

**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 TOYS "R" US (CANADA) LTD. /
TOYS "R" US (CANADA) LTEE**

**RESPONDING MOTION RECORD OF ALLIED WORLD SPECIALTY INSURANCE
COMPANY
(Motion Returnable April 1, 2026)**

March 30, 2026

**THORNTON GROUT FINNIGAN
LLP**
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca

Stephanie Fernandes (LSO# 85819M)
Email: sfernandes@tgf.ca

Rebekah O'Hare (LSO #87983G)
Email: rohare@tgf.ca

Tel: 416-304-1616

Lawyers for Allied World Specialty
Insurance Company

TO: THE SERVICE LIST

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 TOYS "R" US (CANADA) LTD. / TOYS
"R" US (CANADA) LTEE (the "Applicant")

SERVICE LIST
(as of March 24, 2026)

AIRD & BERLIS LLP

Brookfield Place
181 Bay St., Suite 1800
Toronto, ON M5J 2T9

Ian Aversa

Tel: (416) 865-3082
Email: iaversa@airdberlis.com

Matilda Lici

Tel: (416) 865-3428
Email: mlici@airdberlis.com

Samantha Hans

Tel: (437) 880-6105
Email: shans@airdberlis.com

Lawyers for the Applicant, Toys "R" Us (Canada) Ltd. / Toys "R" Us (Canada) Ltee

ALVAREZ & MARSAL CANADA INC.

Royal Bank Plaza, South Tower
200 Bay Street, Suite 3501
Toronto, ON M5J 2J1

Josh Nevsky

Tel: (416) 710-0910
Email: jnevsky@alvarezandmarsal.com

Sven Dedic

Tel: (416) 847-2711
Email: sdedic@alvarezandmarsal.com

Mitchell Binder

Tel: (416) 847-5202
Email: mbinder@alvarezandmarsal.com

Marci Graff

Email: mgraff@alvarezandmarsal.com

The Monitor

STIKEMAN ELLIOTT LLP

Commerce Court W
5300-199 Bay St
Toronto, ON M5L 1B9

Lee Nicholson

Tel: (416) 869-5604
Email: leenicholson@stikeman.com

Chloe Duggal

Tel: (416) 869-5627
Email: cduggal@stikeman.com

Lawyers for the Monitor, Alvarez & Marsal Canada Inc.

LOOPSTRA NIXON LLP

130 Adelaide St. West – Suite 2800
Toronto, ON M5H 3P5

Graham Phoenix

Tel: (416) 748-4776
Email: gphoenix@ln.law

Shahrazad Hamraz

Tel: (416) 748-5116

Email: shamraz@ln.law

Lawyers for 2625229 Ontario Inc. and 1001485743 Ontario Inc.

ATTORNEY GENERAL OF CANADA

Department of Justice of Canada
Ontario Regional Office, Tax Law Section
120 Adelaide Street West, Suite 400
Toronto, ON M5H 1T1

Edward Park

Email: edward.park@justice.gc.ca

Randy Ramoodit

Email: Randy.Ramoodit@justice.gc.ca

Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca

Counsel for His Majesty the King in Right of Canada as represented by the Minister of National Revenue

MINISTRY OF FINANCE (ONTARIO)

Legal Services Branch
Revenue Collections Branch – Insolvency Unit
11-777 Bay Street
Toronto, ON M5G 2C8

Email: insolvency.unit@ontario.ca

BLAKE, CASSELS & GRAYDON LLP

199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Jake Harris

Email: jake.harris@blakes.com

Lawyers for Lego Canada Inc.

LAX O'SULLIVAN LISUS GOTTLIEB LLP

145 King Street West, Suite 2750
Toronto, ON M5H 1J8

Zain Naqi

Email: znaqi@lolg.ca

Annecy Pang

Email: apang@lolg.ca

Co-counsel for Concord Kingsway Project GP Ltd.

MCEWAN COOPER KIRKPATRICK LLP

900-980 Howe Street
Vancouver, BC V6Z 0C8

David Gruber

Email: dgruber@mcewanpartners.com

Co-counsel for Concord Kingsway Project GP Ltd.

FASKEN MARTINEAU DUMOULIN LLP

350 7th Avenue SW, Suite 3400
Calgary, AB T2P 3N9

Tiffany Bennett

Email: tbennett@fasken.com

Desmond Mitic

Email: dmitic@fasken.com

Lawyers for Dexterra Group Inc.

REVENU QUÉBEC

3800, rue de Marly, secteur 5-2-8
Québec, QB G1X 4A5

Francois Poirier

Email: francois.poirier@revenuquebec.ca

WITTEN LLP

10303 Jasper Avenue, Suite 2500
Edmonton, AB T5J 3N6

Howard J. Sniderman, KC

Email: hsniderman@wittenlaw.com

Lawyers for Cameron Corporation and Canadian Property Holdings (Alberta) Inc.

KOHNER, MANN & KAILAS, S.C.

4650 North Port Washington Road
Milwaukee, WI 53212

Samuel C. Wisotzkey

Email: swisotzkey@kmksc.com

Lawyers for Franco Mfg. of Canada ULC

LAWSON LUNDELL LLP

Cathedral Place, Suite 1600
925 West Georgia Street
Vancouver, BC V6C 3L2

Candace Formosa

Email: cformosa@lawsonlundell.com

William Clark

Email: wclark@lawsonlundell.com

Lawyers for Ravine Equities Inc. and Ravine Properties Limited Partnership

CAMBRIDGE LLP

333 Adelaide Street West
Fourth Floor
Toronto ON M5V 1R5

Leon Li

Email: lli@cambridgellp.com

Meryl Morant

Email: mmorant@cambridgellp.com

Tel: 416-477-7007

Lawyers for The DAAN Groups Inc.

METRO SUPPLY CHAIN SOLUTIONS INC. (FORMERLY NAMED SCI LOGISTICS LTD.)

1002 rue Sherbrooke Ouest, Suite 2000
Montréal, QC H3A 3L6

Chloé Fleurant

Email: CFleurant@MetroSCG.com

CANADIAN PACIFIC KANSAS CITY (CPKC)

Network Service Centre
BLDG #7, 478 McPhillips Street
Winnipeg, MB R2X 2G8

Mike Ignacio

Email: Credit_Department@cpkcr.com

KESTENBERG LITIGATION

1600 - 2300 Yonge Street
Toronto, ON M4P 1E4

Kevin Schoenfeldt

Email: kevin@kestenberglitigation.com

Marc Kestenberg

Email: marc@kestenberglitigation.com

Lawyers for 1721169 Ontario Inc.

YOUD LEV-FARRELL DAS SMILEY LLP

141 Adelaide Street West, Suite 400
Toronto, ON M5H 3L5

Alex Lev-Farrell

Email: alev-farrell@byldslaw.com

Rachel Hennick

Email: rhennick@byldslaw.com

Lawyers for RioTrin Properties (Belcourt) Inc., RioCan Holdings (Brentwood Village) Inc., RioCan Holdings Inc., Dorval Crossing West Holdings Inc., beIMC Realty Corporation, Bower Place Holdings Inc., 2725312 Canada Inc., 2973758 Canada Inc., and Willowbrook Langley Holdings Inc.

COCA-COLA CANADA BOTTLING LIMITED

15 Westcreek Blvd
Brampton, ON L6T 5T4

Indira Singh

Email: indirasingh@cokecanada.com

THORNTON GROUT FINNIGAN LLP

100 Wellington Street West
Suite 3200, TD West Tower
Toronto ON M5K 1K7

Mitchell W. Grossell

Tel: 416-304-7978

Email: mgrossell@tgf.ca

Stephanie Fernandes

Tel: 416-304-0596

Email: sfernandes@tgf.ca

Rebekah O'Hare

Tel: 416-307-2423

Email: rohare@tgf.ca

Lawyers for Allied World Specialty Insurance Company

DENTONS CANADA LLP

77 King Street West, Suite 400

Toronto-Dominion Centre

Toronto, ON M5K 0A1

Kenneth Kraft

Tel: 416-863-4374

Email: kenneth.kraft@dentons.com

Lawyers for Roynat Inc.

TORKIN MANES LLP

151 Yonge Street, Suite 1500

Toronto, ON M5C 2W7

Jeffrey Simpson

Email: jsimpson@torkinmanes.com

Sumeet (Sonu) Dhanju-Dhillon

Email: sdhanju-dhillon@torkinmanes.com

Kanwar Dhaliwal

Tel: 416-777-5450

Email: kdhaliwal@torkinmanes.com

Lawyers for ACI Brands Inc.

CHAITONS LLP

5000 Yonge Street, 10th Floor

Toronto, Ontario M2N 7E9

Harvey Chaiton

Email: harvey@chaitons.com

Lawyers for msi Spergel Inc., in its capacity as Court-appointed Receiver of 1322297 Ontario Inc. c.o.b. as Everest Toys

BROWN BEATTIE O'DONOVAN LLP

1600-380 Wellington Street
London, ON N6A 5B5

Ciara L. Pittam

Email: cpittam@bbo.on.ca

Lawyers for Wonderland Power Centre Inc.

DONATI MAISONNEUVE S.E.N.C.R.L.

2000, av. McGill College, bureau 2150
Montréal, QB H3A 3H3

Cynthia Brunet

Email: cbrunet@donatimaisonneuve.ca

Lawyers for Centre d'achat Vaudreuil Ltée.

VTECH TECHNOLOGIES CANADA LTD.

13888 Wireless Way
Richmond, BC V6V 0A3

Frederick Lam

Email: FredLam@vtech.ca

MATTEL

Melanie de Souza

Email: melanie.desouza@mattel.com

TORYS LLP

79 Wellington St. W., 30th Floor
TD South Tower
Toronto, ON M5K 1N2

David Bish

Email: dbish@torys.com

Lawyers for The Cadillac Fairview Corporation Limited

LAWSON LUNDELL LLP

1600 - 925 West Georgia Street
Vancouver, BC V6C 3L2

Camille Chisholm

Email: cchisholm@lawsonlundell.com

Noor Mann

Email: nmann@lawsonlundell.com

Jillian Epp

Email: jepp@lawsonlundell.com

Lawyers for West Broadway Centre Ltd.

TORKIN MANES LLP

151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Stewart Thom

Email: sthom@torkinmanes.com

Lawyers for SpinMaster

CASSELS BROCK & BLACKWELL LLP

Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance St.
Toronto, ON M5H 0B4

Alec Hoy

Email: ahoy@cassels.com

Lawyers for MEGA Brands ULC

MINISTRY OF THE ATTORNEY GENERAL (BRITISH COLUMBIA)

Legal Services Branch, Ministry of Attorney General
PO Box 9280 Stn Prov Govt
Victoria, BC V8W 9J7

Cindy Cheuk

Email: Cindy.Cheuk@gov.bc.ca

Email: AGLSBRevTaxInsolvency@gov.bc.ca

MCMILLAN LLP

Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON M5J 2T3

Brett Harrison

Email: brett.harrison@mcmillan.ca

Lawyers for MGA Entertainment Canada Company

PENGUIN RANDOM HOUSE CANADA

400 Hahn Rd
Westminster, MD 21157

Anne Mink

Email: Amink@penguinrandomhouse.com

FOGLER, RUBINOFF LLP

Scotia Plaza
40 King Street West, Suite 2400
Toronto, ON M5H 3Y2

Hailey Abramsky

Email: habramsky@foglers.com

Lawyers for Borgfeldt (Canada) Limited

BLAKE, CASSELS & GRAYDON LLP

199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Chris Burr

Email: chris.burr@blakes.com

Lawyers for Element Fleet Management Corp.

**DARTMOUTH CROSSING 3 LIMITED,
DARTMOUTH CROSSING 4 LIMITED**

34 Logiealmond Close
Dartmouth, NS B3B 0C8

Ann-Louise McKinnon

Email: amckinnon@nadg.com

SISKIND DOYLE

58 Shaftesbury Avenue
Toronto, ON M4T 1A3

Michael Doyle

Email: michael@siskinddoyle.com

Lawyers for KassKam Agency Corp. and 360 Sales Solutions Inc.

