

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

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

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

Applicants

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

APRIL 22, 2025

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1.0 INTRODUCTION

- 1.1 On March 7, 2025 (the “**Filing Date**”), Hudson’s Bay Company ULC Compagnie de la Baie D’Hudson SRI (“**Hudson’s Bay**” or the “**Company**”), and the other applicants listed on **Schedule “A”** hereto (together, the “**Applicants**”), were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule “A”** hereto (together with HBC Holdings LP, the “**Non-Applicant Stay Parties**”). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as “**Hudson’s Bay Canada**”.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). A&M, then in its capacity as proposed Monitor, issued a pre-filing Report dated March 7, 2025, to provide the Court with information, and where applicable, its views on the relief sought by the Applicants.
- 1.3 The Applicants’ served a motion record on March 14, 2025, in support of a comeback motion (the “**Comeback Motion**”) for:
- (a) an amended and restated Initial Order (the “**ARIO**”);
 - (b) an order (the “**Lease Monetization Process Order**”), among other things, approving a process to market Hudson’s Bay Canada’s leases (the “**Lease Monetization**”).

Process”) and a related consulting agreement for a broker to conduct the Lease Monetization Process;

- (c) an order (the “**Liquidation Sale Approval Order**”), among other things, approving the Liquidation Consulting Agreement and Sale Guidelines for the orderly liquidation of inventory and FF&E at each of the Stores (as such terms are defined in the Liquidation Sale Approval Order); and
- (d) an order (the “**SISP Order**”), among other things, approving a sale and investment solicitation process in respect of the Applicants’ business and property (the “**SISP**”).

- 1.4 The Monitor issued its first Report to the Court on March 16, 2025 (the “**First Report**”) to provide information and the Monitor’s views in respect of the relief sought at the Comeback Motion (the “**Comeback Relief**”).
- 1.5 Certain parties filed materials in opposition to the Comeback Relief. The Court ultimately granted certain interim relief on March 17, 2025, and further interim relief following an attendance on March 19, 2025 (the “**March 19 Hearing**”). At the March 19 Hearing, the Court adjourned the remainder of the Comeback Relief to March 21, 2025 (the “**March 21 Hearing**”).
- 1.6 On March 21, 2025, the Applicants served a motion record, including an affidavit sworn by Jennifer Bewley, the chief financial officer of Hudson’s Bay (the “**Third Bewley Affidavit**”) setting out revised relief to be sought at the March 21 Hearing. The Applicants sought amended forms of the ARIO, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

- (a) a revised ARIIO, which would, among other things:
 - (i) authorize Hudson's Bay to repay the interim DIP Facility and provide for the termination of the existing DIP Charge (each as defined in, and approved by, the Initial Order);
 - (ii) approve a Restructuring Support Agreement (in substantially the form appended to the Third Bewley Affidavit) to be entered into between the Loan Parties, the ABL Agent, the FILO Agent, and the Term Loan Agent (each as defined therein) (the "**Restructuring Support Agreement**");
 - (iii) amending the stay of the JV Rent (as defined in the ARIIO) and granting a related charge in favour of the JV Parties (as defined in the ARIIO);
 - (iv) granting a priority charge over the Applicants' Property in favour of RioCan-Hudson's Bay JV, YSS1, YSS 2, or RioCan-Hudson's Bay Ottawa LP, to secure any rent not paid by the Company after March 7, 2025, to RioCan-Hudson's Bay JV, YSS1, YSS 2, or RioCan-Hudson's Bay Ottawa LP; and
 - (v) authorizing Hudson's Bay to enter into the continuous premium installment contract with Imperial PFS Payments Canada, ULC ("**IPFS**"), pursuant to which IPFS would provide financing to the Company to purchase one or more property insurance policies;
- (b) a revised Lease Monetization Order which would, among other things: (i) approve a Lease Monetization Process incorporating certain amendments negotiated with relevant stakeholders; and (ii) approve the Oberfeld Consulting Agreement (as

defined therein) between Hudson's Bay and Oberfeld Snowcap Inc. ("**Oberfeld**") pursuant to which Oberfeld, rather than the previously proposed broker, would be the broker responsible for assisting in the marketing of leases;

- (c) a revised Liquidation Sale Approval Order, which would: (i) approve a revised liquidation consulting agreement, among other things, which allowed for the removal of certain of the Applicants' stores from the Liquidation Sale; and (ii) approve revised Sale Guidelines (as defined therein) incorporating certain amendments negotiated with key stakeholders; and
- (d) a revised SISP Order which would, among other things, approve a revised SISP incorporating certain amendments negotiated with key stakeholders.

1.7 The Monitor issued a supplement to the First Report on March 21, 2025 (the "**Supplemental Report**") to provide the Court with information and the Monitor's views in connection with the Applicants' revised relief.

1.8 As set out in its endorsement dated March 26, 2025 (the "**March 26 Endorsement**"),¹ the Court ultimately granted the Orders in substantially the form sought by the Applicants, subject to the following:

- (a) the Court declined to continue the co-tenancy stay; and
- (b) the Court declined to approve the Restructuring Support Agreement and deferred the hearing of that relief to March 26, 2025 (the "**March 26 Hearing**").

¹ The March 26 Endorsement was updated on April 4, 2025 to correct certain typographical errors.

- 1.9 Following the March 26 Hearing, the Court issued an endorsement (the “**March 29 Endorsement**”) pursuant to which it, among other things, declined to approve the Restructuring Support Agreement and provided certain directions to the Monitor with respect to future reporting. Copies of the March 26 Endorsement and the March 29 Endorsement are attached hereto as **Appendices “A”** and **“B”**, respectively.
- 1.10 On April 17, 2025, the Applicants served a motion record (including affidavits of the same date sworn by Jennifer Bewley (the “**Fourth Bewley Affidavit**”) and Adam Zalev (the “**Zalev Affidavit**”) of Reflect Advisors, LLC in its capacity as the financial advisor to the Company (the “**Financial Advisor**”) in respect of a motion returnable April 24, 2025 (the “**April 24 Motion**”). As set out in greater detail therein, the Applicants are seeking:
- (a) an order (the “**Employee Representative Counsel Order**”), among other things: (i) appointing Ursel Philips Fellows Hopkinson LLP (“**Ursel Philips**”) as representative counsel (“**Employee Representative Counsel**”) to represent the interests of all Represented Employees (as defined below) in the CCAA Proceedings or related insolvency proceedings; and (ii) amending the Administration Charge granted in the Initial Order to include proposed Employee Representative Counsel, as security for its professional fees and disbursements, to a maximum of \$100,000; and
 - (b) an order (the “**Art Auction Order**”), among other things, approving: (i) amendments to the SISP and SISP Order to remove the Company’s art and artifact collection (collectively, the “**Art Collection**”) from the Property (as defined in the SISP) available for sale pursuant to the SISP; (ii) the vesting of sales of the Art Collection to Successful Art Bidders free and clear of all Claims (each as defined in the Art

Auction Order), subject to the delivery of an executed bill of sale or receipt; and (iii) approving the engagement of an auctioneer to conduct a separate auction for the sale of the Art Collection.

1.11 Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor and all endorsements and Orders made by the Court, are available on the Monitor's case website at www.alvarezandmarsal.com/HudsonsBay.

1.12 The purpose of this Report (the "**Second Report**") is to provide this Court with information, and where applicable, the Monitor's views, on:

- (a) the Employee Representative Counsel Order and the Art Auction Order sought by the Applicants;
- (b) the protocol implemented by the Monitor to address potential "insider bids" in the Lease Monetization Process and the SISF;
- (c) the status of the Lease Monetization Process and the non-binding letters of intent received as of the Phase 1 Bid Deadline (as defined in the Lease Monetization Process);
- (d) the review of security granted by certain of the Applicants that has been undertaken to date by the Monitor's counsel;
- (e) cash flow results relative to forecast and the Company's updated cash flow forecast;
- (f) the activities of the Monitor since the date of the Supplemental Report; and
- (g) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

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

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

2.2 Future oriented financial information referred to in this Second Report was prepared based on the estimates and assumptions of Hudson's Bay Canada. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are

not ascertainable, actual results will vary from the projections, even if the assumptions materialize, the variations could be significant.

2.3 This Second Report should be read in conjunction with the Fourth Bewley Affidavit and the Zalev Affidavit. Capitalized terms used and not defined in this Second Report have the meanings ascribed in the Fourth Bewley Affidavit or the Zalev Affidavit.

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

3.0 EMPLOYEE REPRESENTATIVE COUNSEL

Background on Employees

3.1 As of February 28, 2025, the Applicants employed approximately 9,364 people. As set out in more detail in the Fourth Bewley Affidavit, those employees consisted of corporate employees, employees at Hudson’s Bay’s retail stores, and employees at the Distribution Centres. Approximately 647 of the Applicants’ employees are subject to collective bargaining agreements. There are approximately 3,000 retirees receiving payments under the Pension Plan (as defined in the Fourth Bewley Affidavit).

3.2 The Monitor understands that the Company sponsors three supplementary executive retirement plans (“SERPs”) under which a total of 304 employees and former employees participated. Some of the accrued SERP benefits are intended to be pre-funded through a trust and some of the accrued SERP benefits are not intended to be pre-funded but rather are paid from general revenue. Some of the pre-funded components are under-funded and the trust funds are insufficient to pay the accrued benefits. For those SERPs or portions

thereof that have a trust, the trustee, Royal Trust Corporation of Canada, will determine the distribution of the assets (with advice from an actuary).

- 3.3 The Monitor further understands that Hudson's Bay also offered: (a) post retirement benefits ("**PRBs**") in the form of health and dental benefits that were paid by the Company from general revenue and administered by an insurer on both an administrative services only and a refund accounting basis and life insurance policies to approximately 2,000 retirees; and (b) long term disability benefits that are paid by the Company from general revenue and administered by an insurer on an administrative services only basis to approximately 183 employees, 93 of whom are still currently employed with the Company.
- 3.4 Historically, the Company had been the legal administrator (the "**Pension Administrator**") for the Pension Plan, which is a combination defined benefit and defined contribution pension plan registered under the *Pension Benefits Act* (Ontario). The Pension Plan is continuing, and no steps have been taken to commence a wind-up thereof. The Pension Plan is currently more than fully funded relative to the accrued pension benefit liabilities thereunder. The Monitor understands that the required contributions to the Pension Plan are being made when due.
- 3.5 On April 3, 2025, the Financial Services Regulatory Authority of Ontario ("**FSRA**") advised Hudson's Bay that pursuant to its authority under the *Pension Benefits Act* (Ontario) (section 8(1.1) and the General Regulations (section 65.2)), FSRA was appointing Telus Health (Canada) Ltd. to act as the independent third-party Pension Administrator in respect of the Pension Plan, effective April 3, 2025. FSRA has confirmed

that the appointment of a Pension Administrator does not result in an automatic winding-up of the Pension Plan.

3.6 As noted in the Fourth Bewley Affidavit, the Company, in consultation with the Monitor, has been planning for potential reductions in employee counts as the Liquidation Process has progressed. Since the CCAA Proceedings commenced, Hudson's Bay has:

- (a) terminated the employment of approximately 272 corporate employees;
- (b) for all 304 SERP beneficiaries, as applicable: (i) terminated SERP benefit payments from general revenue; and (ii) notified the trustee that any SERP trust is automatically terminated in accordance with the terms of the trust agreement and that Hudson's Bay will not make any further contributions to or payments in respect of any trust;
- (c) terminated salary continuation arrangements for employees terminated prior to the commencement of the CCAA Proceedings; and
- (d) provided notice of termination to PRB recipients notifying them that their PRBs will be terminated effective April 30, 2025.

3.7 Current and former employees of the Applicants are a key stakeholder group in these CCAA Proceedings and have faced significant uncertainty since the commencement of the CCAA Proceedings, and like many stakeholders, will continue to face challenges as the CCAA Proceedings continue. The Monitor and the Company have therefore considered a

variety of potential measures that may assist current and former employees with respect to the potential impacts of the CCAA Proceedings.²

Appointment of Employee Representative Counsel

- 3.8 The Company and the Monitor believe it is appropriate for representative counsel to be appointed to represent the interests of current and former employees with continuing entitlements from the Applicants, including retirees of the Applicants, who are not represented by a union, or were not represented by a union at the time of their separation from employment (the “**Current and Former Employees**”), or any person claiming an interest under or on behalf of a current or former employee of the Applicants including beneficiaries and surviving spouses, but excluding directors and officers of the Applicants (collectively, the “**Represented Employees**”).
- 3.9 On April 7, 2025, counsel for the Applicants, in consultation with the Monitor, issued a letter (in the form appended to the Fourth Bewley Affidavit) to five law firms soliciting proposals from those firms to act as Employee Representative Counsel.
- 3.10 Each firm was asked to submit a proposal to counsel for the Company and the Monitor by April 10, 2025, at 5:00pm. On April 10, 2025, the Company received an additional inquiry from a sixth law firm – after consulting with its counsel and the Monitor, the Company issued the same form of request for proposal to that firm with a deadline of April 11, 2025,

² As noted in the Fourth Bewley Affidavit, the Applicants are exploring the possibility of creating a hardship fund, and are in discussions with the Monitor and certain stakeholders with respect thereto. The Monitor will provide further details to the Court when and if such relief is sought.

at 12:00pm. Five proposals were received, and clarifications were sought in respect of certain of the proposals.

3.11 Ultimately, following a thorough review of the proposals and clarifications received, the Applicants, in consultation with the Monitor, determined that it was appropriate to seek the appointment of Ursel Phillips as Employee Representative Counsel to represent the interests of the Represented Employees. The Applicants, in consultation with the Monitor, considered, among other things, the nature and completeness of the proposals received, the counsels' prior experience acting as representative counsel for non-union employees in CCAA Proceedings and in particular retail insolvencies, the proposed budget and cost structure outlined in the proposals, and potential conflicts with prior existing mandates.

3.12 If appointed, Susan Ursel of Ursel Phillips will be senior counsel responsible for this mandate. As is typical when employee representative counsel is appointed in insolvency proceedings, the Employee Representative Counsel Order contemplates that the fees and expenses of Employee Representative Counsel will be funded by the Applicants on the terms of a retainer between Employee Representative Counsel and the Applicants. Employee Representative Counsel would also share in the Administration Charge granted pursuant to the ARIO, to a maximum of \$100,000.

