that was described in the Affidavit of Misti Heckel sworn December 2, 2024. At that time, it was anticipated that Affected Creditors would receive a total distribution of between 78% to 80% of their Proven Claims. Based on the progress made to date in these CCAA

¹⁹ Eleventh Heckel Affidavit at para. 26.

²⁰ This amount is comprised of approximately \$3.9 million remaining in the Administrative Reserve Account, approximately \$5.1 million remaining in the Disputed Claims Reserve Account, and approximately \$5 million in the Consolidated Cash Pool (as at June 12, 2025): Eleventh Heckel Affidavit at para. 28.

²¹ Eleventh Heckel Affidavit at para. 28.

proceedings, it is currently anticipated that Affected Creditors will receive a total distribution of between 78.5% to 80% of their Proven Claims.²²

25. The Plan also contemplates a Final Distribution on the Final Distribution Date, once there are no remaining Disputed Claims, and any Cash remaining in the Administrative Reserve Account and the Disputed Claims Reserve Account has been transferred to the Consolidated Cash Pool Account. At that time, Nordstrom Canada will distribute to the Affected Creditors with Proven Claims amounts equal to their respective Pro Rata Share of any Cash in the Consolidated Cash Pool Account in full and final settlement of such Proven Claims.²³ The quantum and timing of the third and Final Distribution will depend on the final resolution of all CRA matters, including the CRA Marker Claim, and the Nordstrom Canada Entities and the Monitor being satisfied that all remaining Cash in the Disputed Claims Reserve can be transferred to the Consolidated Cash Pool for distribution to Affected Creditors.²⁴

PART III - ISSUES AND THE LAW

26. The issue on this motion is whether this Court should grant the proposed Stay Extension.

A. The Stay Extension Should be Granted

27. This Court is authorized to extend a CCAA stay pursuant to section 11.02(2) of the CCAA, provided that the two considerations outlined in section 11.02(3) are satisfied. These are: (a)

²² Eleventh Heckel Affidavit at para. 30.

²³ Eleventh Heckel Affidavit at para. 27.

²⁴ Eleventh Heckel Affidavit at para. 29.

circumstances exist that make the order appropriate; and (b) the applicant has acted, and is acting, in good faith and with due diligence. Both of the section 11.02(3) factors are satisfied here.

28. The current Stay Period will expire on June 30, 2025.²⁵ The Applicants are seeking to extend the Stay Period up to and including December 19, 2025.²⁶ The Stay Extension is appropriate and necessary in the circumstances to permit the Nordstrom Canada Entities to continue to implement the Plan, resolve the few remaining Claims in the Claims Process including the resolution of CRA matters, make additional distributions to Affected Creditors (including the second distribution and the Final Distribution), and prepare for the termination of these CCAA proceedings.²⁷

29. The Nordstrom Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing a controlled and orderly wind down through the implementation of the Plan.²⁸ The Nordstrom Canada Entities have continued to make progress in these CCAA proceedings since the granting of the December Stay Extension Order and will be making a material second distribution to their Affected Creditors with Proven Claims in the near term. In particular, the Nordstrom Canada Entities have continued to work diligently to implement the Plan, which provides finality and certainty in these CCAA proceedings and meaningful recoveries to Affected Creditors.²⁹

²⁵ Eleventh Heckel Affidavit at para. 31.

²⁶ Eleventh Heckel Affidavit at para. 32.

²⁷ Eleventh Heckel Affidavit at para. 33.

²⁸ Eleventh Heckel Affidavit at para. 36.

²⁹ Eleventh Heckel Affidavit at para. 32.

30. The proposed extension of the Stay Period is in the best interests of the Nordstrom Canada Entities and their stakeholders.³⁰

31. The Monitor also supports the proposed Stay Extension. The Nordstrom Canada Entities and the Monitor are of the view that that the Nordstrom Canada Entities will have sufficient cash resources to continue their wind down through to December 19, 2025.³¹

PART IV - NATURE OF THE ORDER SOUGHT

32. For the foregoing reasons, the Applicants submit that this Court should grant the proposed Stay Extension.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19 day of June, 2025:



OSLER, HOSKIN & HARCOURT, LLP
per Hannah Davis

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Lawyers for the Applicants

³⁰ Eleventh Heckel Affidavit at para. 36.

³¹ Eleventh Heckel Affidavit at para. 34; Twelfth Report of the Monitor dated June 19, 2025 at paras. 4.2-4.4.

SCHEDULE "A": LIST OF AUTHORITIES

I certify that I am satisfied as to the authenticity of every authority.

Date June 19, 2025

A handwritten signature in blue ink, appearing to be 'J. B. ...', is written above a horizontal line.

Signature

SCHEDULE “B”
TEXT OF STATUTES, REGULATIONS & BY-LAWS
COMPANIES’ CREDITORS ARRANGEMENT ACT

R.S.C. 1985, c. C-36, as amended

Stays, etc. — other than initial application

11.02(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

[...]

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

Court File No: CV-23-00695619-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORDSTROM
CANADA RETAIL, INC., NORDSTROM CANADA HOLDINGS, LLC and NORDSTROM CANADA
HOLDINGS II, LLC

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

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