DICKINSON WRIGHT LLP

199 Bay Street, Suite 2200, Box 447
Commerce Court Postal Station

Toronto, ON M5L 1G4

Lisa S. Corne

Email: lcorne@dickinsonwright.com

Lawyers for Zuru Inc.

APL LOGISTICS

14350 N 87th St #350
Scottsdale, AZ 85260

James Fakhoury

Email: james_fakhoury@apllogistics.com

BLAKES, CASSELS & GRAYDON LLP

Barrister and Solicitors
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Caitlin McIntyre

Email: caitlin.mcintyre@blakes.com

Lawyers for InComm Canada Prepaid, Inc.

DAOUST VUKOVICH LLP

Barristers and Solicitors
20 Queen Street West, Suite 3000
Toronto, ON M5H 3R3

Dina Peat

Email: dpeat@dv-law.com

Latisha Cohen

Email: lcohen@dv-law.com

Lawyers for 9182071 Canada Inc., 410 Fairview Drive Inc., CF Markville Mall Rec Inc., First Capital (Anjou) Corporation, First Capital Holdings (Ontario) Corporation, First Capital (Lachenaie) Corporation and Desjardins Financial Security Life Assurance Company

DWF LLP

2600 150 9th Ave SW
Calgary, AB T2P 3H9

Gordon Becher

Email: gordon.becher@dwfgroup.com

Counsel for Dynacraft BSC Inc.

LANDLORDS

EUROPRO (LAMBTON MALL) LP

812 Lawrence Avenue West
Toronto, ON M6A 0B5

Emily Boynton

Email: eboynton@europro.ca

Landlord

9538-2677 QUEBEC INC. O/A LEYLAD

Niagara Pen Centre
221 Glendale Ave, St.
Catharines, ON L2T 2K9

Attention: Specialty Leasing Manager, Hannah Plumadore

Landlord

OXFORD PROPERTIES RETAIL HOLDINGS II INC.

Royal Bank Plaza, North Tower
200 Bay Street, Suite 900
Toronto, ON M5J 2J2

Attention: Vice President, REM Legal

Landlord

FOGLER, RUBINOFF LLP

40 King Street West, Suite 2400
Toronto, ON M5H 3Y2

Ian P. Katchin

Email: ikatchin@foglers.com

Lawyers for 410-7 Shopping Centre Ltd.

713959 ONTARIO LIMITED

c/o Morguard Real Estate Investment Trust
55 City Centre Drive, Suite 800
Mississauga, ON L5B 1M3

Landlord

MIDTOWN PLAZA INC.

c/o Cushman & Wakefield Asset Services ULC

161 Bay Street, Suite 1500, P.O. Box 602
Toronto, ON M5J 2S1

Landlord

GARDINER ROBERTS LLP

Bay Adelaide Centre - East Tower
22 Adelaide Street West, Suite 3600
Toronto, ON M5H 4E3

S. Michael Citak

Email: mcitak@grllp.com

Lawyers for Crombie Property Holdings Limited

CAMELINO GALESSIERE LLP

65 Queen St West, Suite 440
Toronto, ON M5H 2M5

Linda Galessiere

Email: lgalessiere@cglegal.ca

Lawyers for Ivanhoe Cambridge II Inc./Jones Lang LaSalle Incorporated, Morguard Investments Limited, Cushman & Wakefield Asset Services ULC and SmartCentres Real Estate Investment Trust

DAOUST VUKOVICH LLP

20 Queen Street West, Suite 3000
Toronto, ON, M5H 3R3

Latisha Cohen

Email: lcohen@dv-law.com

Lawyers for 9182071 Canada Inc. and 410 Fairview Drive Inc.

CASSELS BROCK & BLACKWELL LLP

Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance St.
Toronto, ON M5H 0B4

Ted Frankel

Email: tfrankel@cassels.com

Jamie Arabi

Email: jarabi@cassels.com

Lawyers for 1000623576 Ontario Inc.

PRIMARIS REIT

Brookfield Place
181 Bay Street, Suite 2720
Toronto, ON M5J 2T3

Elina Towie

Email: etowie@primarisreit.com

Director of Accounts Receivable

PFK LAWYERS

900 – 444 St. Mary Avenue
Winnipeg, MB R3C 3T1

Renato Mamucud

Email: rmamucud@pkflawyers.com

Lawyers for Malcolm J. Conrad and Lisa Kerkowich

LAW OFFICE OF KIMBERLY A. BISHOP

P.O. BOX 160453
AUSTIN, TEXAS 78716

Kimberly A. Bishop

Email: kimberly@lawofficeofkimberlyabishop.com

Lawyers for Bazaarvoice, Inc.

PPSA REGISTRANTS**10163686 CANADA LTD O/A KIDSVIP**

180 Trowers Rd, Unit 16
Woodbridge, ON L4L 7J1

Victoria Shnaider

Email: admin@kidsvip.ca

ASCA OFFICE SOLUTIONS INC.

100 Arbors Lane, Unit H
Vaughan, ON L4L 7G4

JIM PEPLINSKI LEASING INC.

2425 Matheson Blvd E., Suite 120
Mississauga, ON L4W5K4

1903P LOAN AGENT, LLC

101 Huntington Ave, 11th Floor
Boston, MA 02199

WELLS FARGO CAPITAL FINANCE CORPORATION CANADA, AS AGENT

C/O WELLS FARGO CAPITAL FINANCE, RETAIL FINANCE DIVISION

125 High St., 11th
Boston, MA 02110

GB FUNDING, LLC, AS AGENT

800 Boylston Street, 27th Floor
Boston, MA 02199

1903P LOAN AGENT, LLC, AS AGENT

101 Huntington Ave, 11th Floor
Boston, MA 02199

G.N. JOHNSTON EQUIPMENT CO. LTD.

5990 Avebury Road
Mississauga, ON L5R3R2

BOYNECLARKE LLP

99 Wyse Road, Suite 600
Dartmouth, NS B3A 4S5

James D. MacNeil

Email: jmacneil@boyneclarke.ca

Lawyers for The Shaw Group Limited

ELEMENT FLEET MANAGEMENT INC.

4 Robert Speck Parkway, Suite 900
Mississauga, ON L4Z 1S1

XEROX CANADA LTD

20 York Mills Road, Suite 500
Toronto, on M2P 2C2

MERIDIAN ONECAP CREDIT CORP.

Suite 1500, 4710 Kingsway
Burnaby, BC V5H 4M2

Email: absecparties@avssystems.ca

Email Service List

iaversa@airdberlis.com; mlici@airdberlis.com; shans@airdberlis.com;
jnevsky@alvarezandmarsal.com; sdedic@alvarezandmarsal.com;
mbinder@alvarezandmarsal.com; mgraff@alvarezandmarsal.com; leenicholson@stikeman.com;
cduggal@stikeman.com; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca;
insolvency.unit@ontario.ca; lgalessiere@clegal.ca; admin@kidsvip.ca;
jmacneil@boyneclarke.ca; absecparties@avssystems.ca; jake.harris@blakes.com;
dgruber@mcewanpartners.com; tbennett@fasken.com; dmitic@fasken.com;
francois.poirier@revenuquebec.ca; hsniderman@wittenlaw.com; swisotzkey@kkmksc.com;
cformosa@lawsonlundell.com; wclark@lawsonlundell.com; lli@cambridgellp.com;
mmorant@cambridgellp.com; CFleurant@MetroSCG.com; Credit_Department@cpkr.com;
kevin@kestenberglitigation.com; marc@kestenberglitigation.com; alev-farrell@byldslaw.com;
rhennick@byldslaw.com; indirasingh@cokecanada.com; mgrossell@tgf.ca; sfernandes@tgf.ca;
rohare@tgf.ca; kenneth.kraft@dentons.com; mcitak@grllp.com; jsimpson@torkinmanes.com;
sdhanju-dhillon@torkinmanes.com; kdhaliwal@torkinmanes.com; harvey@chaitons.com;
eboynton@europo.ca; cpittam@bbo.on.ca; cbrunet@donatimaisonneuve.ca;
FredLam@vtech.ca; gphoenix@ln.law
shamraz@ln.law; edward.park@justice.gc.ca; Randy.Ramoodit@justice.gc.ca; znaqi@lolg.ca;
apang@lolg.ca; melanie.desouza@mattel.com; dbish@torys.com;
cchisholm@lawsonlundell.com; jepp@lawsonlundell.com; sthom@torkinmanes.com;
ikatchin@foglers.com; ahoy@cassels.com; Cindy.Cheuk@gov.bc.ca;
AGLSBRevTaxInsolvency@gov.bc.ca; brett.harrison@mcmillan.ca;
Amink@penguinrandomhouse.com; habramsky@foglers.com; chris.burr@blakes.com;
lcohen@dv-law.com; tfrankel@cassels.com; jarabi@cassels.com; nmann@lawsonlundell.com;
amckinnon@nadg.com; lcorne@dickinsonwright.com; michael@siskinddoyle.com;
james_fakhoury@apllogistics.com; etowie@primarisreit.com; caitlin.mcintyre@blakes.com;
dpeat@dv-law.com; lcohen@dv-law.com; kimberly@lawofficeofkimberlyabishop.com;
rmamucud@pkflawyers.com; gordon.becher@dwfgroup.com

67390230.9

**ONTARIO
SUPERIOR COURT OF JUSTICE
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1.	Affidavit of Tracy L. Montalbano, sworn March 30, 2026
A	Summary of Claims that Allied World Specialty Insurance Company has paid
B	Amended and Restated Initial Order
C	Letter from Allied World Specialty Insurance Company to the Monitor dated February 20, 2026
D	Letter from Monitor to Thornton Grout Finnigan LLP dated March 4, 2026
E	Letter from Thornton Grout Finnigan LLP to the Monitor dated March 23, 2026
F	Markup of the proposed SISP dated March 26, 2026

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS
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**AFFIDAVIT OF TRACY L. MONTALBANO
(sworn March 30, 2026)**

I, **TRACY L. MONTALBANO**, of the Town of Farmington, in the State of Connecticut,
United States, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Vice President in the North American Claims Group of Allied World Specialty Insurance Company ("**Allied World**"). In that capacity, I am responsible for, among other things, the oversight of claims arising under Allied World's trade credit and related insurance products, including claims arising from buyer defaults and insolvency proceedings. I hold a J.D. from the University of Connecticut School of Law and have worked in insurance and claims-related roles for approximately 10 years. I have reviewed the Applicant's motion materials, including the affidavit of Neil Taylor sworn March 23, 2026 (the "**Taylor Affidavit**"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied on information from other sources, I have identified the source of that information and believe it to be true.

2. I swear this affidavit in response to the Applicant's motion that is returnable on April 1, 2026, in which the Applicant is seeking, amongst other things, approval of a Sale and Investment Solicitation Process (the "SISP").

3. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

I. OVERVIEW

4. Allied World is a Delaware-based insurance corporation with its main administrative offices located in Farmington, Connecticut New York, NY. Allied World operates as a key US-based subsidiary within the global Allied World Assurance Company Holdings, Ltd. group (the "Parent"), a diversified provider of specialty insurance and reinsurance solutions. Since July 6, 2017, Allied World has been a portfolio company of Fairfax Financial Holdings Limited ("Fairfax"), a major Canadian financial holding company headquartered in Toronto, Ontario. Nonetheless, Allied World's operations and management are controlled independently from Fairfax.

5. As part of its business, Allied World provided domestic and export shipments risk insurance to many of the Applicant's key merchandise suppliers. This type of insurance insures trade suppliers against non-payment from the applicable buyer (in this case, the Applicant) in the event of a protracted default. A protracted default under the insurance policy is typically a payment default more than 90 days after the applicable payment due date.

6. To date, Allied World has received 36 claims from the Applicant's merchandise suppliers in the aggregate amount of USD \$10,337,000 and CAD \$52,100,000. Several of these

claims remain under review by Allied World. However, as of March 23, 2026, Allied World has already paid 32 claims in the aggregate amount of USD \$7,494,939.95 and CAD \$38,619,511.75 to the Applicant's merchandise suppliers. In accordance with the insurance policies, Allied World is subrogated into the rights of the applicable merchandise supplier once it has paid out under the insurance policy. A chart summarizing the claims that Allied World has paid to date, is attached hereto as **Exhibit "A"**.

