

**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 BBB CANADA LTD.**

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

MAY 11, 2023

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1.0 INTRODUCTION

- 1.1 On February 10, 2023, BBB Canada Ltd. (the “**Applicant**”) was 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**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.2 The Initial Order also extended a stay of proceedings and other benefits, restrictions and protections of the CCAA to Bed Bath & Beyond Canada L.P. (“**BBB LP**”, and together with the Applicant, “**BBB Canada**”), a limited partnership formed under the laws of the Province of Ontario. The Applicant is the general partner of BBB LP, which, as described in the Pre-Filing Report (as defined below), is integral to the Applicant’s business. The Applicant is a wholly owned subsidiary of Bed Bath & Beyond Inc. (“**BBBI**”).¹
- 1.3 On February 21, 2023, the Court granted the following orders:
- (a) an amended and restated Initial Order (the “**ARIO**”), *inter alia*:
 - (i) extending the Stay Period (as defined in the ARIO) and the Landlord Stay to and including May 1, 2023;
 - (ii) approving BBB Canada’s key employee retention plan (the “**KERP**”) and granting a charge over the Property (as defined in the ARIO) in the

¹ BBBI and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on April 23, 2023.

maximum amount of \$161,000 in favour of the employees entitled to participate in the KERP as security for the payments to be made in accordance with the KERP;

(iii) increasing the amounts of the Administration Charge and the Directors' Charge (each as defined in the ARIO) to \$1.25 million and \$8.25 million, respectively; and

(iv) declaring that, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (the "**WEPP Act**"), BBB Canada meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and that BBB Canada's former employees are eligible to receive payments under and in accordance with the WEPP Act following the termination of their employment; and

(b) an order (the "**Sale Approval Order**") approving the Consulting Agreement between the Consultant and BBB LP and the Sale Guidelines (as defined in the Sale Approval Order), and authorizing BBB LP, with the assistance of the Consultant, to undertake the Liquidation Sale.

1.4 On April 11, 2023, the Court granted an assignment, approval and vesting order (the "**AAVO**"), which, among other things:

(a) approved the Omnibus Assignment and Assumption of Leases, FF&E and Trade Fixtures Agreement dated March 28, 2023 (the "**DKB Capital Agreement**"),

between BBB LP, BBBI and 11607987 Canada Inc., dba DKB Capital (“**DKB Capital**”), and the transactions contemplated therein;

- (b) assigned certain of the DKB Assumed Leases to DKB Capital pursuant to section 11.3 of the CCAA on an unopposed basis, and vested BBB LP’s right, title and interest in and to the DKB Assumed Leases and the other purchased assets described in the DKB Capital Agreement in DKB Capital free and clear of all Encumbrances (as defined in the AAVO) other than permitted encumbrances identified in the DKB Capital agreement; and
- (c) directed that the unredacted copy of the DKB Capital Agreement be sealed until the earlier of the conditions enumerated under the AAVO or further order of the Court.

1.5 On April 28, 2023, the Applicant sought and obtained the following additional orders:

- (a) an assignment, approval and vesting order (the “**Second AAVO**”), which, *inter alia*:
 - (i) approved the Omnibus Assignment and Assumption of Leases dated April 21, 2023 (the “**Canadian Tire Agreement**”), among BBB LP, BBBI and Canadian Tire Corporation Canada, Limited (“**Canadian Tire**”) and the transactions contemplated therein; and
 - (ii) vested BBB LP’s right, title and interest in and to certain Leases (as defined below) and the other purchased assets described in the Canadian Tire Agreement in Canadian Tire free and clear of all Encumbrances (as defined

in the Second AAVO) other than permitted encumbrances identified in, or pursuant to, the Canadian Tire Agreement; and

- (b) an assignment, approval and vesting order (the “**Third AAVO**”), which, among other things:
 - (i) approved the Omnibus Assignment and Assumption of Leases, FF&E and Trade Fixtures dated April 17, 2023 (the “**Second DKB Capital Agreement**”), between BBB LP, BBBI and DKB Capital, and the transactions contemplated therein;
 - (ii) approved the Assignment and Assumption of Lease dated April 21, 2023 (the “**Winners Collingwood Agreement**”), among BBB LP, BBBI and Winners Merchants International L.P. (“**Winners**”), and the transactions contemplated therein;
 - (iii) assigned all of the rights and obligations of BBB LP under the Leases described in the Second DKB Capital Agreement and the Winners Collingwood Agreement to DKB Capital and Winners, respectively, pursuant to section 11.3 of the CCAA on an unopposed basis;
 - (iv) vested BBB LP’s right, title and interest in and to certain Leases and the other purchased assets described in the Second DKB Capital Agreement and the Winners Collingwood Agreement in DKB Capital and Winners, respectively, free and clear of all Encumbrances (as defined in the Third AAVO) other than permitted encumbrances identified in, or pursuant to, the

Second DKB Capital Agreement and the Winners Collingwood Agreement, as applicable; and

- (v) extended the Stay Period to and including June 27, 2023.

1.6 The purpose of this report (the “**Fourth Report**”) is to provide the Court with information and, where applicable, the Monitor’s views on:

- (a) the Applicant’s motion for an order (the “**Order**”), among other things:
 - (i) approving the transaction contemplated by the Assignment and Assumption of Lease Agreement dated May 5, 2023 (the “**Winners Ottawa Agreement**”), between BBB LP and Winners, and vesting BBB LP’s right, title and interest in and to the Ottawa Trainyards Lease (as defined below) and the other purchased assets described in the Winners Ottawa Agreement free and clear of all Encumbrances (as defined in the Order) other than the permitted encumbrances identified in, or pursuant to, the Winners Ottawa Agreement;
 - (ii) assigning all of the rights and obligations of BBB LP under the Ottawa Trainyards Lease to Winners pursuant to section 11.3 of the CCAA; and
 - (iii) approving the transaction contemplated by the Assignment and Assumption of Lease Agreement dated May 1, 2023 (the “**Giant Tiger Agreement**” and together with the Winners Ottawa Agreement, the “**Assignment Agreements**”), among BBB LP, BBBI and Giant Tiger Stores Limited (“**Giant Tiger**”), and vesting BBB LP’s right, title and interest in and to the

Colossus Lease (as defined below) and the other purchased assets described in the Giant Tiger Agreement free and clear of all Encumbrances (as defined in the Order) other than the permitted encumbrances identified in, or pursuant to, the Giant Tiger Agreement;

- (b) the activities of the Monitor since April 24, 2023, being the date of the Third Report (as defined below); and
- (c) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Fourth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by BBB Canada and has held discussions with management of BBB Canada and BBBI, as well as their legal counsel and financial advisors.
- 2.2 Future oriented financial information referred to in this Fourth Report was prepared based on BBB Canada's estimates and assumptions. 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, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Fourth Report should be read in conjunction with the Affidavit of Wade Haddad, the Senior Vice President, Real Estate and Store Development, of BBBI, and an officer of the Applicant, sworn on May 5, 2023 (the "**Fourth Haddad Affidavit**"), filed in support of the Applicant's motion for the proposed Order.

2.4 The Pre-Filing Report of the Proposed Monitor dated February 10, 2023 (the “**Pre-Filing Report**”), the First Report of the Monitor dated February 17, 2023 (the “**First Report**”), the Second Report of the Monitor dated April 7, 2023 (the “**Second Report**”), the Third Report of the Monitor dated April 24, 2023 (the “**Third Report**” and collectively with the Pre-Filing Report, First Report, Second Report and Third Report, the “**Prior Reports**”), and other Court-filed materials in the CCAA Proceedings are available on the Monitor’s case website at www.alvarezmarsal.com/BBBCanada (the “**Case Website**”). For ease of reference, the Second Report and Third Report are attached hereto (each without appendices) as **Appendices “A”** and “**B**”, respectively.

2.5 Capitalized terms used and not defined in this Fourth Report have the meanings given to them in the Prior Reports or the Fourth Haddad Affidavit, as applicable.

2.6 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

3.0 THE LEASE PORTFOLIO SALE PROCESS

3.1 As described in the Second Report, following the granting of the ARIO, BBB Canada sought and obtained proposals from three potential listing agents (collectively, the “**Prospective Listing Agents**”) to market for sale BBB LP’s store leases (collectively, the “**Leases**” and each a “**Lease**”), with a view to maximizing recoveries in the Orderly Wind-down (as defined in the ARIO) for the benefit of BBB Canada’s creditors. After reviewing each of the proposals received from the Prospective Listing Agents, BBB Canada entered into an Exclusive Listing Agreement with Retail Ventures CND Inc. (the “**Lease Agent**”).

- 3.2 In consultation with the Monitor, and having regard to the timeline contemplated for the Liquidation Sale and the importance of ensuring that rent costs were not unnecessarily incurred beyond the anticipated end of the Liquidation Sale (i.e., April 30, 2023), BBB Canada and the Lease Agent developed and implemented a process (the “**Lease Sale Process**”) for the solicitation of interest in the assignment or surrender of the Leases.
- 3.3 Nineteen (19) offers or expressions of interest to acquire certain of the Leases were submitted in the Lease Sale Process and received by BBB Canada and the Lease Agent (collectively, the “**EOIs**” and each an “**EOI**”). Copies of the EOIs were provided to, and reviewed by, the Monitor. Additional information concerning the Lease Sale Process is set out in the Second Report and the Fourth Haddad Affidavit, and is not repeated herein.
- 3.4 The Lease Agent’s and BBB Canada’s collective efforts have resulted in the assignment of 43 Leases, the surrender of three Leases and the disclaimer of 21 Leases, as summarized in more detail in the table below:

Counterparty	No. of Locations	Transaction	Consideration
Lease Transactions			
DKB Capital	27	Assignment and Assumption	\$ 990,000
Landlords	3	Surrender	\$ 750,000
Canadian Tire	10	Assignment and Assumption	\$ 1,650,000
Canadian Tire (not yet closed)	1	Assignment and Assumption	TBD
Winners	1	Assignment and Assumption	\$ 1,022,142
Winners (not yet closed)	1	Assignment and Assumption	\$ 300,000
DKB Capital (2)	2	Assignment and Assumption	\$ 180,000
Giant Tiger	1	Assignment and Assumption	\$ 268,664
Disclaimed Leases - Store Locations	19	Disclaimer	N/A
Total	65		\$ 5,160,806
Disclaimed Leases - Office and DC	2	Disclaimer	N/A
Total	67		\$ 5,160,806
FF&E & Trade Fixtures			
DKB Capital	N/A	N/A	\$ 705,708
Total	67		\$ 5,866,514

3.5 As illustrated above, with the exception of the Ottawa Trainyards Lease and one additional Lease included within the Canadian Tire Agreement, which remains subject to negotiation with the applicable landlord, all of the transactions arising from the Lease Sale Process have closed. In addition to closing such transactions, BBB Canada has completed the Liquidation Sale and closed all of its 65 retail stores across Canada in furtherance of the Orderly Wind-down.

4.0 ASSIGNMENT OF THE OTTAWA TRAINYARDS LEASE

- 4.1 Winners submitted an EOI in the Lease Sale Process pursuant to which Winners offered to purchase and assume all of BBB LP's right, title and interest with respect to the premises located in the Ottawa Trainyards Shopping Center at 500 Terminal Avenue, Ottawa, Ontario (the "**Ottawa Trainyards Lease**").
- 4.2 Following BBB Canada's consideration of Winner's EOI and protracted negotiations resulting from difficulties in contacting the Trainyards Landlord (as defined below), BBB LP, in consultation with the Monitor, entered into the Winners Ottawa Agreement for the assignment and assumption of the Ottawa Trainyards Lease. A copy of the Winners Ottawa Agreement is attached to the Fourth Haddad Affidavit as Exhibit "A".
- 4.3 The key provisions of the Winners Ottawa Agreement 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 Winners Ottawa Agreement.