3.13 The proposed Employee Representative Counsel Order provides that Employee Representative Counsel will represent the Represented Employees in the CCAA Proceedings or related insolvency proceedings with respect to:

- (a) communicating with the Applicants and the Monitor on behalf of the Represented Employees;

- (b) advising and supporting the Represented Employees in respect of employment or other workplace matters;
- (c) filing claims in any claims process;
- (d) advising the Represented Employees in respect of matters involving other post-employment benefit entitlements;
- (e) participating on behalf of the Represented Employees with the settlement or compromise of any rights, entitlements or claims of the Represented Employees; and
- (f) participating in and assisting with, on behalf of the Represented Employees, claims filed under the *Wage Earner Protection Program Act* if such relief is later granted by the Court (collectively, the “**Purpose**”).

3.14 The Purpose does not extend to assisting with any entitlements of Current and Former Employees under the Company’s Pension Plan, as the Pension Plan is currently not in wind-up and given the appointment of the independent third-party Pension Administrator by FSRA who is responsible for the administration of the Pension Plan, the Company does not believe it is necessary to have Employee Representative Counsel address pension plan matters at this time.

3.15 The proposed Employee Representative Counsel Order provides for an opt-out process for any Represented Employees that do not wish to be represented by Employee Representative Counsel. In addition, pursuant to the proposed Employee Representative Counsel Order, the Employee Representative Counsel may identify up to five Represented

Employees to be nominated as Court-appointed representatives as soon as practicable after its appointment.

- 3.16 If appointed, the Monitor understands that Ursel Phillips will: (a) establish a toll-free dedicated phone line and dedicated email address through which the Company's employees can obtain information about the CCAA Proceedings; and (b) post information relevant for the Represented Employees on its website.
- 3.17 The Applicants are seeking the appointment of Employee Representative Counsel to ensure the Represented Employees have the opportunity to meaningfully, collectively and affordably participate in the CCAA Proceedings.
- 3.18 The Monitor supports the appointment of Employee Representative Counsel and believes the Employee Representative Counsel Order is appropriate in the circumstances. Employee Representative Counsel will help reduce costs and streamline the CCAA Proceedings by serving as a single point of contact between the Represented Employees, the Company, the Monitor, and the Court – the relief sought is therefore not just in the best interests of the Represented Employees, but the Company's stakeholders more broadly.
- 3.19 The Monitor believes that it is appropriate for Employee Representative Counsel's reasonable fees to be funded by the Company, and for Employee Representative Counsel to share in the Administration Charge (which the Applicants do not seek to increase). Ursel Phillips is experienced employee representative counsel and the Monitor believes it has the expertise and resources required to effectively fulfil the proposed Purpose.

3.20 At this time, the Monitor believes it would be premature to appoint more than one representative counsel for different current and former employee stakeholder groups. However, as the CCAA Proceedings progress, if the interests of multiple employee stakeholder groups diverge, or material conflicts arise between such groups, the Monitor acknowledges that the appointment of additional representative counsel may be necessary or appropriate.

4.0 ART AUCTION³

4.1 As described in the Zalev Affidavit, the SISP is underway and is being conducted by the Financial Advisor under the supervision of the Monitor. The Bid Deadline under the SISP is 5:00pm EDT on April 30, 2025. The Monitor intends to provide a detailed update on the SISP and its results in a future Report.

4.2 The SISP currently provides that Qualified Bidders may submit bids for some or all of the property, assets, and undertakings of the Applicants and Non-Applicant Stay Parties, including the Art Collection. The Art Collection, which is comprised of over 1,700 pieces of art and 2,700 artifacts (including the Company's historic Royal Charter issued in 1670), has attracted significant interest from various parties, including government and quasi-governmental institutions, museums, universities, and high net worth individuals acting on their own accord or as potential benefactors to Canadian museums and institutions. Several government organizations have contacted the Financial Advisor, the Company, and/or the

³ Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the SISP.

Monitor to express an interest in ensuring transparency in the sale of the Art Collection, and compliance with Canadian laws and regulations on heritage and culture.

- 4.3 As a result, the Financial Advisor notified Qualified Bidders that, subject to Court approval, an auction for the Art Collection (the “**Art Auction**”) will take place and requested that all Qualified Bidders: (a) not include the Art Collection as a component of their Final Qualified Bid in the SISP; and (b) indicate in a separate non-binding letter, whether they have an interest in participating in the Art Auction.
- 4.4 The Applicants are therefore seeking approval of the Art Auction Order, which would amend the SISP by: (a) removing the Art Collection from the definition of “Property” thereunder; (b) requesting that bidders interested in the Art Collection submit non-binding letters of interest by April 30, 2025⁴; and (c) providing that the Company, the Financial Advisor, and the Monitor shall develop procedures governing the Art Auction, which procedures shall be communicated to all potential bidders by no later than 15 days before the Art Auction.
- 4.5 The proposed Art Auction Order provides for the vesting of sales of the Art Collection to Successful Art Bidders free and clear of all Claims, subject to the delivery of an executed bill of sale or receipt. Given the nature of the Art Auction and the possibility of a significant number of individual sales of the Art Collection (which could number in the hundreds), the Monitor is of the view that the vesting of sales of the Art Collection in this manner is

⁴ Pursuant to the revised SISP, bidders who do not submit a non-binding letter of interest are not precluded from participating in the Art Auction.

significantly more efficient than seeking a vesting order for each individual sale in the Art Collection.

4.6 The proposed Art Auction Order would also authorize the Applicants to retain an Art Auctioneer. In connection therewith, three leading art auction houses have been contacted by the Financial Advisor (in consultation with the Monitor), with a view to one such art auction house being selected by the Applicants (and communicated to the Court through a supplemental affidavit) in advance of the April 24 Hearing.

4.7 The Monitor supports the Art Auction Order. The separate Art Auction Process will provide greater transparency in the monetization of these unique and culturally significant assets and will be conducted by professionals with expertise in managing the sale of assets of this nature. The Monitor believes the relief sought is therefore appropriate in the circumstances and will not prejudice any stakeholder.

5.0 INSIDER PROTOCOL

5.1 The Lease Monetization Order and the Lease Monetization Process require that the Applicants or any Related Person (as defined therein) that wish to submit or participate in a Sale Proposal under the Lease Monetization Process must have declared such intention to the Monitor and Oberfeld in writing by April 7, 2025. If such a declaration was made, the Monitor and Oberfeld were required to design and implement additional procedures for the Lease Monetization Process in respect of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and were to advise the service list of these additional procedures.

- 5.2 The Monitor prepared such a protocol with such additional procedures, and on April 10, 2025, counsel to the Monitor served the protocol (the “**Insider Protocol**”) on the service list in the CCAA Proceedings. The Monitor posted the Insider Protocol on its website shortly thereafter. The purpose of the Insider Protocol is to ensure integrity and fairness in the SISP and/or the Lease Monetization Process in the event an “Insider Bid” (as defined in the Insider Protocol) is made. A copy of the Insider Protocol is attached hereto as **Appendix “C”**.
- 5.3 Shortly after the Insider Protocol was served, counsel to certain of the Company’s landlords contacted the Monitor to express various concerns with the Insider Protocol. The Monitor and its counsel engaged in discussions with the landlords’ counsel, and the Monitor agreed to make certain amendments to the Insider Protocol, including principally to: (a) ensure that the list of “Affected Management” that may not receive certain information remains static, subject to the Monitor’s consent; (b) add the concept of “Interested Bidder” to capture bidders in the Lease Monetization Process; and (c) ensure the Monitor has consented to discussions between Potential Sponsors (as defined therein), bidders and Affected Management. The Monitor understands that its revisions did not satisfy the concerns of counsel to certain of the Company’s landlords, but the Monitor believes the revised Insider Protocol (the “**Revised Insider Protocol**”) is appropriate in the circumstances and has been implemented.
- 5.4 A copy of the Revised Insider Protocol is attached hereto as **Appendix “D”**, and a redline to the Insider Protocol is attached hereto as **Appendix “E”**.

6.0 UPDATE ON THE LEASE MONETIZATION PROCESS⁵

- 6.1 Commencing on March 24, 2025, Oberfeld emailed the Teaser Letter to approximately 60 potentially interested parties. The list of potentially interested parties was developed by Oberfeld based on its market expertise and its consideration of parties that may have an interest in the Leases, with input from the Applicants and the Monitor. Parties that contacted Oberfeld or the Monitor directly to express interest in one or more Leases were also provided with the Teaser Letter and NDA.
- 6.2 31 parties executed an NDA and were provided with access to an electronic data room to conduct due diligence. In accordance with the Lease Monetization Process, Landlords were not required to sign an NDA in respect of a bid for any of their own Leases.
- 6.3 On April 3, 2025, Oberfeld emailed a process letter to the Landlords and each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their non-binding LOI submissions.
- 6.4 Pursuant to Section 27 of the Lease Monetization Process, the Monitor is required to deliver an update to the Court at the conclusion of Phase 1. The Monitor's update in this regard follows below.
- 6.5 As of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same location(s) such that there was overlap of locations across multiple LOIs. Also,

⁵ Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Lease Monetization Process.

multiple LOIs described that the interested party would also be making a submission in the SISP, such that the LOI was effectively a subset of a broader bid to be made in the SISP.

- 6.6 In addition, in the days immediately following the Phase 1 Bid Deadline, one non-Landlord submitted an LOI expressing interest in one Lease. Oberfeld, the Applicants and the Monitor are considering the merits of this LOI.
- 6.7 No LOI was submitted for 36 Leases. The Applicants, Oberfeld and the Monitor are considering whether Leases for locations where no LOIs were submitted should be disclaimed and the timing for same, taking into consideration the ongoing SISP and the anticipated timing for closure of stores.
- 6.8 Pursuant to the Lease Monetization Process, the Applicants,⁶ in consultation with Oberfeld, the Monitor, and the Agents, are in the process of assessing certain of the LOIs to determine if they are Qualified LOIs. Restore Capital, LLC (as the agent under the FILO Credit Facility) has irrevocably confirmed in writing to the Applicants and the Monitor that it would not be bidding in the Lease Monetization Process, but has reserved its rights to bid in the SISP. As a result, Restore Capital, LLC will only be consulted in the Lease Monetization Process on bids where there is no interest that may overlap with the SISP. Pathlight Capital LP (as agent under the Pathlight Credit Facility) and Bank of America, N.A. (as the agent under the ABL Credit Facility) have not provided any declaration in

⁶ In accordance with the Revised Insider Protocol, Affected Management (as defined in the Revised Insider Protocol) has not received copies of the LOIs or any information with respect to the LOIs, other than the information contained in this update.

respect of the Lease Monetization Process or the SISP, and as such, will not be consulted by the Monitor in connection therewith unless and until such a declaration is provided.

7.0 SECURITY REVIEW

7.1 The Monitor requested that its independent legal counsel, Bennett Jones LLP (“**Bennett Jones**”), and Bennett Jones’ local provincial agents, conduct a review of the security granted by certain of the Applicants to:

(a) Bank of America, N.A., as administrative and collateral agent (the “**ABL Agent**”) under a second amended and restated credit agreement dated as of December 23, 2024 (as amended by a first amendment to amended and restated credit agreement dated as of February 28, 2025, collectively, the “**ABL Credit Agreement**”), by and among, Hudson’s Bay, as borrower, various Hudson’s Bay Canada entities, as guarantors or pledgor unrestricted subsidiaries (and collectively with Hudson’s Bay, the “**ABL Debtors**”), the lenders from time to time party thereto, as lenders (the “**ABL Lenders**”), Restore Capital, LLC, as agent for the FILO Lenders, and the ABL Agent, as agent for the ABL Lenders;

(b) Pathlight Capital LP, as administrative and collateral agent (the “**Pathlight Agent**”) under the amended and restated term loan credit agreement dated as of December 23, 2024 (as amended by a first amendment to amended and restated term loan credit agreement dated as of February 28, 2025 (the “**Pathlight Credit Facility**”), by and among, Hudson’s Bay, as borrower, various Hudson’s Bay Canada entities, as guarantors or pledgor unrestricted subsidiaries (and collectively with Hudson’s Bay, the “**Pathlight Debtors**”), the lenders from time to time party thereto, as lenders

(the “**Pathlight Lenders**”) and the Pathlight Agent, as agent for the Pathlight Lenders; and

- (c) 2171948 Ontario Inc. (“**217 Ontario**”), as lender under an amended and restated term loan credit agreement dated as of December 23, 2024, between Hudson’s Bay, as borrower, various Hudson’s Bay Canada entities, as guarantors and pledgor unrestricted subsidiaries, and 217 Ontario (the “**Cadillac Credit Facility**”).

7.2 Subject to customary qualifications and assumptions set out therein, Bennett Jones and its local provincial agents, have provided written opinions to the Monitor in respect of the security granted to the ABL Agent pursuant to the ABL Credit Agreement (the “**ABL Opinion**”) and the Pathlight Agent pursuant to the Pathlight Credit Facility (the “**Pathlight Opinion**”), including, without limitation:

- (a) that each security document granted by the ABL Debtors to the ABL Agent in respect of the ABL Credit Agreement constitutes a legal, valid and binding obligation of each of the ABL Debtors party thereto, enforceable against such ABL Debtors in accordance with the terms thereof, and where applicable (and with the exception of certain “equitable mortgages”⁷), perfected by registration in the applicable provinces to the extent capable under applicable law;
- (b) that certain leasehold mortgages (with the exception of certain “equitable leasehold mortgages”⁸) have been registered against title to the real property referred to therein

⁷ Notice of certain equitable mortgages was registered against title to the applicable property in Manitoba, and in some jurisdictions certain equitable mortgages were delivered by the debtors but no registrations made against title.

⁸ Only with respect to the “equitable leasehold mortgages” governed by the laws of the Province of Manitoba.

in the land registry or title office applicable thereto; and that certain leasehold mortgages constitute a fixed and specific (or valid, as applicable) mortgage and charge in favour of the ABL Agent of the leasehold interest of the applicable debtor thereunder;

- (c) that the deeds of hypothec, governed by the laws of the Province of Quebec, create in favour of the ABL Agent, as hypothecary representative, a valid movable hypothec;
- (d) that each security document granted by the Pathlight Debtors to the Pathlight Agent pursuant to the Pathlight Credit Facility (with the exception of certain “equitable leasehold mortgages”⁹) constitutes a legal, valid and binding obligation of each of the Pathlight Debtors party thereto, enforceable against such Pathlight Debtors in accordance with the terms thereof, and where applicable (and with the exception of certain “equitable mortgages”¹⁰), perfected by registration in the applicable provinces to the extent capable under applicable law;
- (e) that certain leasehold mortgages (with the exception of certain “equitable leasehold mortgages”) have been registered against title to the real property referred to therein in the land registry or title office applicable thereto; and that certain leasehold mortgages constitute a fixed and specific (or valid, as applicable) mortgage and charge in favour of the Pathlight Agent of the leasehold interest of the applicable debtor thereunder; and

⁹ Only with respect to the “equitable leasehold mortgages” governed by the laws of the Province of Québec.