7. Accordingly, given the significant amounts paid to date, Allied World's economic interest makes it a major stakeholder in these CCAA proceedings, and Allied World appears to be one of, if not the, largest arm's-length unsecured creditor of the Applicant. As a result, Allied World has a significant interest in the outcome of these CCAA proceedings, particularly on whether the proposed SISP is structured in a manner that is fair, transparent and likely to maximize value for the benefit of the Applicant's creditors.
8. While Allied World does not oppose the commencement of a SISP, it objects to the form of SISP proposed by the Applicant. Allied World seeks targeted amendments that would:
 - (a) provide Allied World with reasonable consultation rights at certain stages of the SISP;
 - (b) strengthen the safeguards applicable to insider involvement in the SISP; and
 - (c) remove or mitigate features of the proposed SISP that may "chill" arm's-length participation in the SISP and depress value.

II. INFORMATION REQUESTS

9. At the comeback hearing held on February 13, 2026, Allied World raised concerns regarding several non-arm's length transactions that it deemed warranted immediate scrutiny and necessitated increased oversight from both the Court and the Monitor.

10. The Court granted the Amended and Restated Initial Order (the “**ARIO**”) that, among other things, authorized the Monitor to provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The ARIO also directed the Monitor to commence a review of certain related party claims and report back to the Court at a later date. A copy of the ARIO is attached hereto as **Exhibit “B”**.
11. Following the comeback hearing, Allied World sent a letter to the Monitor and its counsel on February 20, 2026 (the “**February Letter**”) with preliminary information requests (the “**Information Requests**”) that would help facilitate Allied World’s understanding of the many related party transactions and asset conveyances with related parties, including the flow of funds among such related parties, to help Allied World evaluate its overall economic position. A copy of the February Letter is attached hereto as **Exhibit “C”**.
12. Following delivery of the February Letter, I am advised by Mitch Grossell of Thornton Grout Finnigan LLP (“**TGF**”) that the Monitor and its counsel engaged in discussions with TGF regarding the Information Requests through a preliminary telephone call, followed by a responding letter dated March 4, 2026 (the “**Responding Letter**”), a copy of which is attached hereto as **Exhibit “D”**.
13. As set out in the Responding Letter, in some instances, the Monitor and its counsel advised that certain information, such as an entity organizational chart of the Applicant and all related parties, was not available to the Monitor.
14. Further, the Monitor stated that “the scope of the Related Party Review was prescriptively set out in the ARIO”. I am advised by Mr. Grossell that the language in the ARIO was

negotiated as a preliminary request based on information that was available to Allied World at the time. The endorsement of Justice J. Dietrich dated February 13, 2026, noted Allied World's concerns regarding the volume and significance of related-party transactions and recognized that those issues may become more significant as these CCAA proceedings continue.

15. Allied World's ongoing efforts to obtain information from the Applicant are intended to inform Allied World's decision making process in the exercise of its rights under the CCAA, and to promote further transparency within these CCAA proceedings.

III. COMMUNICATION WITH THE APPLICANT

16. Following the comeback hearing, neither the Applicant nor the Applicant's counsel engaged in any discussions with Allied World or TGF. On March 16, 2026, TGF emailed the Applicant's counsel requesting an update call regarding the status of these CCAA proceedings, and the Applicant's counsel agreed to a call on March 17, 2026.
17. I am advised by Mr. Grossell that, during the meeting with the Applicant's counsel, the Applicant's counsel advised TGF, without any prior consultation, that the Applicant scheduled the upcoming motion for approval of the SISP, notwithstanding that TGF previously requested the Applicant's counsel consult its availability prior to scheduling any upcoming motions given Allied World's significant economic interest in the outcome of these CCAA proceedings.
18. Further, during the same call, TGF requested an opportunity to review and comment on the proposed SISP, even in a draft form, prior to service of the motion materials. The

Applicant's counsel declined to consult with TGF on the basis that the proposed SISP was not "final," and advised that Allied World would receive it upon service of the motion materials.

19. The Taylor Affidavit states that one of the primary objectives of these CCAA proceedings is to engage with the Applicant's principal stakeholders and advance a structured process. The Taylor Affidavit also states that the proposed SISP was developed in consultation with the Monitor and the DIP Lender. These statements are concerning in the circumstances. The DIP Lender is not an arm's-length stakeholder. The Taylor Affidavit identifies no engagement with Allied World or any other arm's-length unsecured creditor regarding the structure of the proposed SISP, notwithstanding Allied World's economic interest in the outcome of these CCAA proceedings.
20. The related party dynamic is significant in these proceedings. Douglas Putman is the sole director and secretary of the Applicant and the sole shareholder of 2625229 Ontario Inc. ("262"), the DIP Lender. The Applicant also operates 13 of its remaining 18 stores from premises owned by Putman-related landlords and rents two distribution centres from a related party indirectly owned by Putman. In addition, Mr. Taylor previously swore that he has worked with 262 on advisory roles since 2019.
21. Following the telephone call between the Applicant's counsel and TGF on March 17, 2026, on March 23, 2026, TGF delivered another letter to the Applicant's counsel, the Monitor and the Monitor's counsel (the "**March Letter**"). The March Letter reiterated the request for the outstanding Information Requests to be provided by the Applicant and set a deadline of March 27, 2026. It also outlined Allied World's request for the opportunity to

review the SISP in advance, and its request for consultation rights in the SISP. The March Letter further cautioned that the process should include express safeguards to ensure that if any member of current management or a related party were to participate, such parties receive no informational or procedural advantage over other bidders, including with respect to access to non-public information. A copy of the March Letter is attached hereto as **Exhibit “E”**.

22. The Applicant’s counsel served the Applicant’s Motion Record on March 23, 2026. On March 24, 2026, TGF requested a copy of the proposed SISP from the Applicant’s counsel to provide Allied World with the opportunity to negotiate the terms of the SISP with the Applicant and the Monitor. After multiple follow-up emails, TGF received a copy of the proposed SISP on March 25, 2026 from the Monitor’s counsel.
23. On March 26, 2026, TGF provided Allied World’s comments and proposed revisions to the proposed SISP to the Applicant’s counsel and the Monitor’s counsel by way of a formal markup (the “**Markup**”). A copy of the Markup is attached hereto as **Exhibit “F”**.
24. As at the time this affidavit was sworn, the Applicant has not provided a further markup of the proposed SISP.

IV. THE PROPOSED SISP

25. I have reviewed the terms of the proposed SISP.
26. Allied World has the following three concerns with the proposed SISP. First, the proposed SISP does not provide consultation rights to any third-party creditor of the Applicant, even though the proposed SISP grants consultation rights with certain parties related to the

Applicant. Allied World has no interest in participating in the SISP. Instead, Allied World wants to be consulted throughout the SISP so that it can provide feedback to the Monitor that may assist in the maximization of value and so that Allied World make informed business decisions regarding the potential outcome of these CCAA proceedings. In this regard, Allied World seeks consultation rights at material junctures, including in respect of the identification of Phase 1 Qualified Bids, the selection of Phase 2 Qualified Bidders, any extension or amendment of milestones, the conduct of any auction, and the selection of any Successful Bid. Allied World is prepared to execute a commercially reasonable NDA.

27. Second, the protections applicable to insider participation do not go far enough. The proposed SISP permits communications between Insiders (as defined in the SISP) and other SISP participants so long as the Monitor directly supervises those communications. It is not clear why Insiders should be permitted to communicate with other SISP participants. All communications with SISP participants should occur through the Monitor. If the Monitor requires information from the Company, the Monitor should obtain that information from the Company and communicate it directly to the SISP participant. Further, should 1001 Ontario choose to participate in the process, it should do so on the same terms as other bidders at Phase 1, or the proposed SISP should clearly state its status and subject it to the same timing and constraints as any other insider bidder. Any breach of this proposed protocol should result in the immediate disqualification of the insider bidder, including the loss of any entitlement to credit bid.
28. Third, certain features of the proposed SISP may chill arm's-length participation. Phase 1 is only 29 days and, if requested by the Monitor, interested parties are required to provide

the Monitor evidence of financial wherewithal before receiving access to the virtual data room. Further, if no Phase 1 Qualified Bids are received, the Monitor is permitted to declare the SISP concluded and permit a related party credit bid after the Phase 1 Bid Deadline without seeking the advice and direction of the Court. The DIP Lender is also deemed to be a Phase 2 Qualified Bidder. Allied World is concerned that these features, individually and collectively, may discourage third parties from participating meaningfully in the process.

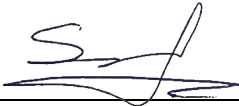
29. Allied World seeks amendments to the proposed SISP that, among other things:
- (a) grant consultation rights to Allied World and certain stages of the SISP;
 - (b) extend the Phase 1 Bid Deadline from May 1, 2026 to May 15, 2026;
 - (c) extend the Phase 2 Bid Deadline from May 29, 2026 to June 5, 2026, with corresponding modest adjustments to the later milestones, without impacting the overall closing schedule;
 - (d) remove the option for the Monitor to require an interested party to demonstrate financial wherewithal prior to obtaining access to the virtual data room;
 - (e) in the event that no Phase 1 Qualified Bids are received, require the Monitor to either extend Phase 1 or seek further directions from the Court before terminating the SISP or advancing an Insider credit bid; and
 - (f) clarify the SISP protections with respect to Insiders to ensure they are not given any procedural advantage over arm's-length participants.

V. CONCLUSION

30. Allied World remains a constructive participant in these CCAA proceedings and supports a process that is genuinely designed to maximize value for stakeholders. However, the proposed SISP, as presently drafted, gives meaningful procedural roles to the Applicant and insider stakeholders while affording no corresponding visibility to any third-party creditors. The amendments sought by Allied World are modest and practical. They do not displace the Monitor’s role in overseeing the SISP. Rather, they are intended to improve transparency, protect the integrity of the process, and increase the likelihood of a robust market canvass and competitive outcome.

31. I make this affidavit in response to the motion brought by the Applicant in respect of the proposed SISP in good faith and for no improper purpose.

SWORN by TRACY L. MONTALBANO)
in the Town of Farmington, in the State of)
Connecticut, United States of America,)
before me, in the City of Toronto, in the)
Province of Ontario this 30th day of March,)
2026, in accordance with *O. Reg. 431/20,*)
Administering Oath or Declaration)
Remotely.)



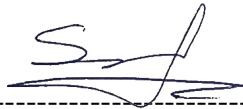
A Commissioner for taking Affidavits.)

STEPHANIE FERNANDES
(LSO# 85819M)



TRACY L. MONTALBANO

This is **Exhibit “A”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)

Exhibit “A” – Summary of Insurance Claims paid by Allied World

Claims Paid in US Dollars:¹

Claim Number	Insured	Adjusted Claim Amount	Amount Paid
2025021604	Trade Supplier 1	\$1,353,989.60	\$1,218,590.61
2025017446	Trade Supplier 2	\$300,000.00	\$270,000.00
2025031481	Trade Supplier 3	\$179,627.29	\$161,664.57
2025017017	Trade Supplier 4	\$1,353,989.60	\$173,611.89
2025014627	Trade Supplier 5	\$2,657,500.41	\$2,391,750.37
2025027293	Trade Supplier 6	\$500,000.00	\$450,000.00
2025020995	Trade Supplier 7	\$1,353,989.60	\$617,107.71
2025030742 2025030745	Trade Supplier 8	\$1,218,032.44	\$1,096,229.20
2025026846	Trade Supplier 9	\$700,000.00	\$630,000.00
2025030000	Trade Supplier 10	\$52,984.00	\$47,685.60
2026003431	Trade Supplier 11	\$487,000.00	\$438,300.00
Total:		\$10,157,112.94	\$7,494,939.95

¹ Note: All monetary amounts in this chart are expressed in US Dollars.