Summary of the Winners Ottawa Agreement BBB LP as Assignor and Winners as Assignee	
Object, Intent and Closing Dates	<ul style="list-style-type: none">Subject to the release of the Consideration (as defined below) from escrow, the Assignor absolutely assigns and transfers to the Assignee, effective as of May 18, 2023 (the "Closing Date"), all of the Assignor's obligations, rights, title and interest, both at law and at equity, in and to the Lease (as defined below) and the Premises (as defined below) and, at no additional cost to the Assignee, to the personal property, FF&E and Trade Fixtures left in the Premises on the Closing Date, and all related rights, benefits and advantages, including the residue of the term of the Lease, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in the Lease.
Assigned Lease and Premises	<ul style="list-style-type: none">The "Lease" is the lease dated as of May 9, 2008, as same has been assigned, amended, restated, renewed or supplemented from time to time, including but not limited to the (i) Letter Agreement dated January 8, 2010 between Michaels of Canada, ULC and

<p align="center">Summary of the Winners Ottawa Agreement</p> <p align="center">BBB LP as Assignor and Winners as Assignee</p>	
	<p>Assignor, (ii) Option Notice dated July 25, 2018, and (iii) Consent letter dated November 6, 2019.</p> <ul style="list-style-type: none"> The “Premises” are certain premises at Ottawa Trainyards in the City of Ottawa, in the Province of Ontario as more particularly described in the Lease.
Payment	<ul style="list-style-type: none"> The Assignee will pay the amount of \$300,000.00 (the “Consideration”) to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing, within one business day of the execution of the Winners Ottawa Agreement.
Rent Adjustments	<ul style="list-style-type: none"> The Assignor and the Assignee shall adjust as between themselves the rent (including basic or minimum rent and additional rent) and other amounts payable under the Lease, which have been paid or pre-paid to the Landlord in respect of the Lease for any period, with the Closing Date itself to be allocated to the Assignee. The Assignee acknowledges that on May 15, 2023 the Assignor will be paying all rent payable under the Lease for the period of May 15 – May 31, 2023, inclusive, and the Assignee agrees to adjust for all rent in favour of the Assignor for the period from and after the Closing Date. Otherwise, such adjustments shall be agreed on by the parties in advance of Closing with the consent of the Monitor, with the Assignee making any required payment on account of such adjustments to the Monitor prior to Closing and the Assignor agreeing that any adjustments in favour of the Assignee shall be paid on Closing from the Consideration held by the Monitor.
Cure Costs	<ul style="list-style-type: none"> The Assignor will not be responsible for any costs, which may be necessary to cure any defaults under the Lease that exist as of the Closing Date (collectively, the “Cure Costs”), except for those that relate to monetary defaults existing as of the Closing Date and that relate solely to the period prior to the Closing Date, which shall be adjusted for upon the Closing Date in accordance with section 4.1 of the Winners Ottawa Agreement. If there are monetary defaults that exceed \$150,000, then the Assignor, acting in a commercially reasonable manner, with the approval of the Monitor, shall have the option to terminate the Winners Ottawa Agreement prior to closing and prior to 2:00 p.m. EST on the Closing Date by giving notice prior to closing and prior to 2:00 p.m. EST on the Closing Date, and the Consideration will be promptly returned to the Assignee. The Assignee will be responsible for and assumes the obligations for Cure Costs related to non-monetary defaults under the Lease, save and except for any non-monetary default arising by reason of the CCAA Proceedings or the insolvency of the Assignor.
Indemnity	<ul style="list-style-type: none"> The Assignee covenants with the Assignor, as of and from the Closing Date, including any renewals or extensions of the term of the Lease, to indemnify and save the Assignor harmless, from any and all Claims arising from, relating to or in connection with any non-payment of rents or other amounts payable on the part of the tenant to be paid from time to time under the Lease, or any non-observance or non-performance of any of the terms, agreements, covenants, obligations and conditions on the part of the tenant under the Lease to be paid, observed or performed from time to time, in respect of the period from and after the Closing Date, or otherwise arising, incurred or accrued on or after the Closing Date but solely in respect of the period from and after the Closing Date.

Summary of the Winners Ottawa Agreement BBB LP as Assignor and Winners as Assignee	
Other Terms and Conditions	<ul style="list-style-type: none">• The Winners Ottawa Agreement is conditional on the receipt of an order from the Court assigning the Lease to the Assignee pursuant to section 11.3 of the CCAA (the “Assignment Order”), which Assignment Order shall be in form and substance satisfactory to each of the Assignor and the Assignee, acting reasonably, prior to May 17, 2023, failing which the Winners Ottawa Agreement will be terminated and the Consideration will be returned by the Monitor to the Assignee. The Assignee shall use commercially reasonable efforts to assist the Assignor in obtaining the Assignment Order, including preparing materials required to be submitted to the Court and served to the Landlord and other parties in respect of the Assignment Order.

4.4 The Monitor understands that, until recently, BBB Canada had not intended to seek relief with respect to the Winners Ottawa Agreement given: (i) the progress that BBB Canada had initially made with counsel to the landlord under the Ottawa Trainyards Lease (the “**Trainyards Landlord**”) in the negotiation of a landlord consent; and (ii) that the consideration payable under the Winners Ottawa Agreement does not exceed the Disposition Thresholds.² Recent difficulties encountered by BBB Canada, Winners and the Trainyards Landlord’s counsel in contacting the Trainyards Landlord have, however, necessitated the Applicant’s request for the Order assigning the Ottawa Trainyards Lease pursuant to section 11.3 of the CCAA. Additionally, these difficulties protracted the negotiation of the Winners Ottawa Agreement and caused Winners to reduce the consideration from the amount it first proposed in its EOI (i.e., \$400,000) to \$300,000.³

² Pursuant to the Initial Order and the ARIQ, BBB Canada is authorized to permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$2.5 million in the aggregate; provided that, with respect to any leased premises, BBB Canada may, subject to the requirements of the CCAA, vacate, abandon or quit the whole but not part of any leased premises.

³ As described in the Fourth Haddad Affidavit, the Monitor understands that Canadian Tire encountered similar difficulties in contacting the Trainyards Landlord in connection with the assignment of a Lease dated December 17, 2015 between the Trainyards Landlord and BBB LP, which was subject to the Canadian Tire Agreement. Canadian

4.5 As described in the Fourth Haddad Affidavit, neither the Trainyards Landlord nor its counsel has, to date, raised any objection to the proposed assignment of the Ottawa Trainyards Lease to Winners. Further, the Monitor understands that BBB Canada has yet to be advised of, and does not anticipate receiving, any objection to the proposed assignment notwithstanding having served both the Trainyards Landlord and its counsel with the Applicant's motion materials. The Monitor will apprise the Court of any objection raised by the Trainyards Landlord or its counsel prior to the return date of the Applicant's motion for the proposed Order.

5.0 GIANT TIGER AGREEMENT

5.1 Giant Tiger submitted an EOI in the Lease Sale Process pursuant to which Giant Tiger offered to purchase and assume all of BBB LP's right, title and interest with respect to the premises located at 67 Colossus Drive, Unit D10, Vaughan, Ontario (the "**Colossus Lease**" and together with the Ottawa Trainyards Lease, the "**Assumed Leases**").

5.2 After BBB Canada's consideration, and in consultation with the Monitor, BBB LP and BBBI entered into the Giant Tiger Agreement for the assignment and assumption of the Colossus Lease. A copy of the Giant Tiger Agreement is attached to the Fourth Haddad Affidavit as Exhibit "C".

Tire ultimately exercised its right under the Canadian Tire Agreement to exclude such lease from the transactions contemplated by the Canadian Tire Agreement, resulting in a \$140,000.00 reduction to the consideration payable by Canadian Tire thereunder.

5.3 The key provisions of the Giant Tiger Agreement 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 Giant Tiger Agreement.

Summary of the Giant Tiger Agreement BBB LP as Assignor, BBBI as Indemnifier and Giant Tiger as Assignee	
Object, Intent and Closing Dates	<ul style="list-style-type: none"> Subject to the release of the Consideration (as defined below) from escrow, the Assignor absolutely assigns and transfers to the Assignee, effective as of May 1, 2023 (the “Closing Date”), all of the Assignor’s obligations, rights, title and interest, both at law and at equity, in and to the Lease (as defined below) and the Premises (as defined below) and in and to the personal property, FF&E and Trade Fixtures left in the Premises on the Closing Date, and all related rights, benefits and advantages, including the residue of the term of the Lease, any rights to receive any reimbursement, readjustment or reconciliation for overpayment of rent or other amounts under the Lease, including in respect of periods prior to the Closing Date, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in the Lease.
Assigned Lease and Premises	<ul style="list-style-type: none"> The “Lease” is the lease dated as of February 13, 2015, as same has been assigned, amended, restated, renewed or supplemented from time to time, including but not limited to the Lease Agreement between 1493130 Ontario Limited, Riotrin Properties (Vaughan 2) Inc., Riotrin Properties (Vaughan 3) Inc., Riotrin Properties (Vaughan) Inc. and BBB LP. The “Premises” are certain premises at 67 Colossus Drive, Unit D10, being approximately 22,434 square feet of rentable area, in the City of Vaughan, in the Province of Ontario as more particularly described in the Lease.
Payment	<ul style="list-style-type: none"> The Assignee will pay the amount of \$268,663.73 (the “Consideration”) to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing, plus any and all applicable sales, goods and services, harmonized sales and excise taxes.
Adjustments	<ul style="list-style-type: none"> The parties acknowledge and agree that (i) the amount of \$1,336.27 is owing under the Lease in respect of rental arrears and CAM and stormwater payments owing under the Lease for the period prior to the Closing Date (the “Rent Charges”) and shall not be the subject of further adjustments and the Assignee shall pay an amount equal to the Rent Charges to the Landlord, or as the Landlord may direct, and such amount has been reflected in the Consideration payable; and (ii) the Assignor has paid the estimated interim 2023 taxes payable for the period of up to June 30, 2023 and such amount has been reflected in the Consideration payable, and the Assignor and the Assignee agree that they shall have no claim against the other for any adjustments and/or reconciliations of any amounts under the Lease, including relating to realty taxes, additional rent or common area. For certainty and without limiting the generality of Section 1.1 of the Giant Tiger Agreement, the Assignor acknowledges and agrees that it shall have no claims or rights

Summary of the Giant Tiger Agreement BBB LP as Assignor, BBBI as Indemnifier and Giant Tiger as Assignee	
	against the Assignee or the Landlord in respect of any right to receive any reimbursement, readjustment or reconciliation for overpayment of rent, realty taxes, common area charges or other amounts under the Lease even if such reimbursement, readjustment or reconciliation or other amounts relate to payments made by the Assignor prior to the Closing Date.
Cure Costs	<ul style="list-style-type: none">• The Assignor will not be responsible, including pursuant to the Landlord Amendment and Waiver Agreement, for any costs that may be necessary to cure any monetary defaults under the Lease that exist as of the Closing Date (collectively, the “Cure Costs”). Subject to any releases that may be provided by the Landlord in the Landlord Waiver and Amendment Agreement, the Assignee will be responsible for all Cure Costs under the Lease incurred or due and owing for the period between January 1, 2023 and the closing Date. Subject to Section 1.4 of the Giant Tiger Agreement, any Cure Costs existing under the Lease for the period between January 1, 2023 and the Closing Date shall be paid from the Consideration payable.• If the Cure Costs exceed \$200,000, in the aggregate, then the Assignor, acting in a commercially reasonable manner, with the approval of the Monitor, shall have the option to terminate the Giant Tiger Agreement prior to the Closing Date by giving notice prior to May 1, 2023, and promptly following such termination, the Monitor shall return the Consideration to the Assignee.

5.4 The transaction contemplated under the Giant Tiger Agreement closed on May 1, 2023.

The closing of the transaction under the Giant Tiger Agreement was not conditional upon the Applicant’s receipt of an assignment order nor an approval and vesting order under the CCAA given that: (i) the landlord under the Colossus Lease (the “**Colossus Landlord**”) waived its right to terminate the Colossus Lease upon receiving notice of its assignment pursuant to a Landlord Waiver and Amendment of Lease dated May 1, 2023, among BBB LP, Giant Tiger, BBBI and the Colossus Landlord; and (ii) the consideration payable under the Giant Tiger Agreement does not exceed the Disposition Thresholds.

5.5 Following the closing of the transaction contemplated under the Giant Tiger Agreement, Giant Tiger requested that the Applicant seek an approval and vesting order in respect of

the Giant Tiger Agreement. Given the Applicant's then existing intention to seek the proposed Order in respect of the Winners Ottawa Agreement, the Monitor understands that BBB Canada agreed to facilitate Giant Tiger's request and thereby avoid any potential dispute as between the parties to the Giant Tiger Agreement.