¹⁰ The Pathlight Opinion notes that various of the mortgages granted in favour of the Pathlight Agent are unregistered “equitable mortgages”.

- (f) that the deeds of hypothec, governed by the laws of the Province of Quebec, create in favour of the Pathlight Agent, as hypothecary representative, a valid movable hypothec.

7.3 The Monitor is prepared to make the ABL Opinion and the Pathlight Opinion available upon request to stakeholders in the CCAA Proceedings upon the execution of a non-reliance letter in a form acceptable to the Monitor and Bennett Jones.

7.4 Bennett Jones and its local provincial agents are continuing to review the security granted to 217 Ontario in respect of the Cadillac Credit Facility. The Monitor will provide an update in a future Report to the Court once that opinion is finalized.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST¹¹

8.1 Actual receipts and disbursements for the period from March 15 to April 18, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “E” to the Supplemental Report, are summarized in the following table:

¹¹ Capitalized terms used in this section and in section 9.0 and not otherwise defined have the meanings ascribed in the First Report.

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts			
Retail Receipts	235,650	226,075	9,575
Other Receipts	2,506	15,066	(12,560)
Total Receipts	238,156	241,141	(2,985)
Disbursements			
Payroll & Benefits	(27,777)	(28,892)	1,115
Occupancy Costs	(37,328)	(34,492)	(2,836)
Operating Expenses	(15,908)	(47,275)	31,367
Concession/Consignment Payments	(28,968)	(13,922)	(15,046)
Sales Tax Remittances	(1,675)	(6,800)	5,125
Liquidation Consultant Fees & Expenses	(987)	(9,784)	8,798
Professional Fees	(11,656)	(11,513)	(143)
Interest Payments & Fees	(566)	(4,031)	3,465
Shared Service Payments	--	(921)	921
Inventory Purchases	(806)	(1,010)	204
Total Disbursements	(125,670)	(158,640)	32,971
Net Cash Flow	112,486	82,500	29,986
Opening Cash Balance	20,995	21,032	(37)
Net Cash Flow	112,486	82,500	29,986
Cash Collateralization	--	(21,031)	21,031
DIP Facility Advance	(11,000)	(11,000)	--
Closing Cash Balance	122,482	71,501	50,981

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

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

- (a) the positive variance in retail receipts of approximately \$9.6 million is due to higher than forecast gross retail receipts resulting from increased foot traffic in stores and

increased website traffic, and the continued sale of Participating Concession Vendors consignment goods (which resulted in increased vendor payments as described in note (e) below), which was partially offset by higher than forecast gift card redemptions. The positive variance is expected to reverse in future weeks as actual sales have recently slowed relative to forecast;

- (b) the negative variance in other receipts of approximately \$12.6 million is a result of forecast sales of \$15.1 million not being achieved due to a delay in the receipt of Additional Consultant Goods which are to be sold at the liquidating stores, partially offset by the collection of other non-operating receipts of \$2.5 million. The negative variance is expected to reverse in future weeks as Additional Consultant Goods are sold in the liquidating stores;
- (c) the negative variance in occupancy costs of approximately \$2.8 million consists of a negative permanent variance attributable to the required payment of the JV Monthly Cap for March which was not contemplated at the time the forecast was prepared;
- (d) the positive variance in operating expenses of approximately \$31.4 million consists of: (i) a positive permanent variance of approximately \$17.0 million as a result of lower than forecast disbursements in respect of critical vendor deposits, credit card processing fees and store operating expenses; and (ii) a positive timing variance of approximately \$14.4 million which is expected to reverse in future weeks;
- (e) the negative variance in concession/consignment payments of approximately \$15.0 million is comprised of: (i) a permanent negative variance of \$25.6 million as a

result of higher than forecast disbursements to Participating Concession Vendors and the GB Consignment vendor as a result of sales of these goods being higher than forecast; partially offset by (ii) a positive timing variance of \$10.6 million as disbursements forecast to be paid to the liquidators' for their share of the corresponding sale of Additional Consultant Goods which have been delayed as described in (b) above;

- (f) the positive variance in sales tax remittances of approximately \$5.1 million is a permanent difference resulting from the March 2025 sales tax remittances being lower than forecast;
- (g) the positive variance in interest payments and fees of approximately \$3.5 million relates to interest payments on the FILO Credit Facility and Pathlight Credit Facility that were not paid as a result of the Court declining to approve the Restructuring Support Agreement (under the Restructuring Support Agreement, interest obligations on the FILO Credit Facility and Pathlight Credit Facility were permitted to be paid as they became due);
- (h) the remaining net positive variance in total disbursements of approximately \$10.9 million consists of timing differences that are expected to reverse in future weeks; and
- (i) the negative variance in cash collateralization of \$21.0 million relates to cash product obligations owed to the Revolving Facility Lenders that were not paid as a result of the Court declining to approve the Restructuring Support Agreement

(under the Restructuring Support Agreement, cash collateralization of all L/C Obligations was permitted within three weeks of March 21, 2025).

8.4 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$30.0 million.

8.5 The closing cash balance as of April 18, 2025, was approximately \$122.5 million, as compared to the projected cash balance of \$71.5 million.

9.0 THIRD UPDATED CASH FLOW FORECAST

9.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated cash flow forecast (the "**Third Updated Cash Flow Forecast**") for the 13-week period from April 19 to July 18, 2025 (the "**Cash Flow Period**"). A copy of the Third Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "F"**.

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

Third Updated Cash Flow Forecast		\$000's
	<u>13-Week Period</u>	
Receipts		331,455
Disbursements		
Concession/Consignment Payments		(70,338)
Payroll & Benefits		(52,947)
Liquidator Share of Additional Consultant Goods		(42,836)
Occupancy Costs		(41,095)
Operating Expenses		(35,686)
Sales Tax Remittances		(34,826)
Liquidation Consultant Fees & Expenses		(28,973)
Professional Fees		(13,230)
Shared Service Payments		(7,451)
Inventory Purchases		(2,000)
Interest Payments & Fees		--
Total Disbursements		(328,380)
Net Cash Flow		2,075
Opening Cash Balance		122,482
Net Cash Flow		2,075
Cash Collateralization		--
Closing Cash Balance		124,557

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

- (a) receipts reflect the estimated proceeds from the Liquidation Sale (including FF&E sales), inclusive of HST, as well as gross proceeds from the sale of goods pursuant to: (i) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (ii) Additional Consultant Goods of approximately \$45.1 million;
- (b) concession/consignment payments represent payments to vendors related to the sale of goods pursuant to existing agreements with Participating Concession Vendors and the GB Consignment goods;

- (c) payroll and benefits include salaries, wages, remittances, employee benefits and taxes for salaried and part-time employees across the stores, corporate office and distribution centres, as well as payments to Key Employees in accordance with the KERP approved by this Court;
- (d) liquidator share of augment sales represents payments related to the sale of Additional Consultant Goods;
- (e) occupancy costs include third-party rents, property taxes and CAM for the stores, corporate office and distribution centres, while the applicable lease remains in effect. The Monitor notes that forecast occupancy costs include a monthly aggregate payment of \$7 million, plus any applicable taxes, in respect of occupation rent owing under the terms of the RioCan-HBC JV leases (10 JV stores). JV Rent for the month of May is forecast to be paid in full on May 1, 2025 to assist the RioCan-HBC JV with the timing of its obligations as they come due;
- (f) operating expenses primarily include store-level, corporate and distribution centre operating costs, logistics and supply chain costs, credit card processing fees, IT costs, insurance and utilities paid directly to municipalities;
- (g) the Liquidation Consultant fees & expenses include: (i) the Liquidation Consultant's commission fee calculated as a percentage of Liquidation Sale

receipts; and (ii) a provision for costs relating to marketing, signage, labour and other expenses¹²;

- (h) professional fees include the fees of the Applicants' legal counsel, the Financial Advisor, Oberfeld, the Monitor, the Monitor's legal counsel, and Employee Representative Counsel;
- (i) shared services payments consist of: (i) cost reimbursement for Saks Global employees that provide support services to Hudson's Bay; and (ii) estimated payments to Saks Global for Hudson's Bay's share of third-party IT costs. Since the Filing Date, Hudson's Bay Canada and Saks Global, with the assistance of the Monitor, have worked to develop a process to settle shared service costs incurred post-filing. The Monitor notes that this process is still ongoing and forecast payments are expected to decrease in accordance with projected requirements as the Liquidation Sale is completed; and
- (j) inventory purchases represent estimated disbursements to purchase inventory that is expected to be accretive to the Liquidation Sale.

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

¹² As noted in the First Report, the services provided by the Liquidation Consultant were originally to be provided by four of the five major retail liquidators. On April 2, 2025, the Liquidation Consultant provided notice that it was further syndicating certain aspects of the services provided under the Liquidation Consulting Agreement to SB 360 Capital Partners LLC, the fifth major North American retail liquidator.

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

10.0 ACTIVITIES OF THE MONITOR

10.1 Since the date of the Supplemental Report, the primary activities of the Monitor and its counsel, Bennett Jones, have included the following:

- (a) continuing to assist the Applicants in implementing accounting cut-off measures to ensure proper determination of pre- and post-filing obligations and liabilities as of the Filing Date; continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and to minimize disruptions to operations at the stores and distribution centres;
- (b) assisting in preparing updated cash flow forecasts, including the Third Updated Cash Flow Forecast appended hereto; monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting;
- (c) liaising with Hilco Merchant Retail Solutions ULC and the Applicants on many aspects of the Liquidation Sale; participating in discussions with the Applicants and

licensee, consignee and concession vendors with respect to their participation in the Liquidation Sale or wind-down of their relationship with the Applicants;

- (d) working with the Applicants and Saks Global on shared services cost allocations and reviewing/analyzing related supporting information and documentation;
- (e) with the assistance of Bennett Jones, reviewing SERP, PRB and Pension documentation, and working with the Applicants and their legal counsel on next steps and communications with current and former employees; liaising with the Applicants and their legal counsel on the solicitation of proposals from prospective Employee Representative Counsel and reviewing/discussing the proposal submissions;
- (f) with the assistance of Bennett Jones, developing and implementing the Insider Protocol for the Lease Monetization Process and SISP;
- (g) supervising Oberfeld in conducting the Lease Monetization Process, including reviewing proposals received for the Phase 1 Bid Deadline and discussing same/next steps with Oberfeld;
- (h) supervising Reflect in conducting the SISP, including participating in discussions and meetings with potential bidders and potential auction services providers in respect of the Art Collection;
- (i) responding to a high volume of enquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or email account established for the case by the Monitor;

- (j) posting non-confidential materials filed with the Court, credit agreements and security documentation to the Case Website and a supplementary data room (as applicable); and
- (k) with the assistance Bennett Jones, preparing this Second Report.

11.0 CONCLUSIONS AND RECOMMENDATIONS

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

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

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

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Senior Vice-President

SCHEDULE A

OTHER APPLICANTS

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

The Bay Holdings ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

247598 Ontario Inc.

NON-APPLICANT STAY PARTIES

HBC Holdings LP

RioCan-HBC General Partner Inc.

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

APPENDIX A
March 26 Endorsement

See attached.

CITATION: Hudson's Bay Company, Re, 2025 ONSC 1897
COURT FILE NO.: CV-25-00738613-00CL
DATE: 20250326

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

BEFORE: Peter J. Osborne J.

COUNSEL: *Ashley Taylor, Elizabeth Pillon, Maria Konyukhova, Britnney Ketwaroo, Philip Yang and Nick Avis*, for the Applicants
Davis Bish, for Cadillac Fairview
Evan Cobb, for Bank of America
Linc Rogers and Caitlin McIntyre for Restore Capital LLC
Chad Kopach, for EY in the Receivership of Woodbine Mall Holdings Inc.
Lou Brzezinski, Alexandra Teodorescu and Nadav Amar, for TK Elevator (Canada) Ltd.
Haddon Murray, for Cominar Real Estate Investment Trust & Chanel ULC
Matthew Gottlieb, Andrew Winton and Annecy Pang, for KingSett Capital Inc.
Sean Zweig, Michael Shakra and Thomas Gray, for the Court-appointed Monitor
Trevor Courtis and Heather Meredith, for Bank of Montreal and Desjardins Financial Security Life Assurance Company
Gilles Benchaya and Mandy Wu, for Restore Capital LLC and Bank of America
James D. Bunting, for Ivanhoe Cambridge Inc.
Robert J. Chadwick, Joseph Pasquariello and Andrew Harmes, for RioCan Real Estate Investment Trust
Tushara Weerasooriya, Jeffrey Levine and Guneev Bhinder, for B.H. Multi Com Corporation, B.H. Multi Color Corporation & Richline Group Canada Inc.
Gregg Galardi, US Counsel for File Agent (Restore Capital LLC) as DIP Lender
Isaac Belland, for LVMH Moët Hennessy Louis Vuitton SA
Jake Harris, for the DIP Lenders
Matthew Cressatti, for the Trustees of the Congregation of Knox's Church, Toronto

D.J. Miller and Andrew Nesbitt, for Oxford Properties Group, OMERS Realty Management Corporation, Yorkdale Shopping Centre Holdings Inc., Scarborough Town Centre Holdings Inc., Montez Hillcrest Inc., Hillcrest Holdings Inc., Kingsway Garden Holdings Inc. Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc., OMERS Realty Corporation, Oxford Properties Retail Limited Partnership, CPPIB Upper Canada Mall Inc., CPP Investment Board Read Estate Holdings Inc.

Calvin Horsten, for Toronto-Dominion Bank

Stuart Brotman and Jennifer L. Caruso, for Royal Bank of Canada

George Benchetrit, for Nike Retail Services Inc. and PVH Canada Inc.

Linda Galessiere, for Ivanhoe Cambridge II Inc./Jones Lang LaSalle Incorporation, Morguard Investments Limited and Salthill Property Managements Inc.

Steven Weisz and Dilina Lallani, for Ferragamo Canada Inc.

David Ullman and Brendan Jones, for Bentall Green Oak, Primaris REIT, Quadreal Property Group

David Preger and Stephen Posen, for 100 Metropolitan Portfolio, Mantella & Sons

Shayne Kukulowicz and Monique Sassi, for the Proposed Liquidator

Andrew J. Hatnay, Robert Drake and Abir Shamim, for certain HBC Employees and Retirees

Ken Rosenberg, Max Starnino, Emily Lawrence and Evan Snyder, for The Financial Services Regulatory Authority of Ontario

Sam Rogers, for Investment Management Corporation of Ontario

Kelly Smith Wayland, for the Department of Justice (Canada)

Blake Scott, for UNIFOR Local 240 & 40

Howard Manis for Villeroy & Boch Tableware Ltd.