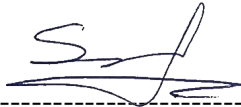
Claims Paid in Canadian Dollars:²

Claim Number	Insured	Adjusted Claim Amount	Amount Paid to Supplier
2025022005	Trade Supplier 12	\$488,394.98	\$439,555.48
2025024663 2025029729	Trade Supplier 13	\$2,729,800.65	\$2,456,820.59
2025017015	Trade Supplier 14	\$316,145.78	\$284,531.20
2025027303 2025033991	Trade Supplier 15	\$2,015,488.94	\$1,813,940.05
2025020482	Trade Supplier 16	\$699,624.03	\$629,661.63
2025019359	Trade Supplier 17	\$1,006,021.10	\$905,418.99
2026007263	Trade Supplier 18	\$144,027.24 (*Amount claimed)	N/A
2025020666 2025028713	Trade Supplier 19	\$951,284.81	\$856,156.33
2025020659 2025029996	Trade Supplier 20	\$946,572.27	\$851,915.04
2025026124	Trade Supplier 21	\$2,135,229.74	\$1,921,706.77
2025025504	Trade Supplier 22	\$810,760.79	\$729,684.71
2025030270	Trade Supplier 23	\$500,000.00	\$450,000.00
2025031403	Trade Supplier 24	\$36,850.21	\$33,165.19
2026003688	Trade Supplier 25	\$5,400,000.00	\$5,400,000.00
2025034426	Trade Supplier 26	\$10,811,137.80	\$9,730,024.02
2025031757 2025031761	Trade Supplier 27	\$3,710,068.98	\$3,339,062.08
2025028003 2025028006	Trade Supplier 28	\$2,111,980.78	\$1,900,782.70
2025023567	Trade Supplier 29	\$433,549.10	\$390,194.19
2025026090	Trade Supplier 30	\$697,742.97	\$627,968.67
2025029705 2025026133	Trade Supplier 31	\$1,305,308.83	\$1,174,777.95
2026004333	Trade Supplier 32	\$385,299.80	\$346,769.82

² Note: All monetary amounts in this chart are expressed in Canadian Dollars.

2025034881	Trade Supplier 33	\$2,982,384.62	\$2,684,146.16
2026000145 2026000148	Trade Supplier 34	\$4,700,000.00	N/A
2026004337	Trade Supplier 35	\$350,000 (Buyer Limit)	N/A
Total:		\$52,100,000	\$38,619,511.75

This is **Exhibit “B”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)



Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 13TH
)
JUSTICE J. DIETRICH) DAY OF FEBRUARY, 2026

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 TOYS "R" US (CANADA) LTD. /
TOYS "R" US (CANADA) LTEE (the "Applicant")

AMENDED AND RESTATED INITIAL ORDER
(Amending the Initial Order dated February 3, 2026)

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the affidavit of Neil Taylor sworn February 2, 2026 and the exhibits thereto (the "**Initial Taylor Affidavit**"), the affidavit of Neil Taylor sworn February 10, 2026 and the exhibits thereto (the "**Second Taylor Affidavit**"), the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as monitor (in such capacity, the "**Monitor**"), the Pre-Filing Report of A&M in its capacity as proposed Monitor dated February 2, 2026 and the appendices thereto, the First Report of the Monitor dated February 11, 2026 and the appendices thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicant, the proposed Monitor, and such other counsel present,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Taylor Affidavit and the Second Taylor Affidavit, as applicable.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Initial Taylor Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after February 3, 2026 (the “**Filing Date**”):

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) until February 16, 2026 or such other later date as ordered by the Court, all outstanding or future amounts related to honouring gift cards issued before the Filing Date;
- (c) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (d) any other pre-filing obligations of the Applicant, in an aggregate amount not to exceed \$800,000 if in the opinion of the Applicant such payment is necessary to maintain the uninterrupted operations of the Business, provided that: (i) no payment shall be made in respect of any such obligation without the prior written consent of the Monitor; and (ii) for greater certainty, no payments shall be made to any related parties of the Applicant in respect of any such pre-filing obligations.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the Filing Date.

9. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, (iv) income taxes, and all other amounts related to such deductions or employee wages payable for periods following the Filing Date pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the Filing Date, or where such Sales Taxes were accrued or collected prior to the Filing Date but not required to be remitted until on or after the Filing Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. **THIS COURT ORDERS** that, until any real property lease (each, a “**Lease**”) to which the Applicant is a party in respect of a store with active operations is disclaimed in accordance with the CCAA, or otherwise consensually terminated, the Applicant shall pay all amounts constituting rent or payable as rent under such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the applicable landlord (each, a “**Landlord**”) under such Lease, but for greater certainty, excluding amounts owing which are stayed by this Order, accelerated rent or penalties, fees or other charges arising as a result of any default that is stayed by this Order, the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and a Landlord from time to time (“**Rent**”), (a) incurred and relating solely to the period commencing from and including the Filing Date until and including February 15, 2026, as a single payment made on the Filing Date, (b) incurred and relating solely to the period commencing from and including February 16, 2026 until and including February 28, 2026, as a single payment made forthwith following issuance of this Order, and (c) thereafter, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears), in each case save and except for any component of Rent which is percentage rent which, commencing from and including the Filing Date shall be calculated and paid in respect of revenues incurred from and including the Filing Date, in accordance with the terms of such Lease.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA or as otherwise ordered by this Court, have the right to:

- (a) 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 \$150,000 in any one transaction or \$500,000 in the aggregate, provided that in respect of a Lease, the Applicant may permanently, but not temporarily shut down its operations in a leased premises;
- (b) (i) vacate, abandon or quit the whole or part of any property subject to a lease, provided that in respect of a Lease such leased premises shall only be vacated, abandoned or quit in whole, and/or (ii) disclaim any real property lease, including any Lease, and any ancillary agreements relating to any leased premises;
- (c) without limiting paragraph 12(b), above, disclaim, with the prior consent of the Monitor, any of its arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, as the Applicant deems appropriate, in accordance with section 32 of the CCAA;
- (d) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (e) pursue all avenues and offers for the sale, transfer or assignment of the Leases to third parties, in whole or in part and return to Court for approval of any such sale, transfer or assignment; and
- (f) pursue all avenues of refinancing, restructuring, sale or reorganizing the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganizing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the sale guidelines attached as Schedule “A” hereto (the “**Sale Guidelines**”) are hereby approved and ratified, and in respect of Stores (as defined in the Sale Guidelines) for which the Applicant has sent a notice of disclaimer or for which it intends to vacate pursuant to this Order, with the consent of the Monitor, the Applicant is authorized to sell the merchandise and FF&E (as defined by the Sale Guidelines) in accordance therewith and such

sales shall be on a “final sale” and/or “as is” basis and free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, and financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise), including, without limitation, the Charges (as defined below).

14. **THIS COURT ORDERS** that for any Store (as defined by the Sale Guidelines), for which a notice of disclaimer has not been delivered but the Applicant wishes to commence a Sale (as defined by the Sale Guidelines), the Vacate Date (as defined by the Sale Guidelines) of such Store shall not exceed twelve (12) weeks from the date on which the Applicant notifies the Landlord that such Store will be closing and a Sale will be commenced.

15. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the Leases. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Applicant any additional restrictions not contained in the applicable Lease.

16. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant Landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the Landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such Landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such Landlord and any such secured creditors. If the Applicant disclaims or resiliates the Lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such Lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the Lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

17. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such Landlord may have against the Applicant in respect of such Lease or leased premises, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

18. **THIS COURT ORDERS** that until and including May 1, 2026, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

19. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of the Applicant that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

20. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or

proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

21. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

22. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply or license of goods, intellectual property, and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, importing services, customs clearing, warehouse and logistics services, security services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, suspending, interfering with or terminating the supply or license of such goods, intellectual property, or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Filing Date are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

23. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicant in respect of obligations arising prior to the Filing Date with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the Filing Date; or (b) are or may become due from the Applicant in respect of

obligations arising prior to the Filing Date with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the Filing Date, in each case without the consent of the Applicant and the Monitor, or leave of this Court.

NON-DEROGATION OF RIGHTS

24. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, other than paragraph 10 of this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

25. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the Filing Date and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

26. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

27. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which

charge shall not exceed an aggregate amount of \$4,000,000, as security for the indemnity provided in paragraph 26 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

28. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's director and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 26 of this Order.

APPOINTMENT OF MONITOR

29. **THIS COURT ORDERS** that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

30. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor and review the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender of financial and other information as agreed to between the Applicant and the DIP Lender, which financial and other information may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and other required reporting;
- (e) liaise with Assistants, to the extent required, with respect to all matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, wherever located and to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) conduct a review of: (i) all transactions by the Applicant for the past 12 months with persons not dealing at arm's length with the Applicant; and (ii) all real property sale transactions by the Applicant for the past 24 months with persons not dealing at arm's length with the Applicant (collectively, the "**Related Party Transactions**") and, upon completion of that review, serve its report on the Service List and file it with the Court setting out the Monitor's findings and conclusions, including whether any Related Party Transactions are contrary to the *Bankruptcy and Insolvency Act* (Canada), the *Fraudulent Conveyances Act* (Ontario), or the *Assignment and Preferences Act* (Ontario);
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

31. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management and operations or supervision of the management and operations of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

32. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act, 1999*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor any of its employees or representatives shall incur any liability or obligation as a result of the Monitor’s appointment or the carrying out by it of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant 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 this Order, by the Applicant

as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and counsel to the Applicant on a bi-weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, *nunc pro tunc*, a retainer in the amount of \$150,000, to be held by it as security for payment of its respective fees and disbursements outstanding from time to time.

36. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

ADMINISTRATION CHARGE

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant and the Chief Restructuring Officer (the “**CRO**”) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

DIP FINANCING

38. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from 2625229 Ontario Inc. (the “**DIP Lender**”) in order to finance the Applicant's working capital requirements and other general corporate purposes, capital expenditures, and costs of these proceedings during the Stay Period (each, an “**Interim Borrowing**” and collectively, the “**Interim Borrowings**”), provided that: (a) such Interim Borrowings are made in accordance with the Cash Flow Forecast or otherwise agreed by the Applicant and the DIP Lender, with consent of the Monitor, in each case subject to prior approval pursuant to a draw request in form and substance satisfactory to the DIP Lender, accompanied by such supporting documentation as the DIP Lender may request; (b) such Interim Borrowings are secured by the DIP Lender's Charge (as defined below) with the priority set out in paragraphs 42

and 44 hereof; and (c) such Interim Borrowings shall not exceed \$13,000,000 unless permitted by further Order of this Court.

39. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Facility Loan Agreement between the Applicant and the DIP Lender dated as of February 2, 2026 (the “**Commitment Letter**”), filed.

40. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property of the Applicant as security for the Interim Borrowings, which DIP Lender’s Charge shall not secure any obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 44 and 46 hereof.

42. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon further Order of the Court, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including, without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the

- obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

43. **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any Plan filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* (the "**BIA**"), with respect to any Interim Borrowings.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the security interests granted by the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amount of \$4,000,000).

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicant also obtains the prior written consent of the Monitor, the CRO, the DIP Lender and the other beneficiaries of the Charges (collectively, the “**Chargees**”), or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA or otherwise, or any bankruptcy or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, the Interim Borrowings, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, including with respect to the Interim Borrowings, and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

50. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in The Globe and Mail a notice containing the information prescribed under the CCAA; and (b) within five days after the Filing Date, (i) make this Order publicly available in the manner prescribed under the CCAA; (ii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant's books and records), a notice to all known creditors having a claim against the Applicant of more than \$1,000; and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

51. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "**Rules**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.alvarezandmarsal.com/TRUCanada>.

52. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in

the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message at or prior to 5:00 p.m. prevailing Eastern Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. prevailing Eastern Time; or (c) on the third business day following the date of forwarding thereof, if sent by ordinary mail.

53. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are, subject to paragraph 51 of this Order, at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any written notices, or other written correspondence, by forwarding copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

SEALING ORDER

54. **THIS COURT ORDERS** that Confidential Exhibit "A" to the Taylor Affidavit is hereby sealed, kept confidential, and shall not form part of the public record until a restructuring transaction is completed in these CCAA Proceedings, or further Order of the Court.

GENERAL

55. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court, and any such interested party shall give not less than five business days' notice to the Service List and any other party or parties likely to be affected by the Order sought; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 44 and 46 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.


56. **THIS COURT ORDERS** that, notwithstanding paragraph 55 of this Order, the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

57. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

58. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

59. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

60. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.