6.0 RECOMMENDATION WITH RESPECT TO THE PROPOSED AGREEMENTS

6.1 In assessing whether to provide its support for the Applicant's request for the proposed Order approving the Assignment Agreements and the transactions contemplated therein, the Monitor has considered, among other factors, those enumerated under section 36 of the CCAA. Having regard to those non-exhaustive factors, the Monitor supports the Applicant's request for the proposed Order given that:

- (a) BBB Canada's decision to conduct the Lease Sale Process was made in consultation with the Monitor, and the Monitor was kept apprised of all material steps and developments therein;
- (b) although truncated to accommodate the anticipated timeline for conclusion of the Liquidation Sale and avoid BBB Canada incurring additional rent obligations, the Monitor is of the view that the Lease Sale Process: (i) was reasonable in the circumstances; (ii) was competitive; (iii) adequately canvassed the market for the Leases; and (iv) was conducted fairly and transparently;
- (c) the Assignment Agreements, as independently reviewed by the Monitor and its counsel, provide the highest non-overlapping aggregate recovery on the Assumed Leases obtained in the Lease Sale Process;

- (d) the Lease Sale Process was led by the Lease Agent, a qualified and experienced brokerage and consulting company familiar with many of the Leases and the Canadian commercial real estate industry more generally;
- (e) the Lease Agent recommends and supports the approval of the Assignment Agreements and has advised that it believes that the consideration received for the Assumed Leases is fair and reasonable;
- (f) the Assignment Agreements were negotiated among BBB Canada, the Lease Agent, Giant Tiger and Winners (as applicable), and such parties' respective counsel, in consultation with the Monitor and its counsel;
- (g) the Monitor is of the view that the Assignment Agreements provide an outcome with respect to the Assumed Leases that is superior and more beneficial to BBB Canada's creditors to that which could be realized in a bankruptcy;
- (h) the Assignment Agreements are subject to customary terms and conditions; and
- (i) the Colossus Landlord is supportive of the proposed Order as it relates to the Giant Tiger Agreement and the Trainyards Landlord has not expressed any opposition to the proposed Order as of the date of this Fourth Report.

6.2 In addition to the foregoing, the Monitor has also considered those factors enumerated under section 11.3 in determining whether to provide its support for the Applicant's request for the proposed Order as it relates to the assignment of the Ottawa Trainyards Lease. In this regard, the Monitor notes the following:

- (a) as previously discussed, the Winners Ottawa Agreement is conditional upon the Applicant's receipt of the proposed Order assigning the Ottawa Trainyards Lease to Winners pursuant to section 11.3 of the CCAA;
- (b) the Ottawa Trainyards Lease was entered into prior to the commencement of the CCAA Proceedings, and is neither an eligible financial contract nor a collective agreement;
- (c) as referenced above, the Monitor understands that the Applicant: (i) has provided notice of the proposed Order to both the Trainyards Landlord and its counsel; and (ii) is not aware of any opposition to the proposed Order;
- (d) pursuant to the proposed Order, the assignment of the Ottawa Trainyards Lease is entirely conditional upon the payment of all amounts owing in respect of monetary defaults under the Ottawa Trainyards Lease, other than those arising by reason only of BBB Canada's insolvency, the commencement of the CCAA Proceedings or BBB LP's failure to perform a non-monetary obligation;
- (e) the Monitor understands that Winners is The TJX Companies, Inc.'s Canadian operating entity, which currently holds leases for approximately 554 retail stores, including 297 *Winners* stores, 151 *HomeSense* stores and 106 *Marshalls* stores;
- (f) Winners has provided confirmation to BBB Canada that it has the wherewithal to close the transaction contemplated by the Winners Ottawa Agreement, pay all rent at the times and in the manner provided in the Ottawa Trainyards Lease, make all payments covenanted to be paid by the tenant under the Ottawa Trainyards Lease,

and otherwise assume, observe, perform and be liable for the performance of the terms, covenants, provisions, conditions and agreements contained in the Ottawa Trainyards Lease;

- (g) the assignment of the Ottawa Trainyards Lease and the consummation of the transaction contemplated under the Winners Ottawa Agreement will advance the purposes of the CCAA Proceedings by enhancing stakeholder recovery in the Orderly Wind-down; and
- (h) in light of the significant difficulties contacting the Trainyards Landlord encountered by BBB Canada and Winners, and the diminution of value that has resulted from such difficulties (as discussed above and further in the Fourth Haddad Affidavit), the proposed Order provides an efficient means of maximizing the value of the Ottawa Trainyards Lease for the benefit of BBB Canada's stakeholders.

7.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE THIRD REPORT

7.1 Since the date of the Third Report, the Monitor has, among other things:

- (a) monitored the Applicant's cash receipts and disbursements, and assisted in preparing weekly cash flow variance reporting;
- (b) prepared for and participated in the Applicant's motion for the Second AAVO and the Third AAVO;
- (c) performed its obligations with respect to the transactions approved pursuant to the Second AAVO and the Third AAVO;


- (d) continued to engage in discussions with Service Canada and Bennett Jones LLP (“**Bennett Jones**”), counsel to the Monitor, on WEPP Act eligibility periods and the application of the WEPP Act in the CCAA Proceedings;
- (e) engaged in numerous discussions with the Consultant and BBB Canada regarding the final reconciliation of all funds realized in the Liquidation Sale;
- (f) responded to inquiries from BBB Canada’s landlords and vendors, and their respective counsel;
- (g) coordinated the posting of Court-filed documents to the Case Website; and
- (h) with the assistance of Bennett Jones, prepared this Fourth Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

- 8.1 For the reasons set out in this Fourth Report, the Monitor is of the view that the relief requested by the Applicant is reasonable and appropriate in the circumstances. Accordingly, the Monitor respectfully recommends that the Court approve the Assignment Agreements and the transactions contemplated therein, including the assignment of the Ottawa Trainyards Lease under section 11.3 of the CCAA pursuant to the proposed Order.

All of which is respectfully submitted to the Court this 11th day of May 2023.

**Alvarez & Marsal Canada Inc., in its capacity as
Monitor of BBB Canada Ltd. and
Bed Bath & Beyond Canada L.P., and not in its
personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

APPENDIX A
SECOND REPORT OF THE MONITOR (WITHOUT APPENDICES)

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 BBB CANADA LTD.**

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

APRIL 7, 2023

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Appendix A – Pre-Filing Report of the Proposed Monitor (without appendices)

Appendix B – First Report of the Monitor (without appendices)

1.0 INTRODUCTION

- 1.1 On February 10, 2023, BBB Canada Ltd. (the “**Applicant**”) was 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**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.2 The Stay (as defined below) and other benefits, restrictions and protections of the Initial Order and the CCAA were extended to Bed Bath & Beyond Canada L.P. (“**BBB LP**”, and together with the Applicant, “**BBB Canada**”), a limited partnership formed under the laws of the Province of Ontario. The Applicant is the general partner of BBB LP, which, as described in the Pre-Filing Report (as defined below), is integral to the Applicant’s business. The Applicant is a wholly owned subsidiary of Bed Bath & Beyond Inc. (“**BBBI**”).
- 1.3 The Initial Order, among other things:
- (a) appointed A&M as Monitor in the CCAA Proceedings;
 - (b) granted a stay of proceedings (the “**Stay**”) up to and including February 21, 2023, in favour of BBB Canada;
 - (c) granted a stay in respect of the commencement or continuation of any proceedings against BBBI arising out of or in connection with any indemnity, guarantee, or surety relating to a lease of real property by the Applicant or BBB LP without the

consent of BBB Canada and the Monitor or leave of the Court (the “**Landlord Stay**”);

(d) provided BBB Canada with the ability, but not the requirement, to pay, among other things, the following expenses whether incurred prior to, on or after the date of the Initial Order to the extent that such expenses are incurred and payable by BBB Canada:

- (i) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (ii) all outstanding or future amounts owing in respect of existing return policies and refunds;
- (iii) until and including February 25, 2023, all outstanding amounts related to honouring existing gift cards, discounts, or other amounts on account of customer programs or obligations existing before or on the date of the Initial Order;
- (iv) the fees and disbursements of any employees, contractors, consultants, agents, advisors, experts, accountants, counsel, and such other persons retained or employed by BBB Canada in respect of these proceedings, at their standard rates and charges; and

- (v) with the consent of the Monitor, amounts owing for goods or services supplied to BBB Canada prior to the date of the Initial Order by:
 - (A) providers of payroll services;
 - (B) providers of credit, debit and gift card processing related services;
and
 - (C) other third-party suppliers up to a maximum aggregate amount of \$500,000, if, in the opinion of BBB Canada, the supplier is critical to the Orderly Wind-down (as defined in the Initial Order);
- (e) provided BBB Canada with the ability to proceed with the Orderly Wind-down, including authorizing BBB Canada to:
 - (i) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$2.5 million in the aggregate (the “**Disposition Thresholds**”); provided that, with respect to any leased premises, BBB Canada may, subject to the requirements of the CCAA, vacate, abandon or quit the whole but not part of any leased premises;
 - (ii) terminate the employment of such employees or temporarily lay off such employees as BBB Canada deems appropriate; and

- (iii) apply to the Court for such approval, vesting or other Orders as may be necessary to consummate sale transactions for all or any part of the Property (as defined below), including, without limitation, approval of a consulting or liquidation agreement concerning the liquidation of inventory, furniture, fixtures and equipment forming part of the Property, and any related relief; and
- (f) approved the Administration Charge in the amount of \$550,000 and the Directors' Charge in the amount of \$7.5 million over the property and assets of BBB Canada (the "**Property**") in the amounts and relative priority as set out in the Pre-Filing Report.

1.4 On February 21, 2023, the Court granted the following orders:

- (a) an amended and restated Initial Order (the "**ARIO**"), which, among other things:
 - (i) approved BBB Canada's key employee retention plan (the "**KERP**") and granted a charge over the Property in the maximum amount of \$161,000 in favour of the employees entitled to participate in the KERP as security for the payments to be made in accordance with the KERP;
 - (ii) extended the time to accept all outstanding amounts related to honouring existing gift cards, discounts, or other amounts on account of customer programs or obligations existing before or on the date of the ARIO until and including March 9, 2023;

- (iii) adjusted the cash Minimum Balance (as defined in the ARIO) to \$9.5 million before March 27, 2023, and \$6 million thereafter, subject to further reduction with the consent of the Monitor;
 - (iv) declared that, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (the “**WEPP Act**”), BBB Canada meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulations**”) and that BBB Canada’s former employees are eligible to receive payments under and in accordance with the WEPP Act following the termination of their employment;
 - (v) increased the amount of the Administration Charge to \$1.25 million and increased the amount of the Directors’ Charge to \$8.25 million; and
 - (vi) extended the Stay Period (as defined in the ARIO) and the Landlord Stay to and including May 1, 2023; and
- (b) an order (the “**Sale Approval Order**”), which, among other things:
- (i) approved an amended and restated Consulting Agreement dated as of February 20, 2023 (the “**Consulting Agreement**”), between a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC, Gordon Brothers Canada ULC, Tiger Asset Solutions Canada, ULC and B. Riley Retail Solutions LLC (collectively, the “**Consultant**”), and BBB LP, and the Sale Guidelines (as defined in the Sale Approval Order); and

- (ii) authorized the Applicant, with the assistance of the Consultant, to undertake a liquidation process in accordance with the terms of the Sale Approval Order, the Consulting Agreement and the Sale Guidelines (the **“Liquidation Sale”**).

1.5 The purpose of this report (the **“Second Report”**) is to provide the Court with information and, where applicable, the Monitor’s views on:

- (a) the Applicant’s motion for an order (the **“Assignment, Approval and Vesting Order”**) among other things:
 - (i) approving the Omnibus Assignment and Assumption of Leases, FF&E and Trade Fixtures Agreement dated March 28, 2023 (the **“DKB Capital Agreement”**), between BBB LP, BBBI and 11607987 Canada Inc., dba DKB Capital (**“DKB Capital”**), and the transactions contemplated therein;
 - (ii) assigning certain of the DKB Assumed Leases (as defined below) to DKB Capital pursuant to section 11.3 of the CCAA;
 - (iii) vesting BBB LP’s right, title and interest in and to the DKB Assumed Leases and the other purchased assets described in the DKB Capital Agreement in DKB Capital free and clear of all Encumbrances (as defined in the Assignment, Approval and Vesting Order) other than permitted encumbrances identified in the DKB Capital Agreement; and

- (iv) directing that the unredacted copy of the DKB Capital Agreement be sealed until the earlier of the conditions enumerated under the proposed Assignment, Approval and Vesting Order or further order of the Court;
- (b) the activities of the Monitor since February 17, 2023, being the date of the First Report (as defined below); and
- (c) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Second Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by BBB Canada and has held discussions with management of BBB Canada and BBBI, as well as their legal counsel and financial advisors.
- 2.2 Future oriented financial information referred to in this Second Report was prepared based on BBB Canada's estimates and assumptions. 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, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Second Report should be read in conjunction with the Affidavit of Wade Haddad, the Senior Vice President, Real Estate and Store Development, of BBBI, and an officer of the Applicant, sworn on April 5, 2023 (the "**Haddad Affidavit**") and filed in support of the Applicant's motion for the proposed Assignment, Approval and Vesting Order.

2.4 The Pre-Filing Report of the Proposed Monitor dated February 10, 2023 (the “**Pre-Filing Report**”), the First Report of the Monitor dated February 17, 2023 (the “**First Report**”), the Initial Order, the ARIO, the Sale Approval Order and other Court-filed documents and notices in the CCAA Proceedings are available on the Monitor’s case website at www.alvarezandmarsal.com/BBBCanada (the “**Case Website**”). For ease of reference, the Pre-Filing Report and the First Report are attached hereto (without appendices) as **Appendices “A” and “B”**, respectively.