Mitch Kocerginski for *Cherry Lane Shopping Centre Holdings Inc. and TBC Nominee Inc.*

Lindsay Miller, for *West Edmonton Mall Property*

Yiwei Jin, for *United Food & Commercial Workers, Int'l Union Local 1006A*

David Rosenblat, for *Pathlight*

Pavle Masic, for *Samsonite Canada*

Sarah Pinsonnault, for *Québec Revenue Agency*

HEARD: March 21, 2025

ENDORSEMENT

OSBORNE J.

1. Last Friday, March 21, 2025, I granted certain relief at the conclusion of the hearing in this matter with reasons to follow. These are those reasons.

2. On March 7, 2025, I granted an Initial Order in this Application with Reasons released on March 10, 2025. At the comeback hearing on March 17, 2025, I extended the stay of proceedings (and granted other interim relief) in effect until March 19, 2025 and adjourned the motion for the balance of the relief sought by the Applicants. The adjournment was to afford the parties, with the assistance and facilitation of the Court-appointed Monitor, an opportunity to continue discussions that were ongoing prior to and indeed during the comeback hearing, with a view to narrowing or resolving certain contested issues.

3. On March 19, 2025, and for the reasons set out in the Endorsement of that date, I approved the engagement of a financial advisor for the Applicants, increased the quantum of the Directors' Charge, and granted other interim relief. I adjourned the motion for the balance of the relief sought by the Applicants until March 21 at their request, with the recommendation of the Monitor, and without opposition.

4. Upon resumption of the comeback hearing on March 21, the parties advised that many of the issues that were contested on March 17 had been resolved as among them. As such, much of the relief sought by the Applicants is now proceeding on a consent or unopposed basis. As further described below, certain relief is opposed.

5. In addition, circumstances continue to evolve quite literally by the hour. The reality is that since this insolvency proceeding and the challenges facing Hudson's Bay have received significant media attention, sales of merchandise, and particularly Hudson's Bay branded merchandise, have been robust over the last number of days.

6. The result is that the Company has earned significant revenue and has cash on hand that has exceeded forecasts, such that it no longer has the immediate need for liquidity during the next few weeks that had been projected in the cash flow forecast appended to the First Report of the Monitor. That forecast anticipated the surge in sales that is now being realized, although anticipated that such an increase in revenue would not be so immediate.

7. It was for that reason that the Applicants sought, and the Monitor supported, approval of a Debtor in Possession ("DIP") Facility to provide liquidity that was urgently needed at the time. As reflected in the forecast, once sales increased in the expectation of a liquidation, revenues were projected to be sufficient to fund wind down operations in these proceedings through the proposed stay extension period.

8. As a result of all of the above, the proposed DIP Facility is no longer required and the Company seeks, among other things, authority to repay to the DIP Lender the outstanding balance on the DIP Facility of approximately \$16 million that has been drawn down since the date of the Initial Order.

9. It further follows that a number of the highly contested issues related to the DIP Facility, about which submissions were made on March 17, have now been resolved or eliminated since they were related to terms and conditions of the proposed continued DIP Facility that is no longer necessary.

10. It is important to note that while an increase in retail sales revenues is of assistance, it should not be misinterpreted as an indication that the business is viable as a going concern. On the contrary, the only reason that there is net cash on hand is that the Company is not purchasing new inventory such as would be necessary to sustain retail operations in the usual course of business.

11. Moreover, the previously approved DIP Facility available for the initial stay period provided for access to borrowed funds up to a maximum of \$16 million. As noted, \$11 million has already been drawn down to fund operations during the initial stay period. The previously proposed DIP Facility to continue thereafter was in a maximum amount of \$23 million, inclusive of the original \$16 million, for a net increase of only \$7 million in available borrowed funds.

12. That amount fell dramatically short of any realistic estimate of the funds needed to ensure a going-concern outcome for the Company. Put simply, the Company has not yet been able to identify any lender or investor prepared to advance anywhere near the amount required to put the Company on a solid footing to provide the basis for a going-concern restructuring. While the Company advises that it is still hopeful that a source of funds can be identified, none has emerged at this time.

13. As a further result of all of the above, the Company now seeks to proceed with a proposed liquidation sale as rapidly as possible since its liquidity challenges require immediate liquidation of inventory.

14. The Service List has been served and the materials are available on the website of the Court-appointed Monitor.

15. Defined terms in this Endorsement have the meaning given to them in my earlier Endorsements made in this proceeding, the Application materials, and/or the Reports of the Monitor, unless otherwise stated.

16. Today, the Applicants seek four Orders:

i. a further Amended and Restated Initial Order (“ARIO”):

1. extending the stay of proceedings to and including May, 15, 2025;
2. continuing the stay of proceedings of rights of third-party tenants of commercial shopping centres or other properties where premises operated by Hudson’s Bay are located;
3. authorizing the Company to repay the DIP Financing Obligations upon fulfilment of certain conditions, together with related relief;
4. approving the Restructuring Support Agreement;
5. amending the stay of the payment of rent from Hudson’s Bay to the HB-RioCan Joint Venture Entities (collectively, the “JV Entities”) and granting a priority charge in favour of the JV Entities to secure any rent not paid after March 7, 2025;

6. approving a Key Employee Retention Plan (“KERP”) and related charge; and
7. authorizing Hudson’s Bay to enter into a Financing Agreement with Imperial PFS Payments Canada, ULC to provide financing to the Company to purchase property insurance policies;
- ii. a Liquidation Sale Approval Order approving the amended agreement between Hudson’s Bay and the Liquidation Consultant to provide for the Liquidation Sale of the Company’s inventory, fixtures and equipment; approving the Sale Guidelines; and authorizing the Company to undertake the Liquidation Sale;
- iii. a Lease Monetization Order approving the Lease Monetization Process and authorizing the Applicants to undertake the monetization of their leases, including through the approval of a consulting agreement between Hudson’s Bay and Oberfeld Snowcap Inc. to assist in the marketing of the Company’s Leases; and
- iv. a Sales and Investment Solicitation Process (“SISP”) Order approving the proposed SISP and authorizing the Applicants to commence that Process immediately.

The Stay of Proceedings should be Extended

17. Sections 11.02(2) and 11.02(3) of the *CCAA* provide that the Court may order a stay of proceedings for any period that the Court considers necessary, if the Court is satisfied that circumstances exist that make the order appropriate and the applicant has acted, and is acting, in good faith and with due diligence. I am so satisfied.

18. The activities of the Applicant, supported by the Monitor, are set out in the Second Bewley Affidavit, the Third Bewley Affidavit sworn March 21, 2025, the First Report of the Monitor and the Supplement to the First Report dated March 21, 2025.

19. A continued stay of proceedings is clearly necessary here to stabilize the activities and operations of the Applicants while the SISP, Lease Monetization and proposed Liquidation processes are underway. Such stabilization is necessary in order to maximize the chances of recovery for stakeholders.

20. The revised cash flow forecasts prepared by the Applicants in consultation with the Monitor reflect that the Applicants should have sufficient liquidity to fund operations and these proceedings through the proposed stay extension period.

21. The Monitor fully supports the proposed stay extension, and no party opposes the extension today.

22. Accordingly, the stay of proceedings is extended to and including May, 15, 2025.

JV Entity Rent Payments

23. As reflected in the Updated Cash Flow Forecast, the Company is expected to have sufficient liquidity to pay a monthly aggregate amount of \$7 million plus applicable taxes to the JV Entities. Accordingly, the Applicants seek, with the consent and agreement of the JV Entities and the JV counterparty, RioCan, to modify the stay of proceedings with respect to the payment of rent owing to the JV Entities to permit the partial payments. They also seek approval of a corresponding JV Rent Charge to secure post-filing rent not paid by the Company to the JV Entities.

24. As described in my Initial Order Endorsement dated March 10, 2025, I extended the stay of proceedings for the 10-day period pending the comeback hearing to the defined Non-Applicant Stay Parties, including the RioCan-Hudson's Bay JV, in part. The proportion of rent payable by the Applicants to the JV Entities that was payable to landlords under the Head Leases would continue to be paid. This relief was reviewable at the comeback hearing, at which time I would determine, with the benefit of submissions (if any) from RioCan, whether the stay of proceedings, even if continued generally, should continue to apply to the JV Entities.

25. At the commencement of the comeback hearing, the Applicants submitted that the partial stay of proceedings should continue to apply to the JV Entities, pursuant to the exercise of my discretion authorized in section 11 of the *CCAA*. The Applicants relied on the decision of this Court in *Xplore, Inc. (Re)*, 2024 ONSC 4593, at paras. 55-56, as a relevant example of circumstances in which the Court required certain suppliers to the debtor (in that case satellite providers) to continue supplying services to the debtor without being paid post-filing payments to which they were contractually entitled.

26. In that case, Kimmel, J. noted that section 11.01 of the *CCAA* does not specify that suppliers must be paid at the contractual rates post-filing. While the relief granted in that case applied to suppliers of satellite services, the Applicants here submitted that the rationale applies equally to landlords such as the JV Entities. They further submitted that even if the relief sought here was novel, it was, as observed by the Court in *Xplore*, at paras. 61-63, available "in appropriate circumstances within the framework and spirit of the applicable legislation."

27. The Applicants further submitted that in *Nordstrom Canada Retail Inc. (Re)*, this Court stayed and suspended the payment of certain post-filing amounts in respect of construction, fixturing and furnishing premises, which amounts would otherwise be due and payable under the sublease between the debtor as sublessee and the non-applicant stay parties as sublessor.

28. The Monitor supported the continuation of the stay of proceedings to the JV Entities, observing that "the stay would still require rent to be paid in full to third-party landlords, while staying "rent payments" that the Monitor believes can be fairly characterized as financing arrangements" (First Report, para. 8.15).

29. Also, at the commencement of the comeback hearing, RioCan opposed the continuation of the partial stay to the JV Entities, and requested that the Court amend the Initial Order to require

Hudson's Bay to pay all post-filing occupancy rent to the JV Entities for use in occupation of leased or subleased premises on the same basis as all landlords providing space to Hudson's Bay.

30. RioCan submitted that there was long-standing precedent for the proposition that post-filing rent should be paid to landlords providing leased premises to a debtor company. It further submitted that there was no reason for this Court to exercise its discretion to continue the partial stay on the basis that the counterparty to the Hudson's Bay leases, in this case, the relevant JV Entities, were partially owned (in most cases, majority-owned) by Hudson's Bay or related entities.

31. The structure of the joint venture is summarized in the Application materials, the First Report, and briefly in my Endorsement dated March 10 in respect of the Initial Order (para. 45). As described above, the stay of proceedings did not apply to that portion of the payments made by Hudson's Bay to the JV Entities which was payable by the JV Entities to the relevant landlords. It applied only to that portion of the payments made by Hudson's Bay to the JV Entities, which was retained by them and not paid over to the relevant landlords.

32. In any event, I need not determine the issue since the Applicants and RioCan have now reached an agreement, which is not opposed by any other party (including, for greater certainty, the JV Entities), and which is recommended by the Monitor.

33. Accordingly, it is not necessary for me to make a finding today as to whether the payments by Hudson's Bay to the JV Entities are wholly in the nature of "rent" payable to a landlord or whether they include a "financing" component. I do observe that while the JV Entities (sub-landlords) are not wholly owned by the Company, neither are they complete strangers in the sense of being third party landlords. The JV is majority-owned by Hudson's Bay to the extent of approximately 78%. The nature of the relationship between the parties and the precise terms of the contractual and other arrangements may be relevant to the analysis of whether and to what extent such payments are in the nature of rent for premises or not.

34. The agreement now reached by the parties contemplates that Hudson's Bay will pay the monthly aggregate amount of \$7 million plus applicable taxes in respect of the JV Rent. The Company has sufficient liquidity to do so. This amount is intended to approximate the rent payable under the head leases (already being paid even under the partial stay), together with monthly debt servicing requirements and administrative expenses incurred in the ordinary course and payable under the applicable Leases to which Hudson's Bay is a party.

35. This monthly amount will be payable on the same terms as those applicable to all other Leases provided for in the ARIIO, except that to the extent that any JV Lease is disclaimed or terminated, the JV monthly amount shall automatically be reduced by an amount equal to the *pro rata* amount attributable to such JV Lease relative to all other JV Leases, and there will be an adjustment for the period March 1, 2025 to and including March 7, 2025, the date of the Initial Order.

36. In addition, the agreement provides that any post-filing rent not paid by the Company to the JV Entities would be secured by a new JV Rent Charge in favour of the JV Entities. That JV

Rent Charge would rank fourth in the waterfall that applies to Property other than the Loan Parties' Property behind the Administration Charge in first position, the KERP Charge in second position, and the Directors' Charge to the maximum amount of \$13,500,000, with the balance of the quantum of the Directors' Charge in the amount of \$35,700,000 ranking behind the JV Rent Charge. The JV Rent Charge would rank fifth in the waterfall that applies to the Loan Parties' Property, all as set out in the materials.

37. I am satisfied that this consensual resolution of the issue by the Applicants and the JV Entities, which is not opposed by the JV Lenders and is recommended by the Monitor, is appropriate in the circumstances of this case. The JV Rent Charge is limited to that which is necessary to cover unpaid amounts that would otherwise have been payable to the JV Entities in the ordinary course.

Co-Tenancy Stay

38. The Applicants also request an order that the extended stay of proceedings would continue to apply to third party "co-tenants". At the initial *ex parte* hearing of this Application on March 7, 2025, I was prepared to grant the co-tenancy stay for the initial 10-day period to maintain the status quo and stability for that short period of time. However, I specifically noted in my reasons for the Initial Order that I had concerns about the evidence in the record supporting such a stay, and that it would be addressed further at the comeback hearing. I stated in those reasons the following:

62. The proposed stay would also apply to co-tenants. Many retail leases provide that tenants have certain rights against their landlords which rights are triggered upon the insolvency of an anchor tenant or an anchor tenant ceasing operations at the location of the co-tenancy.

63. The Applicants are requesting that the stay here apply to any rights that tenants or occupants may have against the owners, operators, managers and landlords of the commercial properties where Hudson's Bay stores are located that arise as a result of the insolvency by Hudson's Bay Canada, the granting of the proposed Initial Order, or any actions taken by the Applicants pursuant thereto. This is supported by the Proposed Monitor.

64. I recognize that such relief has been granted by other Courts in retail insolvencies pursuant to the broad discretion given to the court under sections 11 and 11.02(1) of the *CCAA* to make an initial order on "any terms that it may impose". See, for example, *Re T. Eaton Co.*, 1997 CarswellOnt 1914 (Gen. Div.), *Target Canada Co. (Re)*, 2015 ONSC 303 at paras. 44 - 48, and *Nordstrom Canada Retail, Inc.*, 2023 ONSC 1422 at paras 33 - 35.