SCHEDULE "A"
Sale Guidelines

Sale Guidelines

The following procedures (the “**Sale Guidelines**”) shall apply to the sale of merchandise, inventory, furniture, fixtures and equipment (a “**Sale**”) to be conducted by Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Applicant**”) at each retail store (each a, “**Store**” and collectively, the “**Stores**”) operated by it for which the Applicant has sent a notice of disclaimer pursuant to section 32 of the *Companies’ Creditors Arrangement Act* (“**CCAA**”) or for which it intends to vacate pursuant to the ARIO (as defined below), with the consent of the Monitor.

For any Store where a notice of disclaimer has not been delivered, but the Applicant wishes to commence a Sale, the Vacate Date (as defined below) of such Store shall not exceed twelve (12) weeks from the date on which the Applicant notifies the Landlord that such Store will be closing and a Sale will be commenced.

Capitalized terms used but not defined in these Sale Guidelines shall have the meanings ascribed to them in the Amended and Restated Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 13, 2026 (as further amended and/or restated from time to time, the “**ARIO**”).

1. Except as otherwise expressly set out herein, and subject to: (i) the ARIO; or (ii) the provisions of the CCAA and any further Order of the Court; and/or (iii) any subsequent written agreement between the Applicant and its applicable landlord(s) (individually, a “**Landlord**” and, collectively, the “**Landlords**”), the Sale shall be conducted in accordance with the terms of the applicable leases and other occupancy agreements for each of the affected Stores (individually, a “**Lease**” and, collectively, the “**Leases**”). However, nothing contained herein shall be construed to create or impose upon the Applicant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each Store remains open during its normal hours of operation provided for in its respective Lease, until the expiration of the notice period provided for in the CCAA with respect any Lease that is disclaimed, or as may be otherwise agreed between the Applicant and the applicable Landlord (the “**Vacate Date**”). The Applicant will be entitled to start the Liquidation Sale on the date a disclaimer notice is issued in respect of a specific Store, or such earlier date following notice by the Applicant to the applicable Landlord regarding the commencement of the Sale at a particular Store. Rent payable under the respective Leases shall be paid as provided in the Initial Order or as may be otherwise agreed by the Applicant and the applicable Landlord.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise authorized under the CCAA, the ARIO, or otherwise ordered by the Court.
4. All display and hanging signs used by the Applicant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Applicant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” and/or similar theme sale at the Stores (provided, however, that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale,

unless otherwise agreed between the Applicant and applicable Landlord, it being understood that the French equivalent of “clearance” is “liquidation” and is permitted to be used). Forthwith upon request from a Landlord, the Landlord’s counsel, the Applicant or the Monitor, the Applicant shall provide the proposed signage packages along with proposed dimensions by e-mail to the applicable Landlord(s) or to their counsel of record and the applicable Landlord shall notify the Applicant of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “store closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Applicant and such Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, the Applicant shall be permitted to utilize exterior banners/signs at stand alone, strip mall or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws; and (ii) where such banners are not explicitly permitted by the applicable Lease and the applicable Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the recipients listed in the service list in respect of these CCAA proceedings (the “**Service List**”). Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Applicant.

5. The Applicant shall be permitted to utilize sign-walkers and street signage; provided, however, that such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Applicant shall be entitled to include additional merchandise in the Sale; provided that: the additional merchandise is owned by the Applicant, is currently in the possession of, or in the control of, the Applicant (including in their distribution centre), including merchandise currently in transit to the Applicant or a Store.
7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are “final” and customers with any questions or complaints are to contact the Applicant.
8. The Applicant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on a Landlord’s property, unless explicitly permitted by the applicable Lease or if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Applicant may solicit customers in the Stores themselves. The

Applicant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the applicable Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or as otherwise agreed to by such Landlord.

9. At the conclusion of the Sale and until the Vacate Date in each Store, the Applicant shall arrange that the premises for each Store are in “broom-swept” and clean condition and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be removed without the applicable Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the ARIO. Unless otherwise agreed with the applicable Landlord, any trade fixtures or personal property left in a Store after the applicable Vacate Date, in respect of which the applicable Lease has been disclaimed by the Applicant, shall be deemed abandoned. The applicable Landlord shall have the right to dispose of any goods left in the Store as the Landlord chooses, without any liability whatsoever on the part of such Landlord.
10. Subject to the terms of paragraph 9 above, the Applicant may also sell existing goods, furniture, trade fixtures, equipment and/or improvements to real property that are located in the Stores during the Sale and until the Vacate Date (collectively, the **“FF&E”**). For greater certainty, FF&E does not include any portion of a Store’s mechanical, electrical, plumbing, security, HVAC, sprinkler, fire suppression, or fire alarm systems (including related fixtures and affixed equipment). The Applicant may advertise the sale of the FF&E consistent with these Sale Guidelines on the understanding that the applicable Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to such Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove such FF&E either through the back shipping areas designated by the applicable Landlord or through other areas after regular Store business hours or through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with the applicable Landlord’s supervision if required by such Landlord and in accordance with the ARIO and the Realization Process Approval Order. The Applicant shall repair any damage to the Stores resulting from the removal of any FF&E by the Applicant or by third party purchasers of FF&E. Any FF&E not sold as at the Vacate Date shall be deemed abandoned, unless otherwise agreed in writing by the Applicant and the applicable Landlord.
11. The Applicant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Applicant hereby provides notice to the Landlords of their intention to sell and remove FF&E from the Stores. The Applicant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the designated store manager to identify any FF&E that is subject to the Sale. The relevant Landlord shall be entitled to have a

representative present in the applicable Stores to observe such removal. If the relevant Landlord disputes the Applicant's entitlement to sell or remove any FF&E under the provisions of the applicable Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the applicable Applicant and such Landlord, or by further Order of the Court upon motion by the Applicant on at least two (2) business days' notice to such Landlord and the Monitor. If the applicable Applicant has disclaimed or resiliated the Lease governing such Store in accordance with the CCAA and the ARIO, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the ARIO), and the disclaimer or resiliation of the Lease shall be without prejudice to the applicable Applicant's claim to the FF&E in dispute.

13. During the Sale, the Landlord may show the affected Store to prospective tenants during normal business hours, on giving the Applicant and the Monitor at least twenty-four (24) hours' prior written notice, and at the effective date of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the applicable Applicant or any of its affiliates in respect of such Lease or Store, provided that, nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Applicant and the Landlord shall have the same access rights to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. The Applicant shall not conduct any auctions of merchandise or FF&E at any of the Stores.
16. The Applicant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person(s) for the Applicant shall be Neil Taylor who may be reached by email at Neil.Taylor@TOYSRUS.CA. If the parties are unable to resolve the dispute between themselves, the applicable Landlord or the Applicant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days' written notice to the other party or parties and the Monitor, during which time the Applicant shall suspend all activity in dispute other than activities expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Applicant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein is or shall be deemed to be, a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to any Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended on a Store-by-Store basis, by written agreement between the Applicant and the applicable Landlord, with the consent of the Monitor.

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 TOYS "R" US (CANADA) LTD. / TOYS "R" US (CANADA) LTEE (the "Applicant")

Court File No. CL-26-00000042-0000

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

PROCEEDINGS COMMENCED AT TORONTO

AMENDED AND RESTATED INITIAL ORDER

AIRD & BERLIS LLP

181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO #55449N)

Tel: (416) 865-3082

Email: iaversa@airdberlis.com

Matilda Lici (LSO #79621D)

Tel: (416) 865-3428

Email: mlici@airdberlis.com

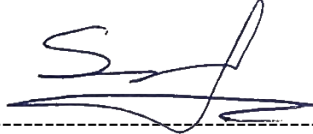
Samantha Hans (LSO #84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Counsel for the Applicant, Toys "R" Us (Canada) Ltd. / Toys
"R" Us (Canada) Ltee

This is **Exhibit “C”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A handwritten signature in black ink, appearing to read 'S. Fernandes', written over a horizontal dashed line.

A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Mitch Grossell
T: +1 416 304 7978
E: mgrossell@tgf.ca

February 20, 2026

VIA EMAIL

Alvarez & Marsal Canada Inc.
Royal Bank Plaza – South Tower
200 Bay St., Suite 3501
Toronto, ON M5J 2J1

**Attention: Josh Nevsky, Managing Director (jnevsky@alvarezandmarsal.com)
Sven Dedic, Director (sdedic@alvarezandmarsal.com)**

Dear Mr. Nevsky and Mr. Dedic:

Re: In the Matter of the *Companies' Creditors Arrangement Act* proceeding of Toys "R" Us (Canada) Ltd. / Toys "R" Us (Canada) Ltee (CL-26-0000042-0000) (the "CCAA Proceeding")

We are counsel to Allied World Specialty Insurance Company ("**Allied World**"), the largest unsecured creditor of the Applicant. We write regarding the CCAA proceeding of Toys "R" Us (Canada) Ltee (the "**Applicant**"). Capitalized terms not defined herein have their meaning in the First Report of Alvarez & Marsal Canada Inc. (the "**Monitor**") dated February 11, 2026.

Pursuant to paragraph 33 of the Amended and Restated Initial Order granted by Justice Dietrich of the Ontario Superior Court of Justice (Commercial List), dated February 13, 2026 (the "**ARIO**"), the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor.

In accordance with the ARIO, we hereby kindly request that you provide Allied World the following information:

General

1. An entity organization chart of the Applicant's parent, including all related entities that have direct or indirect involvement in the Applicant's business operations.
2. An explanation how the \$800,000 threshold allocated to potentially pay pre-filing creditors was calculated.
3. A list of the top 10 third party merchandise suppliers to the Applicant.

Post-Filing Related Party Transactions

4. A list of all related party merchandise suppliers that supply inventory to the Applicant.
5. A breakdown of all proposed post-filing related party transactions.
6. An itemized list of the related party arrangements that are not governed by formal written agreements, an explanation how their terms have been determined, and the cost of such arrangements.
7. An itemized breakdown of operating expenses in the cash flow forecast, and confirmation whether any operating expenses are being paid to related parties, and whether any payroll & benefit expenses are paid to employees of related parties.

Leases

8. The rent/sq ft for each of the related party leases and the third-party leases.
9. The Monitor's view on the reasonability of the related party lease terms as compared to the third-party leases.
10. An itemized list of all asset conveyances to related parties between August 2021 (when Putnam investments acquired the Applicant) and February 2, 2026, and the monetary amount associated with such conveyance.

We request that this information be provided as soon as practicable, and in any event by no later than March 2, 2026. If there are any concerns regarding the confidentiality of the requested information, we are prepared to discuss an appropriate non-disclosure agreement to facilitate the process.

For greater certainty, Allied World continues to review all of the information filed in connection with the CCAA proceeding and may have additional information requests in the future.

Should you have any questions or would like to discuss this matter further, kindly contact the undersigned at mgrossell@tgf.ca.



Thornton Grout Finnigan LLP

3.

Yours truly,

Thornton Grout Finnigan LLP

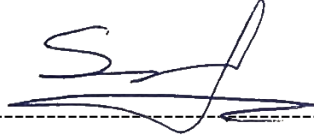
A handwritten signature in blue ink, appearing to read 'Mitch Grossell'.

Mitch Grossell
MG/nl

Encl.

cc: Stephanie Fernandes (sfernandes@tgf.ca) and Rebekah O'Hare (rohare@tgf.ca), Thornton Grout Finnigan LLP, Counsel to Allied World Specialty Insurance Company
Lee Nicholson (leenicholson@stikeman.com) and Chloe Duggal (cdugal@stikeman.com), Stikeman Elliott LLP, Counsel to Alvarez & Marsal Canada Inc.

This is **Exhibit “D”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A handwritten signature in blue ink, appearing to read 'S. Fernandes', is written over a horizontal dashed line.

A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)

Lee Nicholson
Direct: +1 416 869 5604
Mobile: +1 647 821 1931
leenicholson@stikeman.com

March 4, 2026

By Email (mgrossell@tgf.ca)

Thornton Grout Finnigan LLP
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, PO Box 329
Toronto, ON M5K 1K7

Attention: Mitch Grossell

Dear Mr. Grossell:

RE: In the matter of the proceedings of Toys “R” Us (Canada) Ltd./Toys “R” Us (Canada) Ltee. (“Toys”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the “CCAA Proceedings”)

We are counsel to Alvarez & Marsal Canada Inc., in its capacity as Court-appointed monitor (the “**Monitor**”) of Toys in respect of its CCAA Proceedings. We write in response to your letter dated February 20, 2026 and our call on Tuesday, February 24, 2026.