2.5 Capitalized terms used and not defined in this Second Report have the meanings given to them in the Pre-Filing Report, the First Report, or the Haddad Affidavit, as applicable.

2.6 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“**CAD**”).

3.0 RETENTION OF THE LEASE AGENT & THE LEASE PORTFOLIO SALE PROCESS

3.1 To facilitate the CCAA Proceedings and the Orderly Wind-down, the ARIO authorized BBB Canada to, among other things:

- (a) dispose of redundant or non-material assets not exceeding the Disposition Thresholds;
- (b) subject to the requirements of the CCAA, vacate, abandon or quit the whole but not part of any leased premises;

- (c) apply to the Court for approval, vesting or other orders to consummate sale transactions for all or any part of the Property;
- (d) retain and employ the employees, contractors, consultants, agents, advisors, experts, accountants, counsel and such other persons (collectively, “**Assistants**”) currently retained or employed by them, and retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of the ARIO; and
- (e) pay the fees and disbursements of any Assistants retained or employed by BBB Canada in respect of the CCAA Proceedings, at their standard rates and charges.

3.2 Following the granting of the ARIO, BBB Canada sought and obtained proposals from three potential listing agents (collectively, the “**Prospective Listing Agents**”) to market for sale BBB LP’s store leases (collectively, the “**Leases**”), with a view to maximizing recoveries in the Orderly Wind-down for the benefit of BBB Canada’s creditors. After reviewing each of the proposals received from the Prospective Listing Agents, BBB Canada entered into an Exclusive Listing Agreement (the “**Listing Agreement**”) with Retail Ventures CND Inc. (the “**Lease Agent**”).

3.3 Pursuant to the Listing Agreement, the Lease Agent agreed to facilitate the potential sale of the Leases and other property rights until April 21, 2023 (the “**Listing Period**”). A copy of the Listing Agreement is attached as Exhibit “B” to the Haddad Affidavit.

3.4 As described in the Haddad Affidavit, the Lease Agent is a retail tenant focused brokerage and consultancy company based in Toronto, Ontario, that provides brokerage and

consulting services for North American and international retailers. The Lease Agent has significant experience in the Canadian commercial real estate industry and familiarity with certain of the Leases.

3.5 In addition to its qualifications and experience, which made the Lease Agent well-suited to solicit interest in the Leases, the Lease Agent's proposal was the most favourable to BBB Canada and its stakeholders and had the lowest fee structure among the Prospective Listing Agents, as summarized below:

- (a) a monthly administration fee of \$25,000, plus HST, over the course of the Listing Period, with the first monthly administration fee due upon the commencement of the Listing Period and the second monthly administration fee due 30 days thereafter; and
- (b) a commission upon the closing of the subject transaction(s) equal to: (i) 6% of the value paid of the first \$1 million in consideration; (ii) 5% of the value paid of the second \$1 million in consideration; and (iii) 2.5% of the remaining value paid in excess of \$2 million, in each case, plus HST.

3.6 As set out in the Haddad Affidavit, the monthly administration fee and any commissions payable in accordance with the terms of the Listing Agreement are expected to be paid from the proceeds realized from the Lease Sale Process (as defined below), which will be paid to and held by the Monitor. As noted above, the ARIO authorized BBB Canada to (i) retain Assistants for the purposes of carrying out its terms and (ii) pay the fees and disbursements of such Assistants. As such, the Applicant is not seeking approval of the Listing Agreement under the proposed Assignment, Approval and Vesting Order.

3.7 In consultation with the Monitor, and having regard to the timeline contemplated for the Liquidation Sale and the importance of ensuring that rent costs were not unnecessarily incurred beyond the end of the Liquidation Sale (i.e. April 30, 2023), BBB Canada and the Lease Agent developed and implemented a process (the “**Lease Sale Process**”) for the solicitation of interest in the assignment or surrender of the Leases. The Lease Sale Process is discussed in greater detail in the Haddad Affidavit. The Lease Sale Process contemplated the following steps:

- (a) the Lease Agent was engaged on February 28, 2023;
- (b) expressions of interest for the Leases were to be due by March 24, 2023 at 5:00 p.m. Eastern Time (the “**EOI Deadline**”);
- (c) binding agreements were to be negotiated and entered into by March 31, 2023; and
- (d) Leases for which assignment or surrender agreements were entered were expected to be assigned effective May 1, 2023.

3.8 Between February 28, 2023 and March 24, 2023, the Lease Agent contacted (and in some cases, was contacted by) 58 parties with respect to the Lease Sale Process (collectively, the “**Known Potential Bidders**”). Of the 58 Known Potential Bidders, 44 requested additional information and executed a non-disclosure agreement (collectively, the “**Interested Parties**”). All of the Interested Parties were provided with access to a data room containing information, including the details of all of the Leases, to assist in their due diligence efforts. The Lease Agent and BBB Canada, in consultation with the Monitor, engaged with

Interested Parties to respond to due diligence inquiries raised between February 28, 2023 and March 24, 2023.

- 3.9 Prior to the EOI Deadline, 19 offers or expressions of interest to acquire certain of the Leases were received by BBB Canada and the Lease Agent (collectively, the “**EOIs**” and each an “**EOI**”), copies of which were provided to the Monitor. Generally, the EOIs comprised of two forms of offers. First, offers provided by third party retailers interested in an assignment and assumption of one or more Leases. Second, offers provided by existing landlords interested in a mutual surrender of certain Leases.
- 3.10 In an effort to maximize the aggregate value of the Leases, including those subject to competing EOIs, the Lease Agent engaged in negotiations with the Interested Parties. Following the EOI Deadline, the Lease Agent, BBB Canada’s counsel, the Monitor and the Monitor’s counsel reviewed all of the EOIs. The Monitor’s and the Monitor’s counsel’s review in this regard focused on confirming that the highest and best possible aggregate recovery on the Leases was obtained in the Lease Sale Process.
- 3.11 As at the date of this Second Report, the Lease Agent’s and BBB Canada’s efforts have culminated in the DKB Capital Agreement and three lease surrender agreements (collectively, the “**Lease Surrender Agreements**”), as reflected in the table immediately below:

Counterparty	No. of Locations	Agreement Type	Consideration
DKB Capital	29	Assignment and Assumption	\$ 1,100,000
Landlords	3	Surrender	750,000
Potential Additional Assignments (discussions ongoing)	17	Assignment and Assumption	TBD
Disclaimed Leases - Store Locations	16	Disclaimer	-
Total	65		\$ 1,850,000
Disclaimed Leases - Office and DC	2	Disclaimer	
Grand Total	67		\$ 1,850,000

- 3.12 Collectively, the DKB Capital Agreement and the Lease Surrender Agreements relate to 32 of BBB Canada's 65 Leases and provide approximately \$1.85 million in aggregate consideration for these 32 Leases. The DKB Capital Agreement also includes the sale of FF&E and Trade Fixtures (each as defined in the DKB Capital Agreement) at 43 BBB Canada locations, including in respect of all 29 of the DKB Assumed Leases, and provides for aggregate consideration of approximately \$672,000 for such FF&E and Trade Fixtures.
- 3.13 As described in the Haddad Affidavit, BBB Canada is continuing to negotiate four other potential lease assignment and assumption agreements arising from EOIs submitted in the Lease Sale Process with third parties and the applicable landlords. Additionally, the Consultant is continuing its efforts to sell all remaining FF&E in the Liquidation Sale.
- 3.14 The DKB Capital Agreement and the Lease Surrender Agreements are discussed further below. The relief sought under the proposed Assignment, Approval and Vesting Order is solely in respect of the DKB Capital Agreement.

- 3.15 The Monitor is of the view that the Lease Sale Process was competitive, conducted in a fair and reasonable manner, and adequately canvassed the market for potential lease transactions.

4.0 PROPOSED DKB CAPITAL TRANSACTION

- 4.1 DKB Capital submitted an EOI in the Lease Sale Process pursuant to which DKB Capital offered to purchase and assume all of BBB LP's right, title and interest in and to 29 leases (collectively, the "**DKB Assumed Leases**"), as well as all FF&E and Trade Fixtures situated in those premises (the "**Assumed Lease FF&E**"). DKB Capital's EOI was conditional on any required amendments to the DKB Assumed Leases being agreed to between DKB Capital and the applicable landlords by April 11, 2023.
- 4.2 Following the EOI Deadline, the Lease Agent continued to negotiate with DKB Capital and facilitated discussions and negotiations between DKB Capital and the respective landlords for each of the DKB Assumed Leases.
- 4.3 The Consultant, in consultation with the Monitor, also continued to negotiate with DKB Capital regarding the Assumed Lease FF&E sale terms, as well as inclusion of the FF&E at an additional 14 store locations (the "**Additional FF&E**") in the transaction. DKB Capital subsequently amended its EOI to adjust the FF&E sale terms to include the Additional FF&E.
- 4.4 After BBB Canada's consideration, and in consultation with the Monitor, BBB LP and BBBI entered into the DKB Capital Agreement for the assignment and assumption of the DKB Assumed Leases, and the sale of the FF&E and Trade Fixtures at 43 leased locations,

including the 29 leased premises under the DKB Assumed Leases. Redacted and unredacted copies of the DKB Capital Agreement are attached to the Haddad Affidavit as Exhibits “F” and “G”, respectively.

4.5 The DKB Assumed Leases are in respect of the below premises:

Store Number	Property¹	City
2001	Bayview Glen	Richmond Hill
2007	West Edmonton Mall	Edmonton
2013	Brentwood Village	Calgary
2014	Green Lane Centre	Newmarket
2021	Smartcentres Cambridge	Cambridge
2022	Chinook (Calgary)	Calgary
2023	West Oaks Shopping Center	Abbotsford
2024	Bell Front Shopping Centre	Belleville
2025	Boardwalk Shopping Centre	Kitchener
2026	Grant Crossing	Stittsville
2027	Kelowna, BC	Kelowna
2028	Columbia Square Shopping Centre	Kamloops
2031	St John’s (Village Mall)	St. John’s
2033	Mayfair Shopping Center	Victoria
2038	Queensway 427 Centre	Toronto
2043	Grasslands	Regina
2044	Station Square	Burnaby
2045	Heritage Greene Shopping Center	Stoney Creek
2049	Riocan Colossus Centre	Vaughan
2051	West Broadway (Vancouver)	Vancouver
2052	Halifax Bayers Lake Centre	Halifax
2053	Preston Crossing	Saskatoon
2057	Township Shopping Centre	Calgary
3701	South Edmonton Common	Edmonton
3702	Riocan Thickson Ridge Centre	Whitby
3704	Langley City Square	Langley
3706	West Edmonton Mall	Edmonton
3708	Wonderland Gateway Centre	London

¹ Twenty-six of the twenty-nine DKB Assumed Leases are guaranteed by BBBI.

Store Number	Property ¹	City
3709	Brentwood Village	Calgary

4.6 The key provisions of the DKB Capital Agreement 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 DKB Capital Agreement.