65. The rationale is that extending the stay of proceedings in such a manner prevents a so-called "run on the bank" in the sense that many other co-tenants might seek, as a result of this proceeding, to terminate their own leases with landlord locations where Hudson's Bay currently operates. As observed by the Court in *Target* at para. 44, if tenants were permitted to exercise these co-tenancy rights during the stay, the claims of the landlord

against the debtor company could greatly increase, with the potentially detrimental impact on the restructuring efforts of the debtor company.

66. In the particular and unique circumstances of this case, and given the prominent nature of the business of Hudson's Bay, both generally in the retail landscape across Canada and specifically at various shopping mall locations, I am prepared to grant that relief today for the initial stay period to ensure stability of operations.

67. However, and consistent with the approach adopted by the Court in *Target*, to the extent that the affected parties wish to challenge the broad nature of this stay, such can be addressed at the comeback hearing: *Target*, at para. 48.

68. I would add that, in my view, such co-tenancy stays are representative of relief that lies towards the limit of the judicial discretion permitted by ss. 11 and 11.02 of the *CCAA* and should generally be granted only in relatively unique circumstances and where justified on the evidence before the Court.

69. Such stays suspend the enforcement of contractual rights of parties that are quite remote to the present proceeding and the insolvency of the debtor on which it is based. Such co-tenancy stays operate, in practical terms, to protect and stabilize the operations not of the debtor, but of landlords who are contractual counterparties to the debtor (i.e., through retail leases). Those landlords are not insolvent. While I appreciate that the object of such stays is to minimize the risk of that very event occurring, such stays represent a significant compromise of rights of third parties.

70. There are many examples of stays that compromise or suspend the rights of third parties. Usually, however, those third parties are counterparties in contracts or have some other relationship with the debtor. Here, such co-tenancy stays suspend the rights of parties one step even further removed from the insolvency of the debtor - other retail tenants who have their own leases with the landlords. The only factor joining those parties to the debtor is that they have a common landlord at a common retail location.

71. The exercise of termination rights by those other retail tenants sought to be suspended must depend on those termination rights existing in the first place according to the terms of the leases in place between those other tenants and the landlord. If a co-tenant bargained for the right to terminate its own lease in the event that an anchor tenant at the same location ceased operations or became insolvent, and its landlord agreed to give that co-tenant such a right (presumably for economic consideration), the landlord made the business decision to take risks in respect of other retail tenancies based on its own assessment of the risk of insolvency of the anchor tenant.

72. Finally in this regard, it does not automatically follow that even if a co-tenant terminated its lease, the landlord would have a valid claim against the debtor in the insolvency proceeding.

73. Accordingly, in my view, an analysis of whether the rights of co-tenants should be suspended pursuant to a stay of proceedings will be fact-specific in each case, and if granted at the initial order hearing of an application, will be subject to review at the comeback hearing as noted by the Chief Justice in *Target*.

74. I would add that it will also be subject to review at any time throughout the proceeding by a co-tenant pursuant to the seven day comeback clause in the Commercial List Model Order pursuant to which any affected party may request that the Court review, amend or vacate an initial order at any time.

39. As noted above, the Applicants now seek the extension of this co-tenancy stay through to and including May 15, 2025.

40. The challenge today is that there is no evidence in the record to support such a co-tenancy stay from the Applicants or from any landlords, owners or managers at locations where Hudson's Bay stores operate.

41. In particular, there is no evidence of any of the following:

- a. whether any co-tenants of Hudson's Bay in fact have contractual rights in their own leases to terminate (or abate their rent or take other action as a result of this insolvency);
- b. whether any co-tenants have sought to trigger such rights;
- c. what effect such actions, even if taken, would have on the relevant landlord, owner or manager;
- d. whether any such landlord, owner or manager would seek to assert any claim over against Hudson's Bay as part of a future claims process (since the stay of proceedings against the Company is in effect); or
- e. what effect any of this might have on the Applicants.

42. Any such claim over would likely be an unsecured contingent claim by that landlord, owner or manager in any event.

43. Accordingly, and given the absence of evidence in the record to justify a co-tenancy stay continuing, it is not granted. To be clear, this is without prejudice to the right of the Applicants to seek such a stay in the future.

Proposed Path Forward: Three Concurrent Processes

44. The Applicants seek the approval of three distinct processes to canvass the market for potential restructuring, refinancing or going-concern sale opportunities, each with a view to maximizing recovery for stakeholders in respect of available assets:

- a. a Liquidation Sale for the liquidation of the Inventory and Furniture, Fixtures and Equipment (“FF&E”);
- b. a Lease Monetization Process for the sale, transfer or assignment of Leases to third parties; and;
- c. a Sale and Investment Solicitation Process (“SISP”) to identify opportunities:
 - i. to sell all, substantially all, or certain portions of the property or business of the Non-Applicants State Parties or their Business; and/or
 - ii. for investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicants and the Non-Applicant Stay Parties or their business.

45. The Applicants propose to commence the Liquidation Sale immediately at all retail stores while concurrently implementing the Lease Monetization Process and the SISP.

46. I will address each of these in turn.

The Liquidation Sale and Related Issues

47. The Court has jurisdiction to approve a sales process authorizing the sale of assets of a debtor pursuant to section 36 of the *CCAA*. Courts have previously exercised this jurisdiction, and done so particularly in the context of retail insolvencies.¹

¹ See, for example, *Danier Leather Inc (Re)*, 2016 ONSC 1044 at paras. 10, 27 [*Danier*]; *Payless ShoeSource Canada Inc and Payless ShoeSource Canada GP Inc*, 2019 ONSC 1305 at para. 9; *Comark Holdings Inc (Re)*, (January 21, 2025), Ont SCJ [Commercial List], Court File No CV-25-00734339-00CL (Endorsement of Justice Cavanagh) at para. 7 [*Comark Endorsement*], endorsing *Comark Holdings Inc (Re)*, (January 17, 2025), Ont SCJ [Commercial List], Court File No CV-25-00734339-00CL (Realization Process Approval Order) [*Comark Order*]; *Ted Baker Canada Inc et al v Yorkdale Shopping Centre Holdings Inc (Re)*, (May 3, 2024), Ont SCJ [Commercial List], Court File No CV-24-00718993-00CL (Endorsement of Justice Black) at paras. 13–17 [*Ted Baker Endorsement*], endorsing *Ted Baker Canada Inc et al v Yorkdale Shopping Centre Holdings Inc (Re)*, (May 3, 2024), Ont SCJ [Commercial List], Court File No CV-24-00718993-00CL (Realization Process Approval Order) [*Ted Baker Order*]; *Mastermind GP Inc (Re)*, (November 30 2023), Ont SCJ [Commercial List], Court File No CV-23-00710259-00CL (Endorsement of Justice Steele) at paras. 10–18 [*Mastermind Toys Endorsement*], endorsing *Mastermind GP Inc (Re)*, (November 30 2023), Ont SCJ [Commercial List], Court File No CV-23-00710259-00CL (Realization Sale Approval Order) [*Mastermind Order*]; *Nordstrom Canada Retail Inc (Re)*, 2023 ONSC 1814 at paras. 6–13 [*Nordstrom Endorsement*], endorsing *Nordstrom Canada Retail Inc (Re)*, (March 20, 2023), Ont SCJ [Commercial List], Court File No CV-23-0069561900CL (Liquidation Sale Approval Order) [*Nordstrom Order*]; *Bed Bath & Beyond Canada Ltd (Re)*, 2023

48. When considering whether to approve a proposed sales process, the Court will consider the criteria set out in *Nortel*²:

- a. is a sale transaction warranted at this time?
- b. will the sale benefit the whole economic community?
- c. do any of the creditors of the debtor have a bona fide reason to object to a sale? and
- d. is there a better viable alternative?

49. Courts have also evaluated proposed retail realization processes in light of the criteria set out in section 36(3) of the *CCAA*³, namely:

- a. whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- b. whether the Monitor approved the process leading to the proposed sale or disposition;
- c. whether the Monitor filed a report stating that in its opinion the sale or disposition would be more beneficial to creditors than a bankruptcy;
- d. the extent to which creditors were consulted;
- e. the effects of the proposed sale or disposition on creditors and stakeholders; and
- f. whether the consideration to be received for the assets is fair and reasonable, taking into account their market value.

50. I am satisfied that all of these factors are met here. The proposed Liquidation Consulting Agreement, when taken together with the Sale Guidelines, provides the framework for the Liquidation Sale to be conducted by the Liquidation Consultant.

51. The proposed Sale Commencement Date is immediate: Monday, March 24, 2025. In addition, six stores would be removed from the Liquidation Sale: 176 Yonge Street, Toronto, Ontario; Yorkdale Shopping Centre, Toronto, Ontario; Hillcrest Mall, Richmond Hill, Ontario; downtown Montréal, Québec; Carrefour Laval, Québec; and Pointe-Claire, Québec.

ONSC 1230 at paras. 7–9 [*BBB Endorsement*], endorsing *Bed Bath & Beyond Canada Ltd (Re)*, (February 21, 2023), Ont SCJ [Commercial List], Court File No CV-23-00694493-00CL (Sale Approval Order) [*BBB Order*]; *Sears Canada Inc (Re)*, (July 18, 2017), Ont SCJ [Commercial List], Court File No CV-17-11846-00CL (Liquidation Sale Approval Order); *Target Canada Co (Re)*, 2015 ONSC 846 at paras. 2–5 [*Target Endorsement*], endorsing *Target Canada Co (Re)*, (February 4, 2015), Ont SCJ [Commercial List], Court File No CV-15-10832-00CL (Approval Order – Agency Agreement).

² See *Danier*, at para. 23, citing *Nortel Networks Corp (Re)*, 2009 CanLII 39492 (ONSC) at para. 49 [*Nortel*].

³ *Comark Endorsement*, at para. 6; *Ted Baker Endorsement*, at para. 14.

52. While the Company currently proposes to conduct the Liquidation Sale at all remaining retail stores, it retains the ability to amend the list of liquidating stores on certain terms and conditions (such as, for example, if a going-concern transaction materializes). In addition, inventory at the Distribution Centres will be available for liquidation as part of the Sale, with inventory in the Scarborough Distribution Centre being utilized for e-commerce sales.

53. I am satisfied, given the limited liquidity available to the Company, that the orderly realization of its inventory and FF&E (furniture, fixtures and equipment) as soon as possible is necessary to maximize recoveries and limit operating costs. The proposed Liquidation Consulting Agreement will implement the Liquidation Sale immediately to attempt to achieve that.

54. I am also satisfied that the process to select the Liquidation Consultant was reasonable. The mandate is significant: as at January 31, 2025, the Company had approximately \$415 million of inventory reflected on its balance sheet. The Liquidation Sale will be conducted concurrently at 90 stores across seven provinces, three distribution centres in two provinces, and in respect of e-commerce sales from the fourth distribution Centre in Ontario. Approximately 9400 employees must be coordinated. All of this must occur over an extremely expedited Sale Term commencing March 24, 2025 and continuing only until June 15, 2025.

55. The Initial Order authorizes the Applicants, in consultation with the Monitor, to solicit proposals from third parties in respect of the liquidation. The proposal from the Hilco JV was provided to the Applicants and the Monitor as a joint venture among four leading liquidators. The Monitor and Reflect identified and inquired of other potential liquidators who had the resources and experience necessary to conduct a sale of this magnitude, and none was prepared to submit a proposal.

56. The Applicants believe that the Liquidation Consultant has the expertise and knowledge of their business, merchandise and store locations that is necessary to conduct the Liquidation Sale. It has the resources to commence the proposed sale process immediately.

57. The Monitor was consulted and directly involved throughout the process. It recommends the engagement of the Liquidation Consultant and also the terms of the proposed Liquidation Consulting Agreement which it submits are reasonable in the circumstances.

58. The fee structure outlined in the Liquidation Consulting Agreement is designed to attempt to align the compensation to be paid to the Liquidation Consultant with stakeholder outcomes: fees are based on a percentage of proceeds, meaning that the Liquidation Consultant is incentivized to maximize the value of inventory and FF&E.

59. The unredacted Liquidation Consulting Agreement, including the fee structure, is in the record and available to stakeholders. It is fully discussed in the First Report of the Monitor. I am satisfied that it is appropriate, and it is approved.

60. The proposed Sales Guidelines set out the mechanics pursuant to which the Liquidation Sale is to be conducted. They were designed by the Applicants and the Liquidation Consultant in consultation with the Monitor with a view to maximizing recovery for the benefit of creditors while

ensuring that the Liquidation Sale takes place in an orderly manner. They are fully described in the Second Bewley Affidavit beginning at para. 107 and in the First Report of the Monitor. They are also substantially similar to guidelines for inventory realization sales approved by this Court in other retail insolvencies, including *Nordstrom* and *Bed Bath & Beyond Canada*.

61. In my view, the proposed Sales Guidelines are appropriate, and they are approved, with certain amendments as I directed at the conclusion of the hearing of these motions. Those related to various technical elements of the Guidelines.

The Lease Monetization Process and Retainer of the Broker

62. The proposed Lease Monetization Process is intended to enable the Applicants to pursue all avenues and possible offers for the sale, transfer or assignment to third parties of the Leases of the Applicants and the Non-Applicants Stay Parties. The Applicants may withdraw any Lease from the Process in consultation with the Lease Monetization Consultant, the Monitor and the Agents.

63. The Lease Monetization Process contemplates two phases:

- a. Phase 1: a solicitation of interest by Interested Bidders so that they may be considered for qualification as a Qualified LOI Bidder and invited to participate in Phase 2; and
- b. Phase 2: the submission of Qualified Bids by Qualified LOI Bidders, accompanied by a deposit equal to 10% of the purchase price.

64. Successful Bidders must complete all agreements no later than May 15, 2025, and a transaction approval motion is contemplated to be heard no later than June 17, 2025. Accordingly, the timeline is short.

65. The Lease Monetization Process provides for the marketing and potential sale of the lease interests of the Applicants and the Non-Applicants Stay Parties. To state the obvious, an Applicant (or any other party) cannot sell an asset it does not own. As described in the Application materials, the interest of the Applicants in some leases is less than 100%.

66. Accordingly, nothing in the Lease Monetization Process or the approval thereof permits or requires any amendments to the terms of any Lease without the consent of the applicable landlord; obligates any landlord to negotiate with any bidder regarding any such amendment; or determines that the interests in the Leases being marketed are capable of being transferred by the Applicants or the Non-Applicants Stay Parties.