As discussed last week, the Monitor’s work in respect of the review of related party transactions required by paragraph 30(g) of the Amended and Restated Initial Order dated February 13, 2026 has commenced (the “**Related Party Review**”). In response to the specific questions raised in your letter, please see the responses below:

General

- 1. An entity organization chart of the Applicant’s parent, including all related entities that have direct or indirect involvement in the Applicant’s business operations.**

The Monitor does not have an entity organizational chart of all related parties. However, 2625229 Ontario Inc. o/a Putman Investments (“262”) is the direct parent of Toys. The other related parties that the Monitor is aware do business with Toys are referenced at paragraph 7.9 of the Monitor’s First Report dated February 11, 2026 (the “First Report”).

- 2. An explanation how the \$800,000 threshold allocated to potentially pay pre-filing creditors was calculated.**

The authorized payment of pre-filing suppliers was based on an estimate by the Applicant, in consultation with the Monitor, of pre-filing arrears of suppliers that could materially impair the operations of the business with service disruptions. These were primarily logistic and supply chain providers that have possession of inventory.

3. A list of the top 10 third party merchandise suppliers to the Applicant.

Allied World will be required to provide a written confidentiality undertaking before being provided with this information.

Post-Filing Related Party Transactions

4. A list of all related party merchandise suppliers that supply inventory to the Applicant.

Please see paragraph 7.9 of the First Report.

5. A breakdown of all proposed post-filing related party transactions.

These were detailed in Section 7 of the First Report, with specific amounts of each item being detailed in the Cash Flow Forecast attached as Appendix "B" in the First Report.

6. An itemized list of the related party arrangements that are not governed by formal written agreements, an explanation how their terms have been determined, and the cost of such arrangements.

Each of the post-filing related party arrangements, were set out in the First Report, including an understanding of the arrangements previously in place. The Monitor will provide further details regarding these arrangements as part of the Related Party Review.

7. An itemized breakdown of operating expenses in the cash flow forecast, and confirmation whether any operating expenses are being paid to related parties, and whether any payroll & benefit expenses are paid to employees of related parties.

These items were detailed in the Cash Flow Forecast attached as Appendix "B" in the First Report other than payroll & benefits expenses. The Monitor is not aware of any amounts included in operating expenses line item in the Cash Flow Forecast that are being paid related parties.

The Monitor understands Mr. Putman will not receive any salary on a post-filing basis. Mr. Gardner, who is the President of Toys, and also the Chief Executive Officer of 262, receives a salary of \$400,000 annually. The Monitor is further reviewing disbursements related to payroll and benefit expenses to identify whether there are any other payments contemplated to be made to related parties.

Leases

8. The rent/sq ft for each of the related party leases and the third-party leases.

The Monitor will provide this information in connection with the Related Party Review.

9. **The Monitor's view on the reasonability of the related party lease terms as compared to the third-party leases.**

The Monitor will obtain third-party market information from an applicable real estate broker in connection with the Related Party Review.

10. **An itemized list of all asset conveyances to related parties between August 2021 (when Putman Investments acquired the Applicant) and February 2, 2026, and the monetary amount associated with such conveyance.**

The scope of the Related Party Review was prescriptively set out in the ARIO. In addition, the Monitor refers you to the audited financial statements attached as Exhibit C of the Neil Taylor Affidavit sworn February 2, 2026, which provides a summary of material related party transactions.

Please let us know if you would like to further discuss.

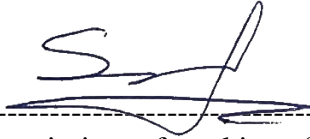
Yours truly,



Lee Nicholson

cc: Josh Nevsky and Sven Dedic, *Alvarez & Marsal Canada Inc.*
Ian Aversa and Matilda Lici, *Aird & Berlis LLP*
Stephanie Fernandes and Rebekah O'Hare, *Thornton Grout Finnigan LLP*
Chloe Duggal, *Stikeman Elliott LLP*

This is **Exhibit “E”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A handwritten signature in blue ink, appearing to read 'S. Fernandes', is written over a horizontal dashed line.

A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Mitchell W. Grossell
T: 416-304-7978
E: mgrossell@tgf.ca
File No. 2387-001

March 23, 2026

VIA EMAIL

Aird & Berlis LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention : **Ian Aversa, Partner**
 Matilda Lici, Associate

Alvarez & Marsal Canada Inc.

Royal Bank Plaza – South Tower
200 Bay St., Suite 3501
Toronto, ON M5J 2J1

Attention: **Josh Nevsky, Managing Director**
 Sven Dedic, Director

Stikeman Elliott LLP

Commerce Court West,
199 Bay St., Suite 5300
Toronto, ON M5L 1B9

Attention: **Lee Nicholson, Partner**
 Chloe Duggal, Associate

Dear all:

Re: **In the Matter of the *Companies' Creditors Arrangement Act* proceeding of Toys "R" Us (Canada) Ltd. / Toys "R" Us (Canada) Ltee (the "Company") (CL-26-0000042-0000) (the "CCA Proceedings")**

We are counsel to Allied World Specialty Insurance Company ("**Allied World**").

As you are aware, Allied World provided trade credit insurance to many key suppliers to the Company, including Out There First Inc., which is one of the related-party suppliers to the Company. Allied World's economic interest in the CCA Proceedings is approximately USD\$10.3 million and approximately CAD\$52.1 million based on claims filed with Allied World in respect of such policies to date. As of today's date, Allied World has paid claims and is subrogated to, and has taken assignments of, claims of approximately USD\$7.5 million and

approximately CAD \$38.7 million. On that basis, Allied World is one of the Company's largest unsecured creditors.

We write further to:

1. Allied World's letter dated February 20, 2026, delivered pursuant to paragraph 33 of the Amended and Restated Initial Order dated February 13, 2026, requesting certain information from the Monitor (the "**Information Requests**");
2. the responding letter from counsel to the Monitor dated March 4, 2026 responding to certain of the Information Requests (the "**Response Letter**");
3. discussions between our office, the Monitor, and counsel to the Monitor regarding the Information Requests; and
4. our discussion with Company's counsel on March 17, 2026.

Outstanding Information Requests

Allied World acknowledges and appreciates that the Monitor responded to most of the Information Requests in the Response Letter, including by directing Allied World to portions of the First Report and confirming, in some instances, that no further information was available to the Monitor.

However, certain key information remains outstanding.

First, the Monitor advised that it does not have "an entity organizational chart of all related parties." In light of the extensive related-party dealings described to date, Allied World requests that the Company provide an entity organizational chart showing the Company's corporate structure, including its parent and all related entities that have direct or indirect involvement in the Company's business operations. That information is necessary for Allied World to understand the corporate structure and the flow of funds among the Company and related parties.

Second, Allied World requested an itemized list of all asset conveyances to related parties between August 2021, when Putnam Investments acquired the Company, and February 2, 2026, together with the monetary amounts associated with those conveyances. In response, the Monitor stated that "the scope of the Related Party Review was prescriptively set out in the ARIO" and referred Allied World to the audited financial statements attached as Exhibit "C" to the affidavit of Neil Taylor sworn February 2, 2026.

Allied World does not accept that the ARIO conclusively defines the full scope of information relevant to its ability to assess related-party transactions in the CCAA Proceedings. As reflected in the endorsement of Justice Dietrich dated February 13, 2026, the Court expressly noted Allied World's concerns regarding the volume and significance of related-party transactions and recognized that those issues may become more significant as the CCAA Proceedings continue.

Further, the relevant review period for transfers at undervalue involving non-arm's-length parties extends to five years.

In subsequent discussions with counsel to the Monitor, Allied World clarified that, at this stage, it was not asking the Monitor to complete an additional substantive review of such transactions. Rather, Allied World was seeking the underlying information necessary to conduct its own assessment and to determine what further steps, if any, may be required.

Counsel to the Monitor subsequently advised that Allied World already had copies of the Company's prior audited financial statements. Allied World has searched its records and confirms that it has copies of the audited financial statements for the years-ended on January 30, 2021, January 29, 2022, January 28, 2023, and February 1, 2025. However, Allied World does not have or could not locate a copy of the 2024 audited financial statements.

Accordingly, Allied World requests that the Company provide:

1. A copy of the 2024 audited financial statements; and
2. A list of all asset conveyances to related parties between August 2021 and February 2, 2026, together with the monetary amounts associated with those conveyances.

This information is required to permit Allied World to assess the related-party transactions reflected in the record to date and to determine whether further information or relief should be sought.

Proposed Sale and Investment Solicitation Process

During a call with Company's counsel on March 17, 2026, we were advised for the first time that the Company had already scheduled time with the Court for its upcoming motion without first canvassing our availability. Given Allied World's status as a major unsecured creditor with a direct economic interest in the outcome of the CCAA Proceedings, it was inappropriate to schedule that hearing without consulting counsel for Allied World on availability.

During the same call, we were also advised that the Company intended to seek approval of a Sale and Investment Solicitation Process (the "**SISP**"). We requested an opportunity to review the proposed SISP before service of the motion materials and to provide our comments. Company's counsel declined to do so on the basis that the proposed SISP was not yet "final," and advised that Allied World would receive it only when the motion materials were served.

That approach is concerning and contrary to the three C's of practicing on the Commercial List: communication, cooperation, and common sense. Allied World is a significant economic stakeholder in the CCAA Proceedings. The Company's refusal to provide a draft of the proposed SISP Order or to engage with Allied World in advance on the structure of the proposed process has unnecessarily limited Allied World's ability to assess the relief sought. Similarly, scheduling

the hearing without first consulting our availability is inconsistent with the level of transparency and stakeholder engagement that should be expected in a CCAA proceeding.

For the avoidance of doubt, Allied World's position is that it should be consulted on the material aspects of the SISP, including (without limitation) the form of teaser letter, the confidential information memorandum, the criteria for Phase I and Phase II bids, the process for determining which bidders advance, and the selection of any successful or backup bidder.

Further, if any member of current management or any related party intends to participate in the SISP, the process should include express safeguards to ensure that such parties receive no informational or procedural advantage over other bidders, including with respect to access to non-public information and sale-process developments.

As Allied World has not yet been provided with the proposed SISP motion materials, the foregoing comments are preliminary. Allied World reserves the right to provide further comments once it has reviewed the draft order and motion materials related to approval of the proposed SISP.

Next Steps

Allied World requests that the Company:

1. provide the documents and information requested above by 3:00 p.m. on March 27, 2026;
2. provide a draft of the proposed SISP and the SISP Order as soon as practicable and in advance of service, so that Allied World may provide informed comments; and
3. confirm that counsel for Allied World will be consulted on availability before any further hearing dates are scheduled that impact Allied World.

Nothing in this letter is intended to waive, and Allied World expressly reserves, all of its rights in the CCAA Proceedings.

Should you wish to discuss these issues, please contact the undersigned.

Yours truly,


Thornton Grout Finnigan LLP



Mitchell W. Grossell
MWG/SF

cc: Allied World Specialty Insurance Corporation

This is **Exhibit “F”** referred to in the Affidavit of **TRACY L. MONTALBANO** sworn by **TRACY L. MONTALBANO** in the Town of Farmington, in the State of Connecticut, United States of America, before me, in the City of Toronto, in the Province of Ontario this 30th day of March, 2026, in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A handwritten signature in black ink, appearing to read 'S. Fernandes', is written over a horizontal dashed line.

A commissioner for taking affidavits
STEPHANIE FERNANDES
(LSO# 85819M)

Sale and Investment Solicitation Process

Introduction

On February 3, 2026, Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Company**”) obtained an initial order (as subsequently amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”) and an interim financing facility (the “**DIP Agreement**”) put forward by 2625229 Ontario Inc. (in such capacity, the “**DIP Lender**”) was approved.