Summary of the DKB Capital Agreement BBB LP, as Assignor, BBBI, as Indemnifier, and DKB Capital, as Assignee	
Object, Intent and Closing Dates	<ul style="list-style-type: none"> Subject to the release of the Consideration (as defined below) from escrow, the Assignor absolutely assigns and transfers to the Assignee, effective as of May 1, 2023 (the “Closing Date”), all of the Assignor’s obligations, rights, title and interest, both at law and at equity, in and to each Assigned Lease (as defined below) and the Assigned Premises (as defined below), and all related rights, benefits and advantages, including the residue of the term of each Assigned Lease, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in each Assigned Lease (collectively, the “Assigned Lease Interest”). Subject to the release of the Consideration from escrow, the Assignor sells, absolutely assigns and transfers to the Assignee, as of the Closing Date, all of the Assignor’s right, title and interest in and to the FF&E and Trade Fixtures existing as of the Effective Date at premises which are Assigned Premises as of the Closing Date (the “Assigned Assumed Location Assets”). Subject to the release of the Non-Location FF&E Consideration from escrow, the Assignor sells, absolutely assigns and transfers to the Assignee, as of April 27, 2023 (the “Initial FF&E Closing Date”), all of the Assignor’s right, title and interest in and to the FF&E and Trade Fixtures existing as of the Effective Date at premises which are not Assigned Premises and are expressly listed in Schedule “C” to the DKB Capital Agreement as of the Initial FF&E Closing Date (the “Assigned Non-Assumed Location Assets” and together with the Assigned Lease Interest and the Assigned Assumed Location Assets, the “Assigned Interest”, and the assignment of the Assigned Interest by the Assignor to the Assignee is the “Assignment”).
Assigned Assets, Assigned Leases and Assigned Premises	<ul style="list-style-type: none"> The “Assigned Leases” include, collectively, (i) each Lease, which, pursuant to the terms of such Lease (A) does not require the consent of the Landlord to the Assignment, and (B) does not require prior notice to the Landlord of the Assignment; or requires prior notice to the Landlord of the Assignment but does not provide the Landlord with any termination right in connection with any request for consent to or provision of notice of the Assignment and does not entitle the Landlord to a longer notice period than was actually provided to the Landlord in respect of the Assignment; and (ii) each Lease in

<p align="center">Summary of the DKB Capital Agreement</p> <p align="center">BBB LP, as Assignor, BBBI, as Indemnifier, and DKB Capital, as Assignee</p>	
	<p>respect of which Landlord Consent (as defined below) has been obtained by April 11, 2023.</p> <ul style="list-style-type: none"> • The “Assigned Assets” include, collectively, the (i) Assigned Assumed Location Assets and (ii) the Assigned Non-Assumed Location Assets. • The “Assigned Premises” include, collectively, the Premises which have been demised pursuant to the Assigned Leases.
Payment	<ul style="list-style-type: none"> • The Assignee will pay the amount of \$1,772,264.34 (the “Consideration”) to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing, within one (1) Business Day of the execution of the DKB Capital Agreement, which Consideration is to be allocated as follows: (i) \$1,100,000 to the Leases set out in Schedule “A” to the DKB Capital Agreement; (ii) \$469,622.48 to the FF&E and Trade Fixtures located at the Premises set out in Schedule “A” to the DKB Capital Agreement; and (iii) \$202,641.86 to the Assigned Non-Assumed Location Assets in the manner set out in the DKB Capital Agreement.
Adjustments	<ul style="list-style-type: none"> • The portion of the Consideration allocated to Leases which are not Assigned Leases as of April 11, 2023 and the portion of the Consideration allocated to FF&E and Trade Fixtures located at Premises that are not Assigned Premises as of April 11, 2023 (collectively, the “Refundable Consideration”) will be released from escrow and returned to the Assignee on or about April 14, 2023 in accordance with payment instructions to be provided by the Assignee to the Monitor prior to April 12, 2023. • The portion of the Consideration allocated to the Assigned Leases and the portion of the Consideration allocated to FF&E and Trade Fixtures at Premises that are Assigned Premises will be released from escrow to the Assignor on the Closing Date in accordance with payment instructions to be provided by the Assignor to the Monitor prior to the Closing Date. • The Non-Location FF&E Consideration shall be released from escrow to the Assignor on the Initial FF&E Closing Date in accordance with payment instructions to be provided by the Assignor to the Monitor prior to such date.
Cure Costs	<ul style="list-style-type: none"> • The Assignor will not be responsible, including pursuant to any Landlord Consent agreement, for any costs which may be necessary to cure any defaults under any of the Assigned Leases which exist as of the Closing Date (collectively, the “Cure Costs”). Subject to any Releases which may be provided by any Landlords in a Landlord Consent agreement, the Assignee will be responsible for all Cure Costs for non-monetary defaults under the Assigned Leases. The Landlord Consent shall provide that the Assignee is released from Cure Costs for monetary defaults, failing which such Landlord Consent shall be deemed to have not been obtained.
Other Terms and Conditions	<ul style="list-style-type: none"> • The DKB Capital Agreement, in respect of each Assigned Lease, is conditional upon, among other things, receipt by the Assignor, acting reasonably, from the applicable Landlord and any entity that assigned a Lease to the Assignor, of, in the case of a Landlord, a written release of the Assignor and Indemnifier or a Court order approving the Assignment and releasing the Assignor, if any, and the Indemnifier from their

<p align="center">Summary of the DKB Capital Agreement</p> <p align="center">BBB LP, as Assignor, BBBI, as Indemnifier, and DKB Capital, as Assignee</p>	
	<p>obligations under the Lease and any indemnity agreement in respect of the Lease or any obligations thereunder, and in the case of an entity that assigned a Lease to the Assignor, a release of the Assignor, each in a form acceptable to the Assignor and the Indemnifier (the “Release”), such Release to be provided or obtained on or prior to April 11, 2023 (the “Lease Release Date”). Further, the Assignee shall use commercially reasonable efforts to assist the Assignor in obtaining the Release and waivers contemplated in the DKB Capital Agreement, including, without limitation, by providing any other information regarding the Assignee reasonably requested by any Landlord forthwith, and executing each agreement containing a Release that is in respect of a No-Consent Lease, provided same is acceptable to the Assignee and Assignor, each acting reasonably.</p> <ul style="list-style-type: none"> • In the event that the Assignor is unable to obtain a Release in respect of any of the Assigned Leases on or before the Lease Release Date, the Assignor will have the option to remove such Lease or Leases from the list of Assigned Leases by providing Notice prior to April 11, 2023 and the Assignee will be entitled to a refund of the applicable Refundable Consideration paid for the Assigned Leases, as set forth in Schedule “C” to the DKB Capital Agreement and as contemplated therein, to account for such Lease or Leases being removed; provided, however, that if the Assignee provides the Assignor with an indemnity from an Assignee affiliate that is satisfactory to the Assignor, acting reasonably, then such Lease or Leases shall remain on the list of Assigned Leases. • The DKB Capital Agreement, in respect of each Assigned Lease, is also conditional upon, among other things, receipt by the Assignor, from the applicable Landlord, of (i) a consent to the Assignment of such Lease and a waiver of all termination rights in its favour in connection with the Assignment of such Lease by way of the Landlord Consent to Assignment and Amendment of Lease, substantially in the form attached as Schedule “B” to the DKB Capital Agreement or otherwise acceptable to the Assignor and Assignee, each acting reasonably, or (ii) an assignment order of the Court pursuant to section 11.3 of the CCAA with respect to such Lease (the “Landlord Consent”), in each case which shall be obtained on or prior to April 11, 2023. The only amendments to any Lease in the Landlord Consent shall be (i) to confirm that the Assignee’s trade name is acceptable and does not violate any trade name restrictions in such Lease, and (ii) approving that currently permitted signage may display the name of Assignee’s business operated from such location, but otherwise be subject to signage restrictions in such Lease.
Indemnity	<ul style="list-style-type: none"> • The Assignee has agreed with the Assignor, as of and from the Closing Date, including any renewals or extensions of the terms of the Assigned Leases, to indemnify and save the Assignor harmless, from any and all Claims arising from, relating to or in connection with any non-payment of rents or other amounts payable on the part of the tenant to be paid from time to time under the Assigned Leases, or any non-observance or non-performance of any of the terms, agreements, covenants, obligations and conditions on the part of the tenant under the Assigned Leases to be paid, observed or performed from time to time, in respect of the period from and after the Closing Date, or otherwise arising, incurred or accrued on or after the Closing Date but solely in respect of the period from and after the Closing Date.

Summary of the DKB Capital Agreement BBB LP, as Assignor, BBBI, as Indemnifier, and DKB Capital, as Assignee	
	<ul style="list-style-type: none">• In the event that the Assignor is unable to obtain a Release in respect of any Assigned Lease on or before the Lease Release Date and such Assigned Lease is not removed from the list of Assigned Leases, then the Assignee shall deliver to the Assignor an indemnity with respect to such Assigned Lease, which indemnity shall be acceptable to the Assignor, acting reasonably (including that it shall be provided by an affiliate of the Assignee that is reasonably acceptable to the Assignor).

4.7 In addition to the conditions set out above, the DKB Capital Agreement is also conditional upon the granting of the proposed Assignment, Approval and Vesting Order. Pursuant to the proposed Assignment, Approval and Vesting Order, eight (8) of the 29 DKB Assumed Leases are currently expected to be assigned pursuant to section 11.3 of the CCAA on an unopposed basis. The remaining DKB Assumed Leases are No-Consent Leases (as defined in the DKB Capital Agreement) or Leases for which DKB Capital has, or continues to negotiate with the applicable landlord to obtain all necessary consents and requisite amendment agreements.

4.8 The Monitor understands that prior to the date of the Initial Order, a construction lien (the “**Construction Lien**”) was registered against one of the properties that comprises the DKB Assumed Leases. The Monitor understands that BBBI is in the process of satisfying amounts owing in respect of the Construction Lien.

5.0 LEASE SURRENDER AGREEMENTS

5.1 As referenced above, certain of the EOIs submitted in the Lease Sale Process were received from landlords that expressed an interest in a mutual surrender of certain Leases. Such EOIs were negotiated by the Lease Agent and, in three instances, were selected as the

highest and best executable offer for the applicable Lease (the “**Lease Surrender Offers**”). BBB LP and BBBI subsequently entered into the Lease Surrender Agreements to effectuate the Lease Surrender Offers.

5.2 The Lease Surrender Agreements include:

- (a) a Lease Surrender Agreement among BBB LP, as tenant, BBBI as indemnifier, and Yaletown Mini Storage Ltd., as landlord, dated April 2, 2023;
- (b) a Lease Surrender Agreement among BBB LP, as tenant, BBBI as indemnifier, and Winston Argentia Developments Limited, as landlord, dated April 3, 2023; and
- (c) a Lease Surrender Agreement among BBB LP, as tenant, BBBI as indemnifier, and Airport Highway 7 Developments Limited, dated April 3, 2023.

5.3 The Leases subject to the Lease Surrender Agreements are in respect of the following premises:

Store Number	Property	City
2006	Winston Argentia Centre	Mississauga
2010	Woodhill Centre	Brampton
2018	Coquitlam	Coquitlam

5.4 The non-economic terms of each of the Lease Surrender Agreements, copies of which have been provided by BBB Canada to the Monitor, are substantially similar. In each case, the Lease Surrender Agreements contemplate BBB LP’s surrender of the applicable Lease on an “as is, where is” basis effective as of May 1, 2023, or such later date as the parties may mutually agree (the “**Surrender Date**”). Pursuant to the Lease Surrender Agreements:

- (a) BBB LP will receive aggregate consideration in the amount of \$750,000, which will be paid to the Monitor in trust, to be held in escrow and released to BBB LP on the Surrender Date; and
- (b) the applicable landlords will fully and unconditionally release BBB LP and BBBI from any and all actual or potential claims in any way relating to or arising from the applicable Lease, as well as the indemnity provided by BBBI, the real property interests, the premises and/or the property with respect to the applicable Lease.

5.5 As set out in the Haddad Affidavit, because the consideration to be received pursuant to the Lease Surrender Agreements does not exceed the Disposition Thresholds (in the case of any one Lease Surrender Agreement or in the aggregate), no relief is sought by BBB Canada in respect of the Lease Surrender Agreements under the proposed Assignment, Approval and Vesting Order.

6.0 RECOMMENDATION WITH RESPECT TO THE DKB CAPITAL AGREEMENT

6.1 In assessing whether to provide its support for the Applicant's request for the proposed Assignment, Approval and Vesting Order approving the DKB Capital Agreement and the transactions contemplated therein, the Monitor has considered, among other factors, those enumerated under section 36 of the CCAA. Having regard to these non-exhaustive factors, the Monitor supports the Applicant's request for the proposed Assignment, Approval and Vesting Order given that:

- (a) BBB Canada's decision to conduct the Lease Sale Process was made in consultation with the Monitor, and the Monitor was kept apprised of all material steps and developments therein;
- (b) although truncated to accommodate the anticipated timeline for conclusion of the Liquidation Sale and avoid BBB Canada incurring additional rent obligations, the Monitor is of the view that the Lease Sale Process (i) was reasonable in the circumstances, (ii) was competitive, (iii) adequately canvassed the market for the Leases, and (iv) was conducted fairly and transparently;
- (c) the DKB Capital Agreement, as independently reviewed by the Monitor and its counsel, provides the highest aggregate recovery on the DKB Assumed Leases obtained in the Lease Sale Process;
- (d) the Lease Sale Process was led by a qualified and experienced brokerage and consulting company familiar with many of the Leases and the Canadian commercial real estate industry more generally;
- (e) the Lease Sale Agent recommends and supports the approval of the DKB Capital Agreement and has advised that it believes that the consideration received for the DKB Assumed Leases is fair and reasonable. Similarly, the Consultant supports the approval of the proposed sale of the applicable FF&E and Trade Fixtures and has advised that it believes the consideration received is fair and reasonable;
- (f) the DKB Capital Agreement (and the Lease Surrender Agreements for which no approval is sought) was negotiated among BBB Canada, the Lease Agent, the

Consultant, and the parties' respective counsel, in consultation with the Monitor and its counsel;

- (g) the Monitor is of the view that the DKB Capital Agreement provides an outcome with respect to the DKB Assumed Leases that is superior and more beneficial to BBB Canada's creditors to that which could be realized in a bankruptcy;
- (h) the DKB Assumed Leases represent a significant portion of the Leases, the assignment and assumption of which obviates the need for the disclaimer of such Leases or BBB Canada's payment of rent thereunder beyond April 30, 2023;
- (i) the Monitor understands that the DKB Assumed Leases to be assigned in accordance with section 11.3 of the CCAA are expected to be assigned on an unopposed basis and in accordance with the requirements and restrictions of section 11.3 of the CCAA, including the payment of Cure Costs;
- (a) DKB Capital is an affiliate of Putman Investments which owns retail brands including *Toys "R" Us*, *Babies "R" Us Canada*, *Sunrise Records*, *For Your Entertainment Ltd.* and *HMV*, and has covenanted that it has the ability to fulfill its obligations under the DKB Assumed Leases; and
- (b) the DKB Capital Agreement is subject to customary terms and conditions.