67. In simple terms, the objective of the process is to identify any manner of possible transactions for the monetization of Leases whether or not they are wholly owned by the Applicants, pursuant to a process that is fair and transparent to all participants and affected parties. Bidders know at the outset that if they submit an offer, for example, for a Lease in which the Applicants own only a proportionate interest, such an offer may very well require the consent of the counterparty landlord before it is capable of acceptance. There is no representation or guarantee

that such a consent may be forthcoming. No party opposes approval of either the Lease Monetization Process or the retainer of Oberfeld.⁴

68. In the circumstances, and given the conditions described above, I am satisfied that the proposed Lease Monetization Process is appropriate.

69. The Lease Monetization Process will be conducted by Oberfeld in the capacity of Lease Monetization Consultant under the supervision of the Monitor. At the time this motion was originally brought, a different broker had been identified by the Company and the Monitor to fulfil that role. However, that broker withdrew as a result of a conflict of interest with certain landlords who are counterparties to Company leases.

70. As a result, the Company, with the support of the Monitor, seeks approval today of the Lease Monetization Process and the retainer of Oberfeld according to the terms of an agreement that would be materially consistent with the originally proposed Lease Monetization Consulting Agreement fully disclosed in the Application materials and discussed in the First Report of the Monitor.

71. The key terms, including fees, of the proposed Lease Monetization Consulting Agreement are described in the materials. They include a work fee payable on a monthly basis of \$80,000 up to a maximum aggregate amount of \$240,000 fully creditable against payment of any success fee. A one-time gross success fee per Lease would be payable conditional upon the successful closing of a sale, transfer or assignment of any Lease equal to 10% of the net proceeds payable to Hudson's Bay up to a maximum aggregate amount of \$175,000.

72. The Monitor was involved in the negotiation of the compensation and considers such compensation to be appropriate and reasonable in the circumstances.

⁴ I observed above that no party opposed the Lease Monetization Process. The Landlords, acting cooperatively and generally in unison (as is expected on the Commercial List, absent good reason not to), do not oppose the Process, but requested that this Endorsement reflect that "nothing contained in any of the Orders issued today as it relates to any of the Leases involving the JVs purports to determine the issue of the Applicants' rights to do anything other than conduct the liquidation sale on the premises in accordance with the liquidation sale guidelines and corresponding Order (which is not opposed by the relevant landlords for that narrow purpose only). The marketing of the Leases pursuant to the Lease Monetization Process will be without prejudice to the complete reservation of rights to all parties on the issue of the ability of the Applicants to transact in respect of leases to which the Applicants are not parties." As I advised the parties at the conclusion of the hearing of these motions, this language is agreeable, save for the last sentence. To be clear, the reservation of rights about the ultimate sale of Leases is clear, but it is equally clear that the marketing process will commence immediately as described above.

73. In the circumstances, and given the imperative nature of commencing the Lease Monetization Process immediately to maximize potential recoveries for stakeholders, I am prepared to approve the Lease Monetization Process on this basis.

74. In my view, the *Nortel* criteria set out above and the relevant factors set out in section 36(3) of the *CCAA* support the approval of the proposed Lease Monetization Process. The terms, timelines and mechanics are reasonable and appropriate in the circumstances.

75. Any successful bids will be subject to approval of the Court, at which time the Court will have an opportunity to review the performance of the Lease Monetization Process and ensure that all relevant factors have been complied with.

76. I am also satisfied that the retainer of Oberfeld is appropriate and should be approved. That firm is experienced, is not subject to any conflicts, and its retainer is supported by the Landlords. The Monitor submits that the proposed terms of the engagement are reasonable and represent market rates. I am satisfied that the retainer will be accretive to maximizing recoveries in the circumstances of this case with respect to the marketing of Leases. It is approved.

The SISP

77. The proposed SISP is intended to solicit interest in, and opportunities for: a) one or more sales or partial sales of all, substantially all, or certain portions of the Property or the Business; and/or b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicants and the Non-Applicant Stay Parties or their business.

78. The SISP contemplates the solicitation of bids for both standalone assets such as intellectual property and/or portions of the business that can be carried on as a going concern, following a sale or restructuring. It will be conducted by Reflect, in its capacity as the Financial Advisor, under the supervision of the Monitor.

79. The proposed SISP is similar Court, customized so as to maximize chances of success in the particular circumstances of this case.

80. The proposed timelines are compact but reasonable. Qualified Bidders must submit final binding proposals by April 30, 2025. An auction may be held, if needed, by May 16 2025. The particulars of the SISP and related procedures and protocols are fully set out in the materials.

81. I am satisfied that the proposed SISP should be approved. It satisfies the *Nortel* criteria and the relevant factors set out in section 36(3) of the *CCAA*. Any successful bids will be subject to court approval at which time the Court can review the execution and implementation of the SISP and ensure that these factors have been satisfied.

Financing Agreement – Property Insurance

82. Hudson's Bay owes approximately \$5,400,000 under its property insurance policy which was recently renewed, but in respect of which the premium is due in full the week of March 24, 2025. I am satisfied that it is important for the preservation of Property and the management of

liability risks related to that Property, that the insurance coverage be maintained. No party opposes the continuation of that coverage.

83. It follows that the applicable premium, which the Applicants submit and the Monitor agrees, represents market rates, must be paid. The options are to either pay it in full, now, or to finance it over time, thereby relieving immediate pressure on cash flows and liquidity.

84. For this reason, the Applicant seeks approval of the Financing Agreement to provide the additional liquidity by allowing Hudson's Bay to pay the amount of \$1,600,000 now, followed by monthly instalments of \$431,000 until the balance is paid.

85. The Monitor recommends, no party opposes, and I agree that the relief sought is reasonable and appropriate in the circumstances since the additional liquidity. It will be of significant assistance for the Applicants and the stakeholders.

The KERP and Continued Sealing Order

86. KERPs have also been recognized as to their utility and importance, and approved, in numerous debtor-in-possession proceedings and receivership proceedings pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, and the *Courts of Justice Act*, R.S.O. 1990, c. C.43, in addition to the *CCAA*.

87. All of those statutes are, however, silent with respect to the approval of KERPs. Jurisdiction to approve a KERP is found in the general power of the Court under section 11 of the *CCAA* to make any order it sees fit in a *CCAA* proceeding: See, for example: *Ontario Securities Commission v. Bridging Finance Inc.*, 2021 ONSC 4347 at para. 14, quoting with approval from *Aralez Pharmaceuticals Inc., (Re)*, 2018 ONSC 6980; *Cinram International Inc., (Re)*, 2012 ONSC 3767 and *Grant Forest Products Inc., (Re)*, [2009] O.J. No. 3344.

88. The factors that the Court considers in approving a KERP include:

- a. the approval of the Monitor;
- b. whether the beneficiaries of the KERP are likely to consider other employment opportunities if the KERP is not approved;
- c. whether the beneficiaries of the KERP are crucial to the successful restructuring of the debtor company;
- d. whether a replacement could be found in a timely manner should the beneficiary elect to terminate his or her employment with the debtor company; and
- e. the business judgment of the board of directors of the debtor

See: *Just Energy Group Inc et al*, 2021 ONSC 7630 at para. 7; and *Aralez Pharmaceuticals Inc (Re)*, 2018 ONSC 6980 at para. 29.

89. Three criteria underlie the factors applicable to approving a KERP or similar incentive program in an insolvency proceeding: (a) arm's length safeguards; (b) necessity; and (c) reasonableness of design. Within these parameters, the scope of the KERP and the amounts allocated to beneficiaries are both highly fact dependent, based on the needs of the particular CCAA debtor and the role of the beneficiaries in the business and the restructuring: *Just Energy* at para. 137; *Aralez* at para. 30; *Walter Energy (Re)*, 2016 BCSC 107 at para. 57 and *Re Timminco Limited*, 2012 ONSC 2515 at para. 15.

90. I am satisfied that the proposed KERP is necessary and appropriate here. It was developed in consultation with the Monitor, and is intended to authorize retention payments to certain individuals who have been identified as key employees in the implementation of the processes described above.

91. I am satisfied that the key employees are essential to the continued operation of the Business and in particular, will be needed to assist in the SISP, the closing of any transaction thereunder assuming that occurs, the Liquidation and the Lease Monetization.

92. There are approximately 121 key employees, with an aggregate of approximately \$2.7 million in potential KERP payments. Those payments will be received by the key employees on the earlier of September 30, 2025, or the date on which the liquidation is complete and their services are no longer required. The entitlement of a key employee under the KERP is forfeited if they resign or have their employment terminated with just cause prior to payment.

93. It is important to note that a number of the identified key employees are store level or distribution centre level employees, such as is to be expected in a retail insolvency like this.

94. The Monitor supports the approval of the KERP and submits that it will provide stability to, and facilitate, an orderly wind down. The list of key employees is appropriate in the view of the Monitor. I am satisfied that the key employees are likely to consider other employment opportunities. If the KERP is not approved, and that, given the scale and complexity of the business, it will be beneficial if they remain employed to minimize the impairment of the proposed Liquidation Sale, Lease Monetization Process and SISP.

95. The corresponding KERP Charge is therefore appropriate for the same reasons, and to provide security for the obligations under the KERP. It has a maximum amount of \$3 million and is proposed to rank behind the Administration Charge. In my view, the KERP Charge is appropriate and reasonable and is approved.

96. Subsection 137(2) of the *Courts of Justice Act* provides for the Court's authority to grant a sealing order. It provides that the Court may order that any document filed in a civil proceeding be treated as confidential, sealed and not part of the public record.

97. The Supreme Court of Canada in *Sherman Estate v Donovan*, 2021 SCC 25, at para. 38, recast the test from *Sierra Club of Canada v. Canada (Minister of Finance)* 2002 SCC 41 (CanLII):

The test for discretionary limits on presumptive court openness has been expressed as a two-step inquiry involving the necessity and proportionality of the proposed order (*Sierra Club*, at para. 53). Upon examination, however, this test rests upon three core principles that a person seeking such a limit must show. Recasting the test around these three prerequisites, without altering its essence, helps to clarify the burden on an applicant seeking an exception to the open court principle. In order to succeed, the person asking the court to exercise discretion in a way that limits the open court presumption must establish that:

- a. court openness poses a serious risk to an important public interest;
- b. the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and
- c. as a matter of proportionality, the benefits of the order outweigh its negative effects.

Only where all of these prerequisites have been met can a discretionary limit on openness - for example, a sealing order, a publication ban, an order excluding the public from the hearing, or a redaction order - properly be ordered. This test applies to all discretionary limits on court openness, subject only to valid legislative enactments (*Toronto Star Newspapers Ltd. v. Ontario*, 2005 SCC 41, [2005] 2 S.C.R. 188 at paras. 7 and 22).

98. Under the first branch of the three-part test, an “important commercial interest” is one that can be expressed in terms of the public interest in confidentiality. The Supreme Court was clear that the interest in question cannot merely be specific to the party requesting the order and must be one which can be expressed in terms of a public interest in confidentiality.

99. Here, as in *Sierra Club*, the Applicants submit that the exposure of the information sought to be sealed includes the names of individual employees and the compensation for each to the extent of the applicable KERP entitlement, such that the commercial interest affected can be characterized more broadly as the general commercial interest of preserving confidential information as well as maintaining the sanctity of contract. I agree.

100. Further, in *Sierra Club* (at paras. 59-60), the Supreme Court recognized that the preservation of confidential information constitutes a sufficiently important commercial interest to pass the first branch of the test, provided however that certain criteria were met. The applicant must demonstrate that the information in question has been treated at all relevant times as

confidential and that on a balance of probabilities its proprietary, commercial and scientific interest could reasonably be harmed by the disclosure of the information. The information must be of a “confidential nature” in that it has been “accumulated with a reasonable expectation of it being kept confidential” as opposed to “facts which a litigant would like to keep confidential by having the court room doors closed”.

101. I am also satisfied that the second requirement is met since the order sought is necessary to prevent the risks identified above and is an important public interest. In addition, reasonably alternative measures will not prevent the risk.

102. The third requirement is also met. While these three documents would be kept confidential, the balance of the materials in the Application (which constitutes the overwhelming proportion of the information) would not be sealed, and available to the public. The gist of the issues would remain available to the public. On balance, I am satisfied that the benefits of the requested order outweigh its negative effects. The small amount of information over which confidentiality is sought (i.e., individual employee names and their compensation) to be maintained is discrete, proportional and limited.

103. I am satisfied that there is a public interest in both maximizing recoveries in this insolvency and in protecting the integrity of a Court-ordered SISP, Lease Monetization process and Liquidation Sale. There are no reasonable alternatives to sealing the material and the information contained therein is discrete, proportional and limited. It follows that the salutary effects of sealing the material outweigh the deleterious effects of doing so.

104. This Court has previously granted sealing orders with respect to KERPs: *Just Energy Corp (Re)*, 2021 ONSC 1793 at paras. 123–124; *Indiva Limited et al*, 2024 ONSC 3691 at paras. 28–29; and *Tacora Resources Inc (Re)*, 2023 ONSC 6126 at paras. 160–161.

105. For all of these reasons, the test set out by the Supreme Court of Canada in *Sierra Club* and refined in *Sherman Estate* is met.

The Repayment of the DIP Facility

106. The Applicants seek approval to repay the DIP Obligations in the near term. As set out above, and as reflected in the cash flow variance report of the Monitor, sales of inventory since March 7, 2025 have been higher than anticipated, with the result that the Applicants no longer require further DIP financing to commence the Liquidation Sale, Lease Monetization, and the SISP. Finally in this regard, the Applicants have sufficient funding to repay the outstanding DIP obligations.

107. Given that the DIP Facility is no longer needed in connection with the CCAA proceedings, the Monitor supports the relief sought by the Applicants. I observe that the repayment of all outstanding DIP obligations is also supported by RioCan and numerous other stakeholders. It is, however, opposed by certain pre-filing lenders. Their position, in short, is that the terms of the DIP Facility approved on March 7 as part of the Initial Order provided that all pre-filing indebtedness of the Applicants was to be repaid before the DIP Facility was repaid.

108. I am satisfied that the repayment of all DIP obligations should be repaid from cash on hand which has in turn been realized from the sales of merchandise. The principal reason supporting this result, as submitted by the Monitor, is the minimization of unnecessary expenses and costs, including the continuing accrual of interest payable. The draws on the DIP Facility total approximately \$16 million. Interest continues to accrue on that amount until repaid. It is critical to the maximization of recoveries for stakeholders that expenses be minimized.

109. Given the unexpectedly robust sales and corresponding revenues earned by the Applicants in the recent days, there is sufficient liquidity to repay the principal outstanding plus accrued interest. In my view, it is to the benefit of the Applicants, the stakeholders and the restructuring process, that these amounts be repaid and further interest costs (which are significant, given the applicable interest rate of CORRA + 11.5% or approximately 14.5%), which can be avoided, should be avoided.

110. In my view, the objections of certain pre-filing lenders are without merit. They are not prejudiced and nor are they worse off by the repayment of outstanding DIP obligations, as a result of both the minimization of continued interest expenses and the maximization of chances of recoveries as a result of this restructuring.