On April 1, 2026, the Court granted an order (the “**SISP Order**”) authorizing the Monitor, with the assistance of the Company, to undertake a sale and investment solicitation process (“**SISP**”). The SISP is intended to solicit offers for a sale, recapitalization, restructuring or other strategic transaction in respect of, all or part of the Company, its assets (including its intellectual property), shares and business operations (the “**Opportunity**”). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

This document sets out the procedures for the conduct of the SISP, which will include two phases for qualified interested bidders and will provide the parameters for the selection of a successful bid.

Opportunity

1. The SISP is intended to solicit interest in and opportunities for one or more transactions in respect of the Opportunity. The Opportunity may include one or more of: (i) a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of the Company as a going concern, (ii) a sale of all, substantially all or one or more components of the Company’s business operations (the “**Business**”) as a going concern, or (iii) a sale of all, substantially all or one or more components of the Company’s assets (including, without limitation, its intellectual property or the shares of the Company) (the “**Property**”) as a going concern or otherwise.
2. The procedures set out herein (the “**Bidding Procedures**”) describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company, the Property and the Business, the manner in which bidders may participate in the SISP, requirements for bids received, the ultimate selection of a Successful Bidder(s) (as defined herein) and the requisite approvals to be sought from the Court in connection therewith.
3. Subject to Section 6 herein, the Monitor shall have the right to modify, amend, vary or supplement the Bidding Procedures (including extending the deadlines set forth herein) in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order, without the need for obtaining an order of the Court or providing notice to Participants (as defined herein).
4. The Monitor will post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.

5. In the event of a dispute as to the interpretation or application of the SISP Order or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
6. The following table sets out the key milestones under the SISP, which milestones and deadlines may be extended or amended by up to two weeks by the Monitor, in consultation with the Company, without court approval; provided that, the milestone with respect to the closing of the Successful Bid(s) can only be extended or amended, without court approval, with the prior written consent of the DIP Lender, acting reasonably:

<u>Milestone</u>	<u>Deadline</u>
Marketing and due diligence commences and access to the virtual data room is granted to Participants having executed NDAs as defined herein) and, if requested by the Monitor, Participants who have provided evidence reasonably satisfactory to the Monitor in consultation with the Company, of their financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity (as defined herein) (the “ Commencement Date ”) ¹	As soon as reasonably practicable but <u>by</u> no later than April 2, 2026
Deadline to submit a non-binding Letter of Interest (the “ Phase 1 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 15 , 2026
Deadline to submit a Binding Offer (the “ Phase 2 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 29 <u>June 5</u> , 2026
Selection of Successful Bid(s), including the holding of an Auction, if needed (as defined herein)	No later than 5:00 p.m. (Eastern Time) on June 5 <u>12</u> , 2026
Motion for Court Approval of Successful Bid(s)	As soon as reasonably practicable following the selection of the Successful Bid, but by no later than June 26, 2026
Closing of Successful Bid(s)	No later than July 13, 2026

Solicitation of Interest and Notice of the SISP

7. As soon as reasonably practicable, but, in any event, by no later than the Commencement Date:

¹ NTD: Requiring participants to provide financial wherewithal at the outset may unnecessarily chill the process. Financial wherewithal is a requirement of a phase 1 bid. In a two phase sales process, the Company and Monitor can hold back commercially sensitive information from potential competitors until phase 2.

- a. the Monitor, in consultation with the Company, will prepare a list of potential bidders, including (i) parties that have approached the Company or the Monitor indicating an interest in the Opportunity, (ii) local and international strategic and financial parties which the Monitor, in consultation with the Company, believes may be interested in the Opportunity, and (iii) parties that have otherwise showed an interest in the Company, the Property and/or the Business prior to the date of the SISP Order; in each case, whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);
 - b. the Monitor will publish a notice of the SISP and any other relevant information that the Company, in consultation with the Monitor, considers appropriate, on the Monitor’s website, and in publications as may be considered appropriate by the Monitor;
 - c. the Monitor, in consultation with the Company, will prepare (i) a process summary (the “**Teaser Letter**”) outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; (ii) a non-disclosure agreement (an “**NDA**”) in form and substance satisfactory to the Monitor, the Company, and their respective counsel, each acting reasonably, which agreement shall enure to the benefit of the Successful Bidder(s); and (iii) a confidential information memorandum describing the Opportunity (the “**CIM**”); and
 - d. the Monitor, ~~in consultation~~ with the assistance of the Company, will prepare and maintain a virtual data room (the “**VDR**”) containing due diligence information and documentation in relation to the Opportunity. The VDR may be updated from time to time throughout the SISP. Participants (as defined below) must direct all due diligence questions in connection with the VDR, on a without liability or representation basis, to the Monitor.
8. As soon as reasonably practicable following the SISP Order, the Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Phase 1: Non-Binding Letters of Interest

9. In order to participate in the SISP, and prior to the distribution of any confidential information to an interested party (including access to the VDR), such interested party must deliver to the Monitor ~~(a) the executed NDA, and (b) if requested by the Monitor, evidence, reasonably satisfactory to the Monitor in consultation with the Company, of its financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity.~~
10. Interested parties that deliver the NDA ~~and financial information referred to in Section 9~~ (the “**Participants**” and each a “**Participant**”), will be granted access to the VDR by the Monitor. The Company, the Monitor, and their respective advisors make no representation or warranty as to the information contained in the VDR, including, without limitation, as to its accuracy, completeness, quality or fitness for purpose.
11. The Monitor may limit any Participant’s access to specific confidential information and to customer and supplier names and information where, the ~~Company~~Monitor determines, following consultation with the ~~Monitor~~Company, that such access could

negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business, or the Property.

12. All Participants wishing to bid for the Business or Property are required to submit a non-binding letter of interest (“**LOI**”) in accordance with the Bidding Procedures. An LOI submitted by a Participant will only be considered a “**Phase 1 Qualified Bid**” (and the Participant who submits a Phase 1 Qualified Bid, a “**Phase 1 Qualified Bidder**”) if the LOI complies at a minimum with the following:
 - a. it has been duly executed by all required parties;
 - b. it is received by the Monitor on or before the Phase 1 Bid Deadline;
 - c. it provides written evidence, satisfactory to the Monitor, in consultation with the Company, of the Participant’s ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Participant expects to finance any portion of the purchase price, the identity of the financing source;
 - d. it identifies the terms and conditions of the proposed transaction including:
 - i. a description of the specific assets/shares that are expected to be subject to the transaction and any assets/shares expected to be excluded, including specifically, whether the proposed transaction will include the Company’s intellectual property (the “**Intellectual Property**”) and/or other assets (the “**Other Assets**”);
 - ii. a proposed preliminary allocation between the Intellectual Property and Other Assets if such transaction includes both categories of assets of the Company;
 - iii. a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Participant intends to assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
 - iv. whether the proposed transaction is to be implemented by way of a “reverse vesting order”; and
 - v. any other terms or conditions of the proposed transaction that the Phase 1 Qualified Bidder believes are material to the transaction;
 - e. it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Company, to determine that these conditions are reasonable in relation to the Participant;
 - f. it identifies the Participant and representatives thereof who are authorized to appear and act on behalf of the Participant for all purposes regarding the contemplated transaction;
 - g. it fully discloses the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI, and it identifies all legal, financial, accounting and other advisors that have been or that are expected to be retained by the Participant in connection with the contemplated transaction;

- h. it identifies any additional due diligence required to be completed in order to submit a Binding Offer (as defined below);
 - i. it confirms that the Participant will bear its own costs and expenses (including legal and advisor fees) in connection with the LOI and the proposed transaction, and by submitting its LOI is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - j. it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder will be entitled to any such bid protections; and
 - k. it contains such other information as may be reasonably requested by the Monitor, in consultation with the Company.
13. The Monitor, in consultation with the Company and Allied World Specialty Insurance (“Allied World”), may waive compliance with any one or more of the requirements specified in Section 12, and deem any such non-compliant LOI to be a Phase 1 Qualified Bid.

Assessment of Phase 1 Qualified Bids and Subsequent Process

14. Following the receipt of any LOI, the Monitor may, in consultation with the Company and Allied World, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.
15. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Company and Allied World, shall assess the LOIs. If the Monitor determines that a LOI constitutes a Phase 1 Qualified Bid, then such Participant who submitted the LOI will be deemed to be qualified to participate in Phase 2 of the SISP (in that capacity a “**Phase 2 Qualified Bidder**”) and the Monitor will notify in writing each Phase 2 Qualified Bidder that it has been selected as a Phase 2 Qualified Bidder within three (3) business day following the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate, ~~in consultation with the Company.~~
16. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. However, the DIP Lender [NTD: This paragraph only refers to the DIP Lender and not 1001. Does that mean that 1001 must participate in Phase 1?] shall be deemed to be a Phase 2 Qualified Bidder even if it does not submit an LOI or a Phase 1 Qualified Bid and shall be permitted to submit a Binding Offer by way of credit bid for an amount up to its secured claim amount then outstanding under the DIP Agreement, ~~at any time during the SISP, including after~~ on or prior to the Phase 2 Bid Deadline, in accordance with paragraph 35.
17. In the event that no Phase 1 Qualified Bid is received, or the Monitor has determined in its reasonable business judgment that it would not be appropriate to select any Phase 2 Qualified Bidders, the Monitor ~~will, as soon as reasonably possible, declare the SISP concluded or take such other steps as the Monitor considers appropriate,~~ in consultation with the Company and the DIP Lender, ~~which may include pursuing a transaction with the DIP Lender in accordance with this SISP or seeking further directions~~ and Allied World, may extend the Phase 1 Bid Deadline or seek further direction from the Court, and the Monitor shall post a notice on its website reflecting such determination.

Phase 2: Binding Offers and Selection of Successful Bidder

18. Any Phase 2 Qualified Bidder that wishes to make a formal offer in the SISP shall submit a binding offer (“**Binding Offer**” and such offer which complies with paragraph 19 below, a “**Phase 2 Qualified Bid**”) prior to the Phase 2 Bid Deadline.
19. A Binding Offer will only be considered as a Phase 2 Qualified Bid if the Binding Offer complies with the following terms:
 - a. the Binding Offer shall be submitted to the Monitor on or before the Phase 2 Bid Deadline;
 - b. it identifies all contracts of the Company that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
 - c. if the bid is structured as a “reverse vesting transaction”, it includes a duly authorized and executed binding transaction agreement, including all exhibits and schedules contemplated thereby describing the terms and conditions of the proposed transaction, including any liabilities and obligations proposed to be assumed, the purchase price, the structure and financing of the proposed transaction, and any regulatory or other third-party approvals required;
 - d. if the bid is structured in a form other than a “reverse vesting transaction”, it includes a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the final purchase price or investment amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
 - e. a proposed allocation between the Intellectual Property and Other Assets (if applicable);

~~f. it is not subject to any financing condition;~~

- f. written evidence of a firm, irrevocable commitment for financing or other evidence of the Phase 2 Qualified Bidder’s ability to consummate the proposed transaction that will allow the Monitor to make a determination as to the Phase 2 Qualified Bidder’s financial capability to consummate the proposed transaction;
- g. it is unconditional on any further due diligence, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- h. it contains or identifies the key terms and provisions to be included in any Approval Order;
- i. among other representations and acknowledgments that may be requested by the Monitor or the Company, it includes acknowledgments and representations of the Phase 2 Qualified Bidder that it,
 - i. has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer;

- ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer;
 - iii. did not rely upon any written or oral statements, covenants, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Company, the business, the Property, the Opportunity, the SISP, or any information provided in connection with the SISP, including, without limitation, any information disclosed in the Teaser Letter, the CIM and the VDR, or the accuracy, completeness, quality or fitness for purpose of any information provided in connection therewith, other than as expressly set forth in the Binding Offer; and
 - iv. promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
 - j. it is accompanied by a letter that confirms that:
 - i. the Binding Offer may be accepted by the Company by countersigning the Binding Offer;
 - ii. the Binding Offer is irrevocable and capable of acceptance until the earlier of (A) four business days after the date of closing of the Successful Bid(s); and (B) July 13, 2026 (the “**Outside Date**”); and
 - iii. the Phase 2 Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the Binding Offer and the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - k. it does not provide for any break or termination fee, expense reimbursement or similar type of payment;
 - l. it is accompanied by a cash deposit in the amount of not less than 10% of the cash purchase price payable on closing or total cash investment contemplated, as the case may be (the “**Deposit**”), along with an acknowledgement that if the Phase 2 ~~Participant~~ Qualified Bidder is selected as the Successful Bidder, the Deposit will be nonrefundable, subject to (i) approval of the Successful Bid by the Court and (ii) the terms described in Section 29 below; and
 - m. it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before July 13, 2026, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than the Outside Date.
20. The Monitor may waive compliance with any one or more of the requirements specified above and may deem any non-compliant Binding Offer to be a Phase 2 Qualified Bid.
21. In the event no Phase 2 Qualified Bidder submits a Phase 2 Qualified Bid, the Company and the DIP Lender, acting reasonably and in consultation with Allied World, will advise the Monitor whether to terminate the SISP.