6.2 The unredacted copy of the DKB Capital Agreement attached to the Haddad Affidavit as Exhibit "G" is proposed to be sealed under the Assignment, Approval and Vesting Order until the earlier of:

- (a) the closing of the transactions contemplated under the DKB Capital Agreement;
- (b) disclaimer of the DKB Assumed Leases; and
- (c) further order of the Court.

6.3 The unredacted copy of the DKB Capital Agreement contains commercially sensitive information concerning the allocation of the Consideration among the DKB Assumed Leases, the FF&E and Trade Fixtures located at the premises subject to the DKB Assumed Leases, and the Assigned Non-Assumed Location Assets. The disclosure of the foregoing information at this time could jeopardize the integrity of the Lease Sale Process and impair BBB Canada's ability to maximize the value of these assets to the detriment of BBB Canada's creditors.

6.4 In the circumstances, the Monitor supports the Applicant's request for a sealing order in respect of the DKB Capital Agreement in the manner proposed under the Assignment, Approval and Vesting Order. In particular, the Monitor is of the view that:

- (a) the proposed sealing order will protect the recognized public interest in maximizing recovery in insolvency proceedings;
- (b) the proposed sealing order is appropriately temporally limited insofar as its effectiveness will cease upon the closing of the transactions contemplated under the DKB Capital Agreement, the disclaimer of the DKB Assumed Leases or further order of the Court; and

- (c) given that the aggregate Consideration, as well as the general allocation of the Consideration among the DKB Assumed Leases, the FF&E and Trade Fixtures located at the premises subject to the DKB Assumed Leases, and the Assigned Non-Assumed Location Assets, the Monitor does not believe that any of BBB Canada's stakeholders will be materially prejudiced by the proposed sealing order.

7.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE FIRST REPORT

7.1 Since the date of the First Report, the Monitor has, among other things:

- (a) continued discussions with parties that have expressed interest in BBB Canada's assets and/or the Leases, and considered the substance of such expressions of interest with counsel to BBB Canada and the Lease Agent;
- (b) reviewed and consented to disclaimers of Leases that were not subject to any of the EOIs submitted in the Lease Sale Process, as well as disclaimers in respect of BBB Canada's leased office space in Mississauga, Ontario, and leased warehouse space in Surrey, British Columbia;
- (c) monitored the Applicant's cash receipts and disbursements, and assisted in preparing weekly cash flow variance reporting;
- (d) prepared information concerning the WEPP Act and the WEPP Regulations and responded to various employee inquiries regarding the Wage Earner Protection Program;

- (e) commenced the preparation of information packages required by BBB Canada's former employees to submit an application in accordance with the WEPP Act and the WEPP Regulations, and liaised with Service Canada regarding such information packages;
- (f) engaged in numerous discussions with the Consultant regarding the status and progress of the Liquidation Sale;
- (g) responded to various inquiries raised by BBB Canada's landlords and vendors, and their respective counsel;
- (h) coordinated the posting of Court-filed documents to the Case Website; and
- (i) with the assistance of Bennett Jones LLP, counsel to the Monitor, prepared this Second Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

- 8.1 For the reasons set out in this Second Report, the Monitor is of the view that the relief requested by the Applicant is reasonable and appropriate in the circumstances. Accordingly, the Monitor respectfully recommends that the Court approve the DKB Capital Agreement and the transactions contemplated therein pursuant to the proposed Assignment, Approval and Vesting Order.

All of which is respectfully submitted to the Court this 7th day of April 2023.

**Alvarez & Marsal Canada Inc., in its capacity as
Monitor of BBB Canada Ltd. and
Bed Bath & Beyond Canada L.P., and not in its
personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

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

Court File No.: CV-23-00694493-00CL

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BBB
CANADA LTD.**

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

SECOND REPORT OF THE MONITOR

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solely in its capacity as the Court-appointed
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capacity

APPENDIX B
THIRD REPORT OF THE MONITOR (WITHOUT APPENDICES)

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 BBB CANADA LTD.**

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

APRIL 24, 2023

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Appendix D – Affidavit of Michael S. Shakra, sworn April 24, 2023

1.0 INTRODUCTION

- 1.1 On February 10, 2023, BBB Canada Ltd. (the “**Applicant**”) was 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**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.2 Pursuant to the Initial Order, a stay of proceedings and other benefits, restrictions and protections of the CCAA were extended to Bed Bath & Beyond Canada L.P. (“**BBB LP**”, and together with the Applicant, “**BBB Canada**”), a limited partnership formed under the laws of the Province of Ontario. The Applicant is the general partner of BBB LP, which, as described in the Pre-Filing Report (as defined below), is integral to the Applicant’s business. The Applicant is a wholly owned subsidiary of Bed Bath & Beyond Inc. (“**BBBI**”). As described in more detail below, on April 23, 2023, BBBI and certain of its subsidiaries including BBB Canada LP Inc. (collectively, the “**Chapter 11 Debtors**”) filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 of the United States Code (“**Chapter 11**”, and those proceedings, the “**Chapter 11 Proceedings**”).
- 1.3 On February 21, 2023, the Court granted an amended and restated Initial Order (the “**ARIO**”), which incorporated certain changes to the Initial Order that were described in the Second Report (as defined below), as well as an order (the “**Sale Approval Order**”), which approved the Consulting Agreement and authorized the Liquidation Sale (each as defined in the Second Report), among other things.

1.4 On April 11, 2023, the Court granted an Assignment, Approval and Vesting Order (the “**AAVO**”), which among other things:

- (a) approved the Omnibus Assignment and Assumption of Leases, FF&E and Trade Fixtures Agreement dated March 28, 2023 (the “**DKB Capital Agreement**”), between BBB LP, BBBI and 11607987 Canada Inc., dba DKB Capital (“**DKB Capital**”), and the transactions contemplated therein;
- (b) assigned certain of the DKB Assumed Leases (as defined in the Second Report) to DKB Capital pursuant to section 11.3 of the CCAA and vested BBB LP’s right, title and interest in and to the DKB Assumed Leases and the other purchased assets described in the DKB Capital Agreement in DKB Capital free and clear of all Encumbrances (as defined in the AAVO) other than permitted encumbrances identified in the DKB Capital agreement; and
- (c) directed that the unredacted copy of the DKB Capital Agreement be sealed until the earlier of the conditions enumerated under AAVO or further order of the Court.

1.5 The purpose of this report (the “**Third Report**”) is to provide the Court with information and, where applicable, the Monitor’s views on:

- (a) the Applicant’s motion for an Order (the “**Order**”), among other things:
 - (a) approving the Omnibus Assignment and Assumption of Leases Agreement dated April 21, 2023 (the “**Canadian Tire Agreement**”), between BBB LP, BBBI and Canadian Tire Corporation Canada, Limited (“**Canadian Tire**”)

regarding 12 leases and other real property rights held by BBB LP (the “**Canadian Tire Assumed Leases**”);

- (b) approving the Assignment and Assumption of Lease Agreement dated April 21, 2023 (the “**Winners Agreement**”, and, together with the Canadian Tire Agreement, the “**Assignment Agreements**”), between BBB LP, BBBI and Winners Merchants International L.P. (“**Winners**”) regarding the Collingwood Lease (as defined below, and together with the Canadian Tire Assumed Leases, the “**Assumed Leases**”);
 - (c) extending the stay of proceedings (the “**Stay Period**”) in favour of BBB Canada up to and including June 27, 2023; and
 - (d) approving the fees and disbursements of the Monitor and the Monitor’s counsel as set out in this Third Report and the Fee Affidavits (as defined below);
- (b) the activities of the Monitor since April 7, 2023, being the date of the Second Report (as defined below);
 - (c) the receipts and disbursements of the BBB Canada Entities for the period February 12, 2023 through April 15, 2023 and forecast receipts and disbursements through July 15, 2023; and
 - (d) the Monitor’s conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Third Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by BBB Canada and has held discussions with management of BBB Canada and BBBI, as well as their respective legal counsel and financial advisors.
- 2.2 Future oriented financial information referred to in this Third Report was prepared based on BBB Canada's estimates and assumptions. 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, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Third Report should be read in conjunction with the Affidavit of Wade Haddad, the Senior Vice President, Real Estate and Store Development, of BBBI, and an officer of the Applicant, sworn on April 22, 2023 (the "**Second Haddad Affidavit**"), filed in support of the Applicant's motion for the proposed Order.
- 2.4 The Pre-Filing Report of the Proposed Monitor dated February 10, 2023 (the "**Pre-Filing Report**"), the First Report of the Monitor dated February 17, 2023 (the "**First Report**"), the Second Report of the Monitor dated April 7, 2023 (the "**Second Report**" and together with the Pre-Filing Report and the First Report, the "**Prior Reports**"), the Initial Order, the ARIO, the Sale Approval Order and other Court-filed documents and notices in the CCAA Proceedings are available on the Monitor's case website at www.alvarezandmarsal.com/BBBCanada (the "**Case Website**"). For ease of reference, the Second Report is attached hereto (without appendices) as **Appendix "A"**.

2.5 Capitalized terms used and not defined in this Third Report have the meanings given to them in the Prior Reports or the Second Haddad Affidavit, as applicable.

2.6 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“CAD”).

3.0 THE LEASE PORTFOLIO SALE PROCESS

3.1 As described in the Second Haddad Affidavit, subsequent to the date of the Second Report, BBB Canada continued to negotiate additional lease assignment and assumption agreements arising from EOIs submitted in the Lease Sale Process with third parties and the applicable landlords. Additionally, the Consultant continued its efforts to sell all remaining FF&E in the Liquidation Sale.

3.2 As at the date of this Third Report, the Lease Agent’s and BBB Canada’s collective efforts have resulted in the assignment of 45 Leases, the surrender of three Leases and the disclaimer of 18 Leases, as summarized in more detail below:

Counterparty	No. of Locations	Transaction	Consideration
DKB Capital	29	Assignment and Assumption	\$ 1,100,000
Landlords	3	Surrender	750,000
Canadian Tire	12	Assignment and Assumption	2,080,000
Winners	2	Assignment and Assumption	1,450,000
DKB Capital (2)	2	Assignment and Assumption	180,000
Potential Additional Assignment (discussions ongoing)	1	Assignment and Assumption	TBD
Disclaimed Leases - Store Locations	16	Disclaimer	N/A
Total	65		\$ 5,560,000
Disclaimed Leases - Office and DC	2	Disclaimer	N/A
Grand Total	67		\$ 5,560,000

4.0 PROPOSED CANADIAN TIRE TRANSACTION

- 4.1 Canadian Tire submitted an EOI in the Lease Sale Process pursuant to which it offered to purchase and assume all of BBB LP's right, title and interest in and to 12 Leases (collectively, the "**Canadian Tire Assumed Leases**").
- 4.2 Following the EOI Deadline, the Lease Agent continued to negotiate with Canadian Tire and facilitated discussions and negotiations between Canadian Tire and the respective landlords for each of the Canadian Tire Assumed Leases.
- 4.3 After BBB Canada's consideration, and in consultation with the Monitor, BBB LP and BBBI entered into the Canadian Tire Agreement for the assignment and assumption of the Canadian Tire Assumed Leases. A copy of the Canadian Tire Agreement is attached to the Second Haddad Affidavit as Exhibit "A".

4.4 The Canadian Tire Assumed Leases are in respect of the below premises:

Store Number	Property ¹	City
2009	Barrie	Barrie
2019	Vancouver	Vancouver
2020	Red Deer	Red Deer
2030	Sherwood Park	Sherwood Park
2035	London	London
2037	Grand Prairie	Grand Prairie
2048	Kingston	Kingston
2050	Langley	Langley
2054	Medicine Hat	Medicine Hat
2056	Sudbury	Sudbury
3705	Ottawa Trainyards	Ottawa
3711	Oakville	Oakville

4.5 The key provisions of the Canadian Tire Agreement 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 Canadian Tire Agreement.