111. Moreover, the DIP indebtedness authorized by the Initial Order could be repaid (together with interest and costs) if, on the comeback hearing, a replacement DIP facility was approved and the DIP Facility here was no longer needed. While no replacement DIP facility is required, as noted above, the same result has been achieved - the DIP Facility approved as part of the Initial Order is no longer needed and can and should be repaid together with interest and costs.

112. I approve the repayment of the DIP indebtedness pursuant to the discretion given to this Court under section 11 of the *CCAA*. I am satisfied that such is appropriate and reasonable in the circumstances. This insolvency proceeding is extremely fluid at the moment. The minimization of additional costs and expenses is critically important.

Restructuring Support Agreement

113. The Applicants seek approval of a Restructuring Support Agreement (“RSS”) between and among the Loan Parties, the ABL Agent, the FILO Agent and the Term Loan Agent.

114. The Applicants submit that the RSS will allow the Company to continue to use its cash which is subject to the security of the secured lenders who are parties to the RSS, among others. Distilled to its core, the argument is that the collateral for the indebtedness owing to the secured lenders is the very inventory now being sold to generate liquidity. While that liquidity is accretive to a successful restructuring, it results from the corresponding erosion of the security for the outstanding secured debt of the Company.

115. The terms of the RSS in favour of the ABL Lenders, FILO Lenders and Term Loan Lenders are substantially similar to what was included in the DIP Term Sheet.

116. However, approval of the RSS is opposed by certain stakeholders who submit, in the main, that there are no benefits to the Applicants derived therefrom, and particularly no benefits that justify the onerous terms and obligations of the Applicants in the RSS given that DIP financing is no longer required. The stakeholders further submit that they may have additional objections to the RSS, but that they have not had time to review the document in any detail since it was just distributed to the service list shortly before the commencement of the hearing of these motions.

117. I am sympathetic to the fact that, notwithstanding that *CCAA* proceedings invariably constitute “real-time litigation” and that circumstances evolve very rapidly, as they have here, the parties on the Service List have had an extremely limited opportunity to review the terms of the RSS.

118. The Applicants and the Monitor agree that no immediate prejudice to the parties or to the process arises if approval of the RSS is adjourned for a short period of time.

119. Accordingly, and in the circumstances, I am deferring the proposed approval of the RSS to give stakeholders a realistic opportunity to consider their positions with respect thereto. That element of these motions is adjourned to be considered at the next hearing in this application, scheduled for Wednesday, March 26, 2025.

Result and Disposition

120. For all of the above reasons, I signed the four orders, amended in accordance with the directions given by me at the conclusion of the hearing of these motions, and directed that the Court-appointed Monitor distribute them to the Service List immediately.

121. The orders have immediate effect without the necessity of issuing and entering.

A handwritten signature in green ink, reading "Osborne J.", is positioned above a horizontal line.

Osborne J.

Note re: Corrections. On April 4, 2025, counsel drew to the attention of the Court four typographical errors contained in the Endorsement as released on March 26, 2025. Those have been corrected as follows. In paragraph 62, the reference to “the Pathlight Agent” has been corrected to refer to “the Agents”. In the Footnote to paragraph 67, the language has been corrected to reflect the updated agreement among the parties as to the reservation of rights. In paragraph 80, the timelines have been corrected to refer to April 30 and May 16, respectively, rather than April 15 and April 29. In paragraph 119, the reference to the next hearing has been corrected to refer to March 26, rather than September 26. No other changes, additions or deletions have been made. Osborne J. 4/4/25.

APPENDIX B
March 29 Endorsement

See attached.

CITATION: Hudson's Bay Company, Re, 2025 ONSC 1897
COURT FILE NO.: CV-25-00738613-00CL
DATE: 20250329

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

BEFORE: Peter J. Osborne J.

COUNSEL: *Ashley Taylor, Elizabeth Pillon, Maria Konyukhova, Britnney Ketwaroo, Philip Yang and Nick Avis*, for the Applicants
Davis Bish, for Cadillac Fairview
Evan Cobb, for Bank of America
Linc Rogers and Caitlin McIntyre for Restore Capital LLC
Chad Kopach, for EY in the Receivership of Woodbine Mall Holdings Inc.
Lou Brzezinski, Alexandra Teodorescu and Nadav Amar, for TK Elevator (Canada) Ltd.
Haddon Murray, for Cominar Real Estate Investment Trust & Chanel ULC
Matthew Gottlieb, Andrew Winton and Annecy Pang, for KingSett Capital Inc.
Sean Zweig, Michael Shakra and Thomas Gray, for the Court-appointed Monitor
Trevor Courtis and Heather Meredith, for Bank of Montreal and Desjardins Financial Security Life Assurance Company
Gilles Benchaya and Mandy Wu, for Restore Capital LLC and Bank of America
James D. Bunting, for Ivanhoe Cambridge Inc.
Robert J. Chadwick, Joseph Pasquariello and Andrew Harmes, for RioCan Real Estate Investment Trust
Tushara Weerasooriya, Jeffrey Levine and Guneev Bhinder, for B.H. Multi Com Corporation, B.H. Multi Color Corporation & Richline Group Canada Inc.
Gregg Galardi, US Counsel for File Agent (Restore Capital LLC) as DIP Lender
Isaac Belland, for LVMH Moet Hennessy Louis Vuitton SA
Jake Harris, for the DIP Lenders
Matthew Cressatti, for the Trustees of the Congregation of Knox's Church, Toronto

D.J. Miller and Andrew Nesbitt, for Oxford Properties Group, OMERS Realty Management Corporation, Yorkdale Shopping Centre Holdings Inc., Scarborough Town Centre Holdings Inc., Montez Hillcrest Inc., Hillcrest Holdings Inc., Kingsway Garden Holdings Inc. Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc., OMERS Realty Corporation, Oxford Properties Retail Limited Partnership, CPPIB Upper Canada Mall Inc., CPP Investment Board Read Estate Holdings Inc.

Calvin Horsten, for Toronto-Dominion Bank

Stuart Brotman and Jennifer L. Caruso, for Royal Bank of Canada

George Benchetrit, for Nike Retail Services Inc. and PVH Canada Inc.

Linda Galessiere, for Ivanhoe Cambridge II Inc./Jones Lang LaSalle Incorporation, Morguard Investments Limited and Salthill Property Managements Inc.

Steven Weisz and Dilina Lallani, for Ferragamo Canada Inc.

David Ullman and Brendan Jones, for Bentall Green Oak, Primaris REIT, Quadreal Property Group

David Preger and Stephen Posen, for 100 Metropolitan Portfolio, Mantella & Sons

Shayne Kukulowicz and Monique Sassi, for the Proposed Liquidator

Andrew J. Hatnay, Robert Drake and Abir Shamim, for certain HBC Employees and Retirees

Ken Rosenberg, Max Starnino, Emily Lawrence and Evan Snyder, for The Financial Services Regulatory Authority of Ontario

Sam Rogers, for Investment Management Corporation of Ontario

Kelly Smith Wayland, for the Department of Justice (Canada)

Blake Scott, for UNIFOR Local 240 & 40

Howard Manis for Villeroy & Boch Tableware Ltd.

Mitch Kocerginski for Cherry Lane Shopping Centre Holdings Inc. and TBC Nominee Inc.

Lindsay Miller, for West Edmonton Mall Property

Yiwei Jin, for United Food & Commercial Workers, Int'l Union Local 1006A

David Rosenblat, for Pathlight

Pavle Masic, for Samsonite Canada

Sarah Pinsonnault, for Québec Revenue Agency

HEARD: March 26 & 27, 2025

ENDORSEMENT

OSBORNE J.

1. At the hearing in this matter on March 21, 2025, the Applicants sought approval of a Restructuring Support Agreement (“RSS”) between and among the Loan Parties, the ABL Agent, the FILO Agent and the Term Loan Agent. Numerous stakeholders, and particularly various

landlords with which the Company has leases, advised that they intended to oppose the RSS but requested an adjournment of the motion.

2. Since the draft RSS had been served on the Service List just prior to the commencement of the hearing, stakeholders had not had any reasonable opportunity to review it and consider their position, with the result that I adjourned the approval motion until Wednesday of this week.

3. As set out in the Affidavit of Philip Yang sworn March 26, 2025 on which the Applicants rely, the Applicants had engaged with their pre-filing lenders (the “Lenders”) and landlords in the intervening period in an attempt to find common ground.

4. The Applicants, the ABL Agent, the FILO Agent and the Term Loan Agent entered into a restructuring framework agreement on March 25, 2025 (the “RFA”), which is effectively an updated and amended version of the RSS which the Applicants hoped would address many of the concerns expressed by stakeholders.

5. On this motion, the Applicants seek approval of the RFA. That position is strongly supported by the Pre-Filing Lenders (and particularly Restore Capital, LLC, the FILO Agent, and Pathlight) and is recommended by the Monitor. Approval is still opposed, however, by a number of stakeholders and principally the landlords.

6. As I observed in my Endorsement dated March 26, 2025, the Applicants submit that the RFA will allow the Company to continue to use its cash and inventory which is subject to the security of the Lenders. Distilled to its core, the argument is that the collateral for the indebtedness owing to the secured lenders is the very inventory now being sold to generate liquidity. While that liquidity is accretive to a successful restructuring, it results from the corresponding erosion of the security for the outstanding secured debt of the Company.

7. However, the landlords submit that there are no benefits to the Applicants derived from the RFA, and particularly no benefits that justify the onerous terms and obligations of the Applicants in the RFA given that DIP financing is no longer required.

8. The motion was heard on Wednesday and Thursday of this week. In the circumstances, it is critical that this decision be released as soon as possible and accordingly, it is somewhat summary in nature.

9. Defined terms in this Endorsement have the meaning given to them in my earlier Endorsements made in this proceeding, the motion materials and/or the Reports of the Monitor, unless otherwise stated.

10. For the reasons that follow, I decline to approve the RFA and the motion is dismissed.

11. The RFA has been provided in full and unredacted form to stakeholders, and is in the motion record. Accordingly, I need not summarize the entire RFA here.

12. In the main, it provides that the Lenders, who assert that they have priority ranking security interests in the merchandise in inventory at Hudson's Bay, will consent to the continued sale of that merchandise, but only in accordance with the terms of the RFA.

13. The Applicants, the Lenders and the Monitor candidly acknowledge that the RFA is "not perfect" and represents a negotiated solution to a significant disagreement about an important issue (the sale of merchandise that constitutes collateral to the Lenders).

14. They submit that it avoids ongoing conflict with those Lenders and this in turn will increase much-needed stability and predictability during a crucial period of this restructuring. They characterize the RFA as a positive step because it permits the ongoing liquidation sale that I approved last week to continue, but imposes various "guardrails" within which the Company must operate if it is to have the confidence of the Lenders.

15. I accept that there are positive attributes to the proposed RFA. It would require Hudson's Bay to comply with an agreed-upon Budget, subject to Permitted Variances (effectively a tolerance of up to 15%). Compliance with the Budget would, the Lenders submit, "ensure that funds are spent in a responsible manner, cognizant of all the circumstances of the case", and approval of the RFA would avoid "uncertainty, instability, cost and value destruction inherent in a contested *CCAA* process."

16. I also acknowledge that counsel for the Lenders confirmed on the second day of the hearing of these motions that in response to concerns expressed by the Court, the Lenders were agreed that section 12 of the proposed RFA should be amended to further extend the deadline by which, if the Loan Parties have not received a firm commitment in respect of a Permitted Restructuring Transaction in connection with the Excluded Stores from April 7 to April 30. That would align the dates with the deadlines provided in the SISP Order.

17. However, in my view, on balance, the RFA is neither necessary nor appropriate at this time for a number of reasons, including these:

- a. as submitted by a number of the landlords, and as acknowledged in candour by the Lenders, the object and structure of the proposed RFA generally are consistent with what would typically accompany a DIP financing commitment.

With the relatively modest interim DIP Facility approved in the Initial Order now having been repaid, and in the absence of any further commitment by the Lenders to provide DIP financing on terms agreed by the Applicants, I am not persuaded that it is appropriate in the circumstances of this case to grant these rights and protections to the Lenders, and to the exclusion of other stakeholders;

- b. I acknowledge that, as submitted by the Lenders, the Company requires the continued use of collateral to pursue the ongoing liquidation sales and to permit the possibility of a restructuring transaction, including by way of the SISP and Lease Monetization Process.

However, it is not unusual in CCAA proceedings that assets of the debtor, including assets in which secured creditors assert a security interest and even a first ranking security interest, may, as appropriate in the particular circumstances of any given case and under the auspices of the Court-appointed Monitor and pursuant to Court order, sell, dispose of or encumber those assets.

Those secured creditors are not automatically entitled to a veto over the sale of such collateralized assets, and nor are they entitled to unilaterally impose terms on the sale of such assets. Such terms may be imposed if the Court considers that they are necessary and appropriate. I am not so persuaded here;

- c. the proposed RFA would provide that the Company shall use its cash solely for the list of enumerated purposes and in the enumerated sequence set out in the RFA.

It would also provide that weekly variance reporting is required to be made by the Company to the Lenders (through their agent) as well as to the Monitor, essentially comparing actual receipts and disbursements as against the Budget (see more on the Budget below) and setting out all variances “on a line-item and aggregate basis in comparison to the [corresponding] amounts in the Budget; each such variance report to be promptly discussed with the [lenders] and each such variance report to include reasonably detailed explanations for any material variances”.

In my view, it is the role of the Monitor, and one I expect the Monitor here to fulfil, to ensure that cash and other liquid assets of the Company are used only for appropriate purposes, in a manner accretive to the maximization of value in the CCAA proceeding, and in accordance with the terms of any relevant Court orders.

In this case, and at this time, that should be sufficient to give the Lenders comfort about the manner in which assets, including assets pledged as collateral for their secured loans, are dealt with.

It follows from this that if, for example, the Company sought to utilize cash on hand for a purpose inconsistent with the maximization of value in this proceeding, or in breach of the terms of any relevant Court orders, or in any other manner that the Monitor determined was not appropriate, I would expect the Monitor to seek the advice and directions of this Court with respect to those issues, and any proposed expenditure of cash by the Company that the Monitor felt was inappropriate, including but not limited to expenditures that would constitute material variances or a material adverse change in the Company’s projected cash flow or financial circumstances (see s. 23(1)(d) of the CCAA).

It further follows that I do not think it appropriate to grant the control and veto rights to the Lenders contemplated by the RFA, particularly in circumstances where, as here, the security review of the loan and security documents underpinning the security interests of the Lenders remains ongoing by the Monitor (even

recognizing, as I do, that there is no basis before the Court at the present time to inform a reasonable belief that the security is not valid);

- d. I am reinforced in the above-noted point by the fact that the RFA would permit the use of cash, intercompany advances, distributions or other payments only in accordance with a defined Budget attached to the RFA as Schedule “C”.