Selection of Successful Bid(s)

22. The Monitor, in consultation with the Company and Allied World, may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Successful Bid.
23. If more than one Binding Offer is received, which the Monitor determines constitutes Phase 2 Qualified Bids, the Monitor may, in its sole discretion:
- a. select one or more Phase 2 Qualified Bids as the Successful Bid(s) (as defined below) in accordance with paragraph 24;
 - b. continue negotiations with Phase 2 Qualified Bidders with a view to finalizing an agreement with respect to one or more of the Phase 2 Qualified Bids and declaring such bids the Successful Bid(s); or
 - c. conduct an auction (the “**Auction**”) in respect of some or all of the Property or Business which Auction shall be governed by an auction procedures letter (“**Auction Procedures Letter**”) to be prepared by the Monitor and sent to all applicable Phase 2 Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.
24. If any Binding Offers are received, the Monitor will, in consultation with the Company and Allied World:
- a. review and evaluate each Binding Offer based on various factors in addition to those set out at Section 18 of the SISP, as the Monitor deems appropriate in its reasonable business judgment including, without limitation,
 - i. the purchase price and the net value provided by such bid including the proposed form, composition, and allocation of such consideration;
 - ii. the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction;
 - iii. the proposed transaction documents;
 - iv. the effects of the bid on the stakeholders of the Company;
 - v. factors affecting the speed, certainty, and value of the transaction (including any regulatory or licensing approvals or third-party contractual arrangements required to close the transactions);
 - vi. the assets and/or liabilities included or excluded from the bid;
 - vii. any related restructuring costs, and the likelihood and timing of consummating such transaction; and
 - viii. the likelihood of the Court to approve such Successful Bid; and
 - b. if the consideration payable under the Binding Offers received is not sufficient to fully repay all amounts outstanding to the DIP ~~Lender’s indebtedness~~ Lender in cash:
 - i. consult with the DIP Lender regarding the shortfall aspects of a Binding Offer as same may relate to the assumption of the unpaid portion of the DIP Lender’s indebtedness pursuant to the DIP Facility Loan Agreement; and
 - ii. in the scenario where the DIP Lender has submitted a Binding Offer, the DIP Lender may elect (even if the DIP Lender’s Binding Offer is superior) to designate its Binding Offer as a back-up bid

- prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid;
- c. if the Binding Offers in respect of the Intellectual Property (x) do not contemplate consideration payable that is not sufficient to fully repay in cash the secured obligations owing pursuant to the Share Purchase Agreement dated as of August 19, 2021 and IP Security Purchase Agreement dated August 19, 2021, as assigned to 1001485743 Ontario Inc. (“**1001 Ontario**”); (y) contemplate a partial assumption of such secured obligations, in combination with consideration sufficient to pay the unassumed portion of the secured obligations in cash; or (z) contemplate an assumption in full of such secured obligations:
- i. consult with 1001 Ontario regarding the proposed assumption of secured obligations and the shortfall aspects of a Binding Offer; and
 - ii. in the scenario where 1001 Ontario has submitted a Binding Offer in respect of the Intellectual Property, 1001 Ontario may elect (even if 1001 Ontario’s Binding Offer is superior) to designate its Binding Offer as a back-up bid prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid in respect of the Intellectual Property;
- d. select the best bid(s) (the “**Successful Bid(s)**”) within five (5) business days of the Phase 2 Bid Deadline and following such selection will promptly notify the Binding Bidder making such Successful Bid that it has been selected as a successful bidder (the “**Successful Bidder**”).
25. Any Successful Bid will be subject to approval by the Court.

Approval of Successful Bid(s)

26. The Company will make a motion to the Court (the “**Approval Motion**”) for one or more orders:
- a. approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and
 - b. granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets in the name of the Successful Bidder(s) and/or vest unwanted liabilities out of the Company (collectively, the “**Approval Order(s)**”).
27. The Approval Motion will be held on the earliest possible date after the selection of the Successful Bid, taking into account Court availability. With the consent of the Monitor and the Successful Bidder(s), and in consultation with the DIP Lender [and Allied World](#), the Approval Motion may be adjourned or rescheduled by the Company without further notice, by an announcement of the adjourned date at the Approval Motion or with notice to the service list of the CCAA proceedings prior to the Approval Motion. The Company will consult with the Monitor, and the Successful Bidder(s) regarding the motion material to be filed by the Company for the Approval Motion.

28. All Binding Offers (other than the Successful Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Company to any unsuccessful Phase 2 Qualified Bidders.

Deposits

29. The Deposit(s):
- a. will, upon receipt from the Phase 2 Qualified Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account;
 - b. received from the Successful Bidder(s) will:
 - i. be applied to the purchase price to be paid by the applicable Successful Bidder(s) whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - ii. otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid provided that all such documentation will provide that the Deposit will be retained by the Company and forfeited by the Successful Bidder if the Successful Bid fails to close by the Outside Date, and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;
 - c. received from the Phase 2 Qualified Bidder(s) that are not the Successful Bidder will be fully refunded to the Phase 2 Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the ~~closing~~selection of the Successful Bid(s).

“As is, where is”

30. Any sale (or sales) of the Property or the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company or any of their respective agents, advisors or estates, except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings, and that may be expressly provided in the final documentation and Approval Order(s). Any such representations and warranties provided for in the definitive documents will not survive closing.

Insider Bids

31. ~~In order to protect the integrity of the SISP, any~~Any direct or indirect shareholder, affiliate, director, officer or senior management (including the Chief Restructuring Officer) of the Company, including the DIP Lender ~~and~~, 1001 Ontario (~~each or their respective representatives (each,~~ an “Insider”) may, subject ~~in all respects to such Insider’s~~to compliance with the Bidding Procedures (including being designated as a Phase 2 Qualified Bidder), make a bid pursuant to the SISP. For the avoidance of doubt, all bids submitted by Insiders shall be submitted in accordance with the SISP.
32. ~~Any and all communications~~Insiders shall not be permitted to have any communication (including, among other things, emails, letters, meetings and conversations) ~~between any Insider and any other Participant shall be subject to the Monitor’s direct supervision, with any Participant. All communication shall be between the Monitor and such Participant. If the Monitor requires additional information from the Company, the Monitor shall request~~

such information from the Company and communicate such information directly to the Participant. The failure by an Insider to comply with this provision shall result in immediate disqualification of such Insider from the SISP, including the ability for the DIP Lender or 1001 Ontario to credit bid.

33. Notwithstanding any other term of these Bidding Procedures, until such time as an Insider irrevocably confirms in writing to the Monitor that it will not submit a bid in the SISP, the Monitor shall not share any information with respect to the SISP (including, without limitation, any LOIs, Binding Offers, and/or other bids submitted therein), except for the consultation contemplated by Section 24 ~~following submission of all bids~~ (b) and (c).
34. The Monitor may implement other information and/or consultation restrictions with the Company and/or the DIP Lender that the Monitor determines are appropriate to protect the integrity of the SISP.

Credit Bidding

35. The DIP Lender and 1001 Ontario (including any successor or assign or any of the foregoing) shall have the right (subject to compliance with the terms of this SISP) to credit bid any amount up to such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; ~~provided that any such secured lender~~ . In respect of a credit bid by the DIP Lender, the DIP Lender is only permitted to credit bid the amount outstanding to the DIP Lender pursuant to the DIP Facility Loan Agreement.
36. Notwithstanding the foregoing provision, the DIP Lender and 1001 Ontario shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Company in priority to its secured debt; and (b) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to such secured lender's security.

Free of Claims and Interests

37. ~~36.~~ Pursuant to the applicable Approval Order and to the extent permitted by law, all of the rights, title and interests of the Company in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein (collectively, the "**Claims and Interests**") pursuant to the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder and the applicable Approval Order.

Confidentiality

38. ~~37.~~ For greater certainty, other than in accordance with this SISP or as required in connection with any Approval Motion, neither the Company ~~nor~~, the Monitor or Allied World will disclose: (i) the identity of any Participant; or (ii) the terms of any bid, LOI, Phase 1 Qualified Bid, Phase 2 Qualified Bid, or Binding Offer, with any other bidder without the consent of such party (including by way of email), subject to applicable law.

Further Orders

39. ~~38.~~ At any time during the SISP, the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of their powers and duties hereunder.

Additional Terms

40. ~~39.~~ In addition to any other requirement of the SISP:
- a. The Monitor will at all times prior to the selection of a Successful Bid(s) use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high-potential bidders in a process of this kind or who may be reasonably proposed by any of the Company's stakeholders as a high-potential bidder.
 - b. Prior to seeking Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.
 - c. Subject to paragraph 33, the DIP Lender shall be granted access to all material information and documents in connection with the SISP, including copies of all LOIs, Phase 1 Qualified Bids and all Binding Offers, as the case may be.
 - d. Upon the execution of a confidentiality agreement in form and substance satisfactory to Allied World, the Monitor and the Company, each acting reasonably, Allied World shall be granted access to all material information and documents in connection with the SISP, including copies of all LOIs, Phase 1 Qualified Bids and all Binding Offers, and the Monitor shall hold weekly SISP update calls with Allied World and its counsel.
41. ~~40.~~ Any requirement to deliver notices, bids, consents, or any other information, documentation, or other material to the Monitor or the Company pursuant to this SISP shall be satisfied by delivery via courier or electronic transmission to the Monitor at the following addresses:

To the Monitor:

ALVAREZ & MARSAL CANADA INC.

200 Bay Street
Toronto, ON M5J 2J1

Attention:

Josh Nevsky – jnevsky@alvarezandmarsal.com

With a copy to counsel to the Monitor

STIKEMAN ELLIOTT LLP

5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention:

Lee Nicholson – leenicholson@stikeman.com

To the Company:

TOYS “R” US (CANADA) LTD. / TOYS “R” US (CANADA) LTEE

2777 Langstaff Road
Concord, ON L4K 4M5

Attention: Neil
Email: neil.taylor@toysrus.ca

Taylor

Summary report:	
Litera Compare for Word 11.10.1.2 Document comparison done on 2026-03-26 10:13:08 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://tgf.cloudimanager.com/CLIENT/20319110/1	
Modified DMS: iw://tgf.cloudimanager.com/CLIENT/20319110/3	
Changes:	
<u>Add</u>	61
Delete	40
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	101

**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 TOYS "R" US (CANADA) LTD. / TOYS "R" US
(CANANDA) LTEE**

Court File No.: CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF TRACY L. MONTALBANO

THORNTON GROUT FINNIGAN LLP
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca

Stephanie Fernandes (LSO# 85819M)
Email: sfernandes@tgf.ca

Rebekah O'Hare (LSO #87983G)
Email: rohare@tgf.ca

Lawyers for Allied World Specialty Insurance
Company

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TOYS “R” US (CANADA) LTD. / TOYS
“R” US (CANANDA) LTEE**

Court File No.: CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced at Toronto

**RESPONDING MOTION RECORD OF ALLIED
WORLD SPECIALTY INSURANCE COMPANY**

THORNTON GROUT FINNIGAN LLP
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca

Stephanie Fernandes (LSO# 85819M)
Email: sfernandes@tgf.ca

Rebekah O’Hare (LSO #87983G)
Email: rohare@tgf.ca

Lawyers for Allied World Specialty Insurance
Company