Summary of the Canadian Tire Agreement BBB LP as Assignor, BBBI as Indemnifier and Canadian Tire as Assignee	
Object, Intent and Closing Dates	<ul style="list-style-type: none"> Subject to the release of the Consideration (as defined below) from escrow, the Assignor absolutely assigns and transfers to the Assignee, effective as of May 1, 2023 (the “Closing Date”), all of the Assignor’s obligations, rights, title and interest, both at law and at equity, in and to each Assigned Lease (as defined below) and the Assigned Premises (as defined below), and all related rights, benefits and advantages, including the residue of the term of each Assigned Lease, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in each Assigned Lease.
Assigned Assets, Assigned Leases and Assigned Premises	<ul style="list-style-type: none"> The “Assigned Leases” include each Lease in respect of which Landlord Consent has been obtained by April 27, 2023. The “Assigned Premises” include, collectively, the Premises which have been demised pursuant to the Assigned Leases.

¹ 10 of the 12 Canadian Tire Assumed Leases are guaranteed by BBBI.

<p align="center">Summary of the Canadian Tire Agreement</p> <p align="center">BBB LP as Assignor, BBBI as Indemnifier and Canadian Tire as Assignee</p>	
Payment	<ul style="list-style-type: none"> The Assignee will pay the amount of \$2,080,000 (the “Consideration”) to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing, including a \$150,000 deposit, due within two business days of execution of the Canadian Tire Agreement, which Consideration is to be allocated as set out in Schedule “C” to the Canadian Tire Agreement.
Adjustments	<ul style="list-style-type: none"> The portion of the Consideration allocated to Leases which are not Assigned Leases as of April 27, 2023 (collectively, “Refundable Consideration”) will be released from escrow and returned to the Assignee on or about May 2, 2023 in accordance with payment instructions to be provided by the Assignee to the Monitor prior to May 1, 2023.
Cure Costs	<ul style="list-style-type: none"> The Assignor warrants that as of the date of the Canadian Tire Agreement it is not in default under any of the Assigned Leases, except that landlords listed in Schedule “D” have claimed the amounts set out in Schedule “D” are owing by the Assignor (the “Known Claimed Defaults”). The Assignor will either: (i) provide confirmation to the Assignee, satisfactory to the Assignee in its sole discretion that the Known Claimed Defaults are not owing to the applicable landlord; or (ii) satisfy the Known Claimed Defaults prior to the Closing Date, failing which the Consideration payable on the Closing Date for such Assigned Leases to which the unpaid and owing Known Claimed Defaults relate shall be reduced by the amount of the applicable unpaid Known Claimed Default. The Assignee will not assume and is not liable for any monetary and non-monetary defaults in respect of the Assigned Leases prior to the Closing Date, except for any additional rent reconciliations received after the Closing Date for the period prior to the Closing Date. If any additional rent reconciliations for any Lease received after the Closing Date provide a credit to the Assignee, the Assignee shall be permitted to retain same and the Assignor assigns any interest in same to the Assignee. If there are defaults under any applicable Lease that are not Known Claimed Defaults and by the Closing Date, the Assignor has not cured such defaults, agreed to reduce the Consideration by an amount necessary and acceptable to the Assignee to cure such default or terminated this Agreement with respect to such Lease, the Assignee may terminate this Agreement with respect to such Lease and such Lease shall become an Unassignable Lease, such option to be exercised by written notice to the Assignor.
Other Selected Terms and Conditions	<ul style="list-style-type: none"> The Canadian Tire Agreement, in respect of each Assigned Lease, is conditional upon receipt by the Assignor on or prior to the day that is two (2) Business Days prior to the Outside Date, from the applicable Landlord, of a written release of the Assignor and the Indemnifier, if any, from their obligations under the Lease and any indemnity agreement in respect of the Lease or any obligations thereunder, in a form acceptable to the Assignor and the Indemnifier (the “Release”). This condition is for the sole benefit of the Assignor and may be waived, in whole or in part, by the Assignor. In the event that a Release in respect of any Lease (collectively, the “Unreleased Leases”) is not obtained on or prior to the day that is two (2) Business Days prior to the Outside Date, the Assignor shall be entitled to terminate this Agreement with respect to

Summary of the Canadian Tire Agreement BBB LP as Assignor, BBBI as Indemnifier and Canadian Tire as Assignee	
	<p>any or all of the Unreleased Leases by Notice (as hereinafter defined) to the Assignee provided on or prior to the Outside Date (such notice being a “Unreleased Lease Termination Notice”), and the Unreleased Lease or Unreleased Leases identified in such Notice shall not form part of the Assigned Leases, and the Assignee shall be entitled to a Reduction in Consideration for such Unreleased Leases as set forth in Schedule “B” and as contemplated in Section 3.1(b) to account for such Lease or Leases being removed from this Agreement.</p> <ul style="list-style-type: none">• If the Assignor does not provide an Unreleased Lease Termination Notice in accordance with Section 1.3(b) on or prior to the day that is two (2) Business Days prior to the Outside Date in respect of any Unreleased Lease, the Assignor will be deemed to have waived the condition in its favour provided in Section 1.3(a) in respect of such Unreleased Leases for which the Landlord did not provide an Unreleased Lease Termination Notice and the assignment of such Unreleased Leases for which the Landlord did not provide an Unreleased Lease Termination Notice shall be effected in accordance with the terms and conditions of this Agreement.• The Canadian Tire Agreement is conditional on the receipt by the Assignee of a final, valid and enforceable order issued by the Court (that is not subject to appeal or a stay) approving of the assignment and assumption of the Assigned Leases and Assigned Interests and the transactions as contemplated herein, and conveying to the Assignee all of the Assignor’s right, title and interest in and to the Assigned Leases and Assigned Interests, free and clear of all encumbrances other than permitted encumbrances, to which the Assignee does not reasonably object in writing to the Assignor, which Order shall be in form and substance satisfactory to each of the Assignor and the Assignee, each acting reasonably, no later than April 29, 2023, failing which this Agreement will be terminated and be of no force and effect.

4.6 As noted above, the Canadian Tire Agreement is also conditional upon the granting of the proposed Order. The Canadian Tire Assumed Leases are all Leases for which BBB LP and Canadian Tire have negotiated or continue to negotiate with the applicable landlord to obtain all necessary consents and requisite amendment agreements.

5.0 PROPOSED WINNERS AGREEMENT

- 5.1 Winners submitted an EOI in the Lease Sale Process pursuant to which Winners offered to purchase and assume all of BBB LP's right, title and interest in and to the Collingwood Lease (as defined below).
- 5.2 After BBB Canada's consideration, and in consultation with the Monitor, BBB LP and BBBI entered into the Winners Agreement for the assignment and assumption of the Collingwood Lease. A copy of the Winners Agreement is attached to the Second Haddad Affidavit as Exhibit "B".
- 5.3 The Lease subject to the Winners Agreement is in respect of the following premises (the "Collingwood Lease"):

Store Number	Property	City
2042	Collingwood	Collingwood

- 5.4 The key provisions of the Winners Agreement 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 Winners Agreement.

Summary of the Winners Agreement BBB LP as Assignor, BBBI as Indemnifier and Winners as Assignee	
Object, Intent and Closing Dates	<ul style="list-style-type: none">Subject to the release of the Consideration (as defined below) from escrow, the Assignor absolutely assigns and transfers to the Assignee, effective as of May 1, 2023 (the "Closing Date"), all of the Assignor's obligations, rights, title and interest, both at law and at equity, in and to each Assigned Lease (as defined below) and the Assigned Premises (as defined below), and all related rights, benefits and advantages, including the residue of the term of each Assigned Lease, any rights of renewal and/or extension,

<p align="center">Summary of the Winners Agreement</p> <p align="center">BBB LP as Assignor, BBBI as Indemnifier and Winners as Assignee</p>	
	<p>any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in each Assigned Lease.</p>
Payment	<ul style="list-style-type: none"> The Assignee will pay the amount of \$1,022,142.27 (the “Consideration”) to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing. The Assignee will also pay all Known Existing Arrears, amounting to \$27,857.73, to the Landlord at the closing date.
Adjustments	<ul style="list-style-type: none"> The Assignor and the Assignee shall adjust as between themselves the rent (including basic or minimum rent and additional rent) and other amounts payable under the Lease which have been paid or pre-paid to the Landlord in respect of the Lease for any period prior to the Closing Date as well as the month in which the Closing Date occurs, with the Closing Date itself to be allocated to the Assignee. Such adjustments shall be agreed on by the parties in advance of Closing with the consent of the Monitor, with the Assignee making any required payment on account of such adjustments to the Monitor prior to Closing and the Assignor agreeing that any adjustments in favour of the Assignee shall be paid on Closing from the Consideration held by the Monitor.
Cure Costs	<ul style="list-style-type: none"> The Assignor will not be responsible for any costs which may be necessary to cure any defaults under the Lease which exist as of the Closing Date (collectively, the “Cure Costs”), except for those which relate to monetary defaults existing as of the Closing Date which are not Known Existing Arrears (as hereinafter defined) and which relate to the period prior to the Closing Date, which shall be adjusted for upon the Closing Date in accordance with Section 4.1. Notwithstanding the foregoing, if there are monetary defaults that are not Known Existing Arrears which exceed Five Hundred Thousand Dollars (\$500,000.00), then the Assignor, acting in a commercially reasonable manner, with the approval of the Monitor, shall have the option to terminate the Winners Agreement prior to closing and prior to 2:00 p.m. EST on May 1, 2023 by giving notice prior to closing and prior to 2:00 p.m. EST on May 1, 2023, and the Consideration will be promptly returned by the Monitor to the Assignee. The Assignee will be responsible for and assumes the obligations for Cure Costs related to non-monetary defaults under the Lease, save and except for any non-monetary default arising by reason of the CCAA Proceedings or the insolvency of the Assignor. Additionally, the Assignee shall be responsible for the payment of the amount of Twenty-Seven Thousand Eight Hundred Fifty-Seven Dollars and Seventy-Three Cents (\$27,857.73) (the “Known Existing Arrears”) to the Landlord on or immediately after the Closing Date on account of known monetary amounts owing to the Landlord as of the Closing Date, which has been reflected in the amount of the Consideration and shall not be the subject of further adjustments.
Indemnity	<ul style="list-style-type: none"> The Assignee covenants with the Assignor, as of and from the Closing Date, including any renewals or extensions of the term of the Lease, to indemnify and save the Assignor harmless, from any and all Claims arising from, relating to or in connection with any non-payment of rents or other amounts payable on the part of the tenant to be paid from time to time under the Lease, or any non-observance or non-performance of any of the

Summary of the Winners Agreement BBB LP as Assignor, BBBI as Indemnifier and Winners as Assignee	
	terms, agreements, covenants, obligations and conditions on the part of the tenant under the Lease to be paid, observed or performed from time to time, in respect of the period from and after the Closing Date, or otherwise arising, incurred or accrued on or after the Closing Date but solely in respect of the period from and after the Closing Date.
Other Terms and Conditions	<ul style="list-style-type: none">• The Winners Agreement is conditional on the receipt of an order from the Court assigning the Lease to the Assignee pursuant to Section 11.3 of the CCAA (the “Assignment Order”), which Assignment Order shall be in form and substance satisfactory to each of the Assignor and the Assignee, acting reasonably, prior to April 29, 2023, failing which this Agreement will be terminated and the Consideration will be returned by the Monitor to the Assignee. The Assignee shall use commercially reasonable efforts to assist the Assignor in obtaining the Assignment Order, including preparing materials required to be submitted to the Court and served to the Landlord and other parties in respect of the Assignment Order.

5.5 In addition to the conditions set out above, the Winners Agreement is also conditional upon the granting of the proposed Order. Pursuant to the proposed Order, the Collingwood Lease is currently expected to be assigned pursuant to section 11.3 of the CCAA on an unopposed basis.

6.0 ADDITIONAL AGREEMENTS

6.1 Subsequent to the hearing of BBB Canada’s previous motion on April 11, 2023, DKB Capital expressed an interest in acquiring two additional leases (the “**Additional Leases**”) and all FF&E at these locations. The consideration offered in respect of the Additional Leases was determined to be the highest and best executable offer for the Additional Leases, and BBB LP and BBBI subsequently entered into the Second DKB Capital Agreement.