However, the Budget is not attached to the version of the RFA filed in the materials. It has not been shared with other stakeholders or the Court. For this reason alone, I would be reluctant to approve the RFA given its significant and substantial dependence on the Budget without having had the opportunity to review the Budget.

While I accept the submission of the Lenders, the Applicants and the Monitor that the Budget is generally consistent with the cash flow projection appended to the Supplement to the Monitor’s First Report, and while I understand the commercial sensitivity and potential risk to the ongoing SISP and Lease Monetization Process, the concern remains;

- e. I am reinforced further still in the above point by the fact that, as highlighted for the parties during the hearing of this motion, the ARIO provides a “comeback” right pursuant to which any party may seek the advice and directions of this Court on seven days’ notice.

Moreover, the Commercial List routinely accommodates urgent motions or case conferences in ongoing *CCAA* proceedings on much shorter notice than that, where circumstances so require. This proceeding has already proven to be such an example;

- f. the RFA would specify that all proceeds of Collateral must be applied in accordance with the priority waterfall set out at Schedule “D”. Notwithstanding that the revised version of the RFA would make such distribution subject to further order of the Court, I see no reason to impose a mandatory distribution waterfall at this time. As and when a distribution is sought, all stakeholders will have the ability to make submissions with respect to any appropriate waterfall of such distributions;
- g. the proposed RFA would provide that in the event the Company has Excess Cash (defined as cash from sales in excess of \$15 million), it must be deposited with the Monitor and may be advanced to the Lenders to satisfy post-filing payment obligations incurred in accordance with the Budget. The submission was that cash on hand in excess of \$35 million would be paid over.

In my view, that is not appropriate or necessary at this time. Again, where a distribution is sought, the party seeking such distribution can bring a motion for such relief and the Court can make such directions are appropriate, having heard from the Monitor and other stakeholders;

- h. the RFA would further provide that Excess Cash should be used, within three weeks of the date of the approval of the RFA, to cash collateralize all letter of credit obligations in an amount equal to 104% of the face amounts thereof, together with other related terms. Again, in my view, it is not appropriate to grant such prospective relief at this time, so early in the Liquidation Sale and SISP, and while events remain so fluid;
- i. the RFA would impose numerous defined Negative Covenants on the Company setting out various things it would be prohibited from doing without the consent of the Lenders. Among the most problematic of these Negative Covenants is 14(k), which would prohibit and prevent the Company from seeking to obtain, or failing to oppose, any motion for approval by this Court of any Restructuring Transaction other than a Permitted Restructuring Transaction.

The practical effect of that Negative Covenant would be contrary to the purpose and objective of the ongoing SISP, among other things, and would unduly restrict the Company from supporting (or failing to oppose) any proposed transaction that will be subject to Court approval on notice to all stakeholders anyway. In my view, it is inappropriate to place such a restriction on the Company now, in the context of an ongoing SISP, and in respect of a hypothetical, future, and as-yet unknown possible transaction.

My concern with respect to this point is materially increased by the fact that the definition of “Permitted Restructuring Transaction” means a transaction that provides for repayment in full, in cash on closing, of all outstanding indebtedness to the Lenders. This would mean that the Company could not even bring forward for consideration by the Court and other stakeholders any possible transaction that did not provide for repayment in full of all pre-filing secured debt.

Evaluation and consideration of any proposed transaction is for another day: that is the whole point of the SISP - to generate any and all offers and fully canvass the market as to possible opportunities for Hudson’s Bay. I am uncomfortable restricting the market intended to be created by the SISP and effectively pre-judge the creativity and ingenuity of participants in that process;

- j. the RFA requires the Company to meet certain Milestones set out on Schedule “D”, the failure of which would give certain rights to the Lenders. Those Milestones include the fact that the Court shall have made a distribution order by May, 15, 2025 and the distribution shall be completed within two days thereafter. I am not prepared to pre-determine today whether such an order will be appropriate or reasonable at a future date; and
- k. finally, the RFA would provide for various Events of Default, the occurrence of which would give the Lenders various enumerated Remedies. In my view, it is not appropriate to “pre-authorize” such Remedies. If the Lenders are of the view that

additional Remedies are appropriate and should be ordered by this Court, I am quite confident that they will move for such relief promptly.

Indeed, if ironically, one of the Remedies would be the ability for the Lenders to apply to the Court for the appointment of a Receiver over the Company or the Collateral. I say “ironically” because during the hearing of this motion, the Lenders submitted that if this Court declined to approve the RFA, the Lenders would do just that - promptly seek the appointment of a Receiver.

18. I need not make any determination as to whether such a statement referred to in the last point immediately above was, in the submission of the landlords and others, in the nature of a threat, or whether it was, in the submission of the Lenders, merely an information point for the consideration of the Court. It does not matter. For all of the above reasons, in my view, approval of the RFA at this time is not appropriate. If the Lenders or any other party bring a motion in this proceeding, the Court will consider it at that time, based on the evidence in the record.

19. I recognize the submission of the Lenders that the obligations imposed on the Company by the RFA are, at least in some respects, not overly onerous, and that they are appropriate. The Lenders submit that they will be the fulcrum creditors in this proceeding, and subject to the completion of the security review now ongoing by the Monitor will be the first ranking secured creditors in any event. The protections are appropriate, they argue, given that the practical if unfortunate reality is that they are the creditors most economically affected by the success or failure of this *CCAA* proceeding, and in particular the SISP and the Lease Monetization Process already approved.

20. However, and as stated above, the controls already in place, the obligations on the Applicants as parties to this proceeding, and the oversight of the Court-appointed Monitor, are sufficient to protect the interests of the Lenders while balancing those interests against the rights of other stakeholders during this interim period when so many factors remain at play, significant unknowns remain, and the SISP and Lease Monetization Process are ongoing.

Result and Disposition

21. For all of the above reasons, I decline to approve the RFA. The motion is dismissed.

22. For greater certainty and clarity, I further order and direct (to the extent necessary) that:

- a. pursuant to section 23(1)(b) of the *CCAA* and the direction of this Court, the Monitor shall continue to review on an ongoing basis the Company’s cash-flow statement(s) as to their reasonableness and report to the Court with respect thereto. This applies to current and future cash flow statements, including but not limited to the cash flow statement at Appendix “E” to the Supplement to the First Report of the Monitor dated March 21, 2025 (the “Current Cash Flow Forecast”);
- b. the Court recognizes that it is usual and expected that that cash flow statements are updated from time to time as an insolvency proceeding progresses. The Monitor

shall advise the Court by way of a Report or Supplement, on notice to the Service List, of updated cash flow statements or material variances from existing cash flow statements, in the usual course and on a timely basis as appropriate;

- c. in addition, and without in any way restricting the above, the Monitor will advise the Court, on notice to the Service List, if at any time (whether an updated cash flow statement has been prepared by the Company or not) if, in the professional opinion of the Monitor, actual results vary from the then Current Cash Flow Forecast by 15% or more;
- d. in further addition, the Company shall not, without the consent of the Monitor, who shall, where appropriate, seek the advice and direction of this Court on notice to the Service List, and except in accordance with Orders of this Court already made in this proceeding, make any investments or acquisitions of any kind, direct or indirect, in any other business or otherwise. The Monitor may, as is usual, consult with stakeholders, as appropriate. This specifically includes the Lenders; and
- e. the Monitor shall continue, among its other duties and responsibilities, to monitor cash receipts and disbursements by the Company. The Company should not make any disbursements other than those that are necessary and appropriate. These would include, in particular, any expenditure of cash or commitment to spend by the Company that is not contemplated by the Liquidation Sale Order, the Lease Monetization Order or the SISP already made in this proceeding, or as may be otherwise ordered by the Court on notice to the Service List.

23. Order to go to give effect to these reasons.

A handwritten signature in green ink, appearing to read "Osborne J.", is written above a horizontal line.

Osborne J.

APPENDIX C
Insider Protocol

See attached.

INSIDER PROTOCOL

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the SISP Approval Order of the Ontario Superior Court of Justice (Commercial List) dated March 21, 2025, approving the sale and investment solicitation process (the “**SISP**”), a copy of which is appended hereto as Schedule “A”. A copy of the Lease Monetization Order (as defined in the SISP) is appended hereto as Schedule “B”.

For the purposes of this protocol, “**Insider**” shall mean any Related Person (as defined in the SISP and the Lease Monetization Order, respectively) of the Applicants who advises by applicable deadlines the Monitor, the Financial Advisor and the Broker (as defined in the Lease Monetization Order), as applicable, of its intention to submit an Insider Bid in, or otherwise participate in, the SISP and/or or the Lease Monetization Process (as defined in the Lease Monetization Order); “**Management**” shall be defined as all directors, officers or other members of management of the Applicants; and “**Affected Management**” shall be defined as members of Management identified in writing by the Insider to the Financial Advisor and Monitor prior to such members’ involvement in any substantive capacity in connection with the consideration, negotiation or submission by the Insider of any going concern or other bid or proposal for the Business or Property, including any Leases (an “**Insider Bid**”). Any Insider shall provide the Monitor with a list of Affected Management members and from time to time update such list as necessary.

Pursuant to the SISP, the Financial Advisor and the Applicants, in consultation with and under the supervision of the Monitor, are conducting the SISP, including providing information to assist third parties in making Final Qualified Bids.

. This protocol has been established to ensure the integrity and fairness of the SISP and/or or the Lease Monetization Process for all participants, in view of a potential Insider Bid that may involve certain members of Management for purposes of assisting the Insider in considering, advancing and submitting a potential Insider Bid. In addition to the specific provisions of the SISP and/or or the Lease Monetization Process, the following protocol shall be followed by the Applicants, the Financial Advisor, the Broker, the Monitor, the Insider and Management:

1. Affected Management may not participate in any substantive communications with any Potential Bidder with respect to any matter relating to the SISP or the Lease Monetization Process except at the prior written request, or with prior written consent, of the Monitor. To the extent such prior written request or consent is made or provided, any communications must conform with the terms and conditions of such request or consent.
2. The Monitor and/or the Monitor’s counsel shall participate in any substantive discussions in which the Financial Advisor or the Broker, as applicable, on the one hand, and the Insider and/or Affected Management, on the other hand, discuss the Insider Bid.
3. Affected Management shall not be provided with any information with respect to the SISP or the Lease Monetization Process that has not been otherwise provided or shared with all other SISP participants. Out of an abundance of caution, none of the Applicants’ counsel, the Monitor, the Monitor’s counsel, the Financial Advisor, the Agents or the Broker (each as defined in the Lease Monetization Order) shall provide details as to who has signed an NDA and any indications of interest to Management.

4. The Financial Advisor may, with the consent of the Monitor, introduce and/or facilitate discussions with Potential Sponsors (as defined below) and/or Potential Bidders with the Insider and/or Affected Management, as determined by the Monitor. The Financial Advisor and the Monitor shall determine how to partner Potential Sponsors and/or Potential Bidders with the Insider, if at all. The Financial Advisor shall inform the Monitor of all Potential Sponsors and Potential Bidders with whom the Financial Advisor engages in such discussions. A “**Potential Sponsor**” shall mean a potential provider of equity financing in support of a Final Qualified Bid, but does not include potential providers having a stated continuing interest in making a Final Qualified Bid on their own. Potential Sponsors and Potential Bidders shall be required to execute an NDA acceptable to the Applicants’ counsel and the Monitor prior to engaging in discussions with the Insider or Affected Management.
5. If Management receives any in-bound communications with respect to the SISF or the Lease Monetization Process from any party, the following steps shall be taken:
 - (a) Management will not engage in any substantive discussion with such parties and shall instead direct such parties to speak to the Financial Advisor or the Broker, as applicable. The Monitor shall be notified of such parties delivering inbound communications; and
 - (b) the Financial Advisor may, pursuant to section 4 above, re-introduce such parties to the Insider and Affected Management if they are a Potential Sponsor or Potential Bidder and provided they have signed an NDA acceptable to the Applicants’ counsel and the Monitor.
6. With the prior consent of the Monitor, the Financial Advisor may permit the Insider and Affected Management or other Potential Bidders to engage in direct negotiations with landlords related to Leases and other participants in the SISF who may be potential licensors or licensees of the Applicants’ intellectual property and brands. Any such direct negotiations must be undertaken in accordance with the terms and conditions of any such consent from the Monitor.
7. In addition to any confidentiality and non-disclosure obligations that the Insider and Affected Management may be bound by, the Insider and Affected Management shall maintain all Confidential Information on a strictly confidential basis only and shall not be permitted to share such Confidential Information with anyone other than their professional advisors (on a confidential basis), or as otherwise permitted by this protocol (including as applicable with parties who have executed an NDA acceptable to the Applicants’ counsel and the Monitor), without the consent of the Financial Advisor and the Monitor unless such disclosure is required by law. “**Confidential Information**” shall mean non-public information about the Applicants’ business, contracts (including leases), performance, outlook, assets or liabilities and information with respect to any other participant in the SISF or the Lease Monetization Process.
8. The Insider shall retain its own independent counsel and shall not incur costs on the Applicants’ account in furtherance of an Insider Bid without prior approval of the Monitor, which approval shall only be provided if the Monitor determines that such costs are for the benefit of the estate as a whole.

9. The Insider and Affected Management shall confirm in any discussions with each Potential Sponsor, Potential Bidder, financing sources or other third parties in accordance with this protocol, that neither the Insider nor Affected Management are representing or negotiating on behalf of the Applicants in connection with the SISP or the Lease Monetization Process.
10. For greater certainty, the Financial Advisor, the Broker and the Monitor may interact with Management (including Affected Management) on a day-to-day basis as required on matters in connection with the operation of the business, the administration of the CCAA proceedings and obtaining information to meet the needs of participants in the SISP and the Lease Monetization Process, and nothing in this protocol shall prohibit or limit such interactions.

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**SCHEDULE “A”
SISP APPROVAL ORDER**

(see attached)

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

THE HONOURABLE MR.

)

FRIDAY, THE 21ST DAY

)

JUSTICE OSBORNE

)

OF MARCH, 2025

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

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

**ORDER
(SISP Approval Order)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI, HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") for an order approving the procedures for the Sale and Investment Solicitation Process in respect of the Applicants attached hereto as Schedule "A" (the "**SISP**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated March 16, 2025, and the Supplement to the First Report of the Monitor dated March 21, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the

Counsel Slip, with no one else appearing although duly served as appears from the Affidavit of Service of Brittney Ketwaroo sworn March 17, 2025 and March 21, 2025