6.2 The Second DKB Capital Agreement is in respect of the following premises:

Store Number	Property ²	City
2011	Barrhaven	Nepean (Barrhaven)
2016	South Edmonton	Edmonton

6.3 Similar to the DKB Capital Agreement, BBB LP has agreed to assign and transfer, and DKB has agreed to assume: (a) all of BBB LP's right, title and interest in and to the Additional Leases on as "as is, where is" basis; and (b) all FF&E and Trade Fixtures (as defined in the Second DKB Capital Agreement) existing at the premises demised pursuant to the Additional Leases. DKB Capital paid to the Monitor, in trust, cash consideration in the aggregate amount of \$213,444, allocated between the two Additional Leases (\$180,000) and the FF&E and Trade Fixtures (\$33,444).

6.4 As set out in the Second Haddad Affidavit, because the consideration to be received pursuant to the Second DKB Capital Agreement does not exceed the Disposition Thresholds in the ARIO (in the case of any one Agreement or in the aggregate), no relief is sought by BBB Canada in respect of the Additional Agreements under the proposed Order.

7.0 RECOMMENDATION WITH RESPECT TO THE PROPOSED AGREEMENTS

7.1 In assessing whether to provide its support for the Applicant's request for the proposed Order approving the Assignment Agreements and the transactions contemplated therein, the Monitor has considered, among other factors, those enumerated under section 36 of the

² Both of the leases subject to the Second DKB Capital Agreement are guaranteed by BBBI.

CCAA. Having regard to these non-exhaustive factors, the Monitor supports the Applicant's request for the proposed Order given that:

- (a) BBB Canada's decision to conduct the Lease Sale Process was made in consultation with the Monitor, and the Monitor was kept apprised of all material steps and developments therein;
- (b) although truncated to accommodate the anticipated timeline for conclusion of the Liquidation Sale and avoid BBB Canada incurring additional rent obligations, the Monitor is of the view that the Lease Sale Process: (i) was reasonable in the circumstances; (ii) was competitive; (iii) adequately canvassed the market for the Leases; and (iv) was conducted fairly and transparently;
- (c) the Assignment Agreements, as independently reviewed by the Monitor and its counsel, provide the highest aggregate recovery on the Assumed Leases obtained in the Lease Sale Process;
- (d) the Lease Sale Process was led by a qualified and experienced brokerage and consulting company familiar with many of the Leases and the Canadian commercial real estate industry more generally;
- (e) the Lease Sale Agent recommends and supports the approval of the Assignment Agreements and has advised that it believes that the consideration received for the Assumed Leases is fair and reasonable;

- (f) the Assignment Agreements were negotiated among BBB Canada, the Lease Agent, the applicable purchaser and the parties' respective counsel, in consultation with the Monitor and its counsel;
- (g) the Monitor is of the view that the Assignment Agreements provide an outcome with respect to the Assumed Leases that is superior and more beneficial to BBB Canada's creditors to that which could be realized in a bankruptcy;
- (h) the assignment and assumption of the Assumed Leases obviates the need for the disclaimer of such Leases or BBB Canada's payment of rent thereunder beyond April 30, 2023;
- (i) the Monitor understands that the Assumed Lease to be assigned in accordance with section 11.3 of the CCAA is expected to be assigned on an unopposed basis and in accordance with the requirements and restrictions of section 11.3 of the CCAA, including the payment of Cure Costs;
- (j) Canadian Tire and Winners are established, diversified retail companies and have covenanted that they have the ability to fulfill their obligations under the Assumed Leases; and
- (k) the Assignment Agreements are subject to customary terms and conditions.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST AND UPDATED AND EXTENDED CASH FLOW FORECAST

8.1 Receipts and disbursements for the period February 12 through April 15, 2023 (the “**Reporting Period**”), as compared to the cash flow forecast that was attached as Appendix “B” to the First Report (the “**Cash Flow Forecast**”), are summarized in the table below.

Cash Flow Variance Reporting	For the period Feb 12, 2023 to Apr 15, 2023		
<i>(CAD \$000s, Unaudited)</i>	Forecast	Actual	Variance
Total Receipts	\$ 65,018	\$ 50,791	(\$14,227)
Disbursements			
Payroll	13,166	8,058	(5,108)
Occupancy Costs	8,025	8,882	858
Logistics, Transportation and Customs	-	-	-
Liquidation Expenses	4,714	2,896	(1,818)
Sales Tax Remittances	8,421	2,380	(6,041)
Liquidation Fees	385	402	16
Professional Fees	2,675	1,505	(1,170)
Total Disbursements	37,387	24,123	(13,263)
Net cash flow	27,632	26,667	(964)
Opening Cash Balance / Deficit	4,400	4,400	-
Net cash flow	27,632	26,667	(964)
Preliminary Closing Cash Balance	32,032	31,067	(964)
Senior Debt Payments	(26,061)	(24,849)	1,211
Closing Cash Balance	\$ 6,000	\$ 6,218	\$ 218

8.2 During the Reporting Period, BBB Canada’s total receipts were approximately \$14.2 million lower than projected in the Cash Flow Forecast. The net negative variance is due to a combination of lower than anticipated inventory levels and deeper discounting required to complete the Liquidation Sale.

8.3 During the Reporting Period, BBB Canada's total disbursements were approximately \$13.3 million lower than projected in the Cash Flow Forecast. The net positive variance is primarily attributable to:

- (a) lower than forecast sales tax remittances (\$6.0 million), part of which is a permanent difference due to reduced sales noted above and part of which is a timing variance to be reversed in future weeks;
- (b) payroll costs (\$5.1 million), part of which is a permanent difference due to employee attrition and part of which is a timing variance to be reversed in future weeks as vacation payouts are made; and
- (c) liquidation expenses (\$1.8 million) and professional fees (\$1.2 million), both of which are primarily timing differences expected to partially reverse in future weeks.

8.4 The closing cash balance as of April 15, 2023 was approximately \$6.2 million, as compared to the forecast cash balance of \$6.0 million.

Updated and Extended Cash Flow Forecast

8.5 The Applicants have prepared an updated and extended cash flow forecast (the "**Updated Forecast**") for the 13-week period from April 16, 2023 to July 15, 2023 (the "**Cash Flow Period**"). A copy of the Updated Forecast, together with a summary of the assumptions on which the forecast is based is attached hereto as **Appendix "B"**. A summary of the Updated Forecast is provided in the following table:

13-Week Cash Flow Forecast <i>(CAD \$000s, Unaudited)</i>	
Receipts	\$ 12,075
Disbursements	
Payroll & Benefits	3,189
Occupancy Costs	2,006
Liquidation Expenses	1,215
Sales Tax Remittances	3,890
Liquidation Fees	239
Professional Fees	2,169
Total Disbursements	12,709
Net Cash Flow	(635)
Opening Cash Balance	6,218
Net Cash Flow	(635)
Senior Debt Payments	(3,272)
Closing Cash Balance	\$ 2,311

8.6 The Monitor notes the following with respect to the Updated Forecast:

- (a) As noted above, BBB Canada had a cash balance of \$6.2 million as at April 15, 2023;
- (b) receipts reflect the estimated proceeds from the Liquidation Sale and FF&E sales, inclusive of HST through April 29, 2023, as well as proceeds from the assignment and surrender of a total of 48 Leases as described above. The Liquidation Sale concluded on April 23, 2023, and stores were closed to the public at the close of business;
- (c) disbursements include payroll, occupancy costs, liquidation expenses, sales tax remittances and professional fees to be paid during the CCAA Proceedings.

9.0 EXTENSION OF THE STAY PERIOD

9.1 Pursuant to the ARIO, the Stay Period expires on May 1, 2023. The Applicants are seeking an extension of the Stay Period with respect to BBB Canada to June 27, 2023.

9.2 The Monitor supports the Applicant's motion to extend the Stay Period to June 27, 2023 for the following reasons:

- (a) the stay is required to provide the necessary stability and certainty to enable the BBB Canada Entities to complete the wind-down of their business and operations;
- (b) the stay is required to allow BBB Canada and the Consultant to complete the final reconciliation and settlement of all amounts realized in the Liquidation Sale;
- (c) the BBB Canada Entities are projected to have sufficient liquidity through the remainder of these CCAA Proceedings; and
- (d) the Applicant continues to act in good faith and with due diligence.

9.3 The Monitor notes that Applicant is not seeking to continue the stay of proceedings granted in favour of BBBI arising out of or in connection with the BBBI Indemnities.

10.0 CHAPTER 11 PROCEEDINGS OF BBBI

10.1 On April 23, 2023, the Chapter 11 Debtors filed voluntary petitions to commence the Chapter 11 Proceedings. The Monitor understands that the Chapter 11 Debtors obtained an automatic stay of proceedings in the United States upon the filing of the petitions.

10.2 The Monitor does not believe the Chapter 11 Proceedings will have a material impact on these CCAA Proceedings given the Liquidation Sale is now complete (and therefore shared services from BBBI are no longer required) and cash being swept from BBB Canada to the secured lenders funding the Chapter 11 Proceedings remains available only to the extent the BBB Canada Entities retain sufficient funds on hand as directed by this Court.

10.3 The Monitor will continue to monitor the Chapter 11 Proceedings and update this Court as necessary.

11.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE SECOND REPORT

11.1 Since the date of the Second Report, the Monitor has, among other things:

- (a) continued discussions with parties that have expressed interest in BBB Canada's assets and/or the Leases, and considered the substance of such expressions of interest with counsel to BBB Canada, the Lease Agent and the Consultant;
- (b) monitored the Applicant's cash receipts and disbursements, and assisted in preparing weekly cash flow variance reporting;
- (c) assisted in the completion of WEPP eligibility calculations for employees terminated in February 2023 and sent WEPP packages to such terminated employees;

- (d) engaged in discussions with Service Canada and Bennett Jones LLP (“**Bennett Jones**”), counsel to the Monitor, on WEPP eligibility periods and the application of WEPP in the CCAA Proceedings;
- (e) engaged in numerous discussions with the Consultant and BBB Canada regarding the status and progress of the Liquidation Sale;
- (f) responded to inquiries from BBB Canada’s landlords and vendors, and their respective counsel;
- (g) coordinated the posting of Court-filed documents to the Case Website; and
- (h) with the assistance of Bennett Jones, prepared this Third Report.

12.0 APPROVAL OF THE FEES AND DISBURSEMENTS OF THE MONITOR AND THE MONITOR’S LEGAL COUNSEL

- 12.1 Pursuant to paragraphs 30 and 31 of the Initial Order: (i) the Monitor and its counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of the Initial Order; and (ii) the Monitor and its counsel shall pass their accounts from time to time before the Court.
- 12.2 Attached hereto as **Appendix “C”** is the Affidavit of Alan J. Hutchens sworn April 24, 2023 (the “**Hutchens Affidavit**”), attesting to the fees and disbursements of the Monitor for the period February 9, 2023 to April 22, 2023 in the aggregate amount of \$516,778.59 comprised of fees of \$446,961.00, disbursements of \$10,365.18 and HST of \$59,452.41. Attached hereto as **Appendix “D”** is the Affidavit of Michael S. Shakra, a partner with

Bennett Jones, counsel to the Monitor, sworn April 24, 2023 (the “**Shakra Affidavit**”), attesting to the fees and disbursements of Bennett Jones, for the period February 9, 2023 to April 21, 2023 in the aggregate amount of \$390,387.91, comprised of fees of \$345,082.50, disbursements of \$393.50, and HST of \$44,911.91.

12.3 The Monitor confirms that the fees and disbursements set out in Bennett Jones’ invoices relate to advice sought by the Monitor and assistance provided in respect of the CCAA Proceedings, and that, in the Monitor’s view, Bennett Jones’ fees and disbursements are properly chargeable, reasonable and appropriate.

12.4 It is the Monitor’s view that the fees and disbursements of the Monitor and its counsel described in the Hutchens Affidavit and the Shakra Affidavit, respectively, are reasonable and appropriate in the circumstances having regard to the scope of activity undertaken by the Monitor in the CCAA Proceedings.

13.0 CONCLUSIONS AND RECOMMENDATIONS

13.1 For the reasons set out in this Third Report, the Monitor is of the view that the relief requested by the Applicant is reasonable and appropriate in the circumstances. Accordingly, the Monitor recommends that the Court approve the Canadian Tire Agreement, the Winners Agreement and the transactions contemplated therein pursuant to the proposed Order. In addition, the Monitor is of the view that an extension of the Stay Period up to and including June 27, 2023, is reasonable in the circumstances, and the monitor recommends that the Court approve the extension of the Stay Period.

All of which is respectfully submitted to the Court this 24th day of April 2023.

**Alvarez & Marsal Canada Inc., in its capacity as
Monitor of BBB Canada Ltd. and
Bed Bath & Beyond Canada L.P., and not in its
personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

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

Court File No.: CV-23-00694493-00CL

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BBB
CANADA LTD.**

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

THIRD REPORT OF THE MONITOR

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Monitor and not in its personal or corporate
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

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**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BBB
CANADA LTD.**

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR

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Monitor and not in its personal or corporate
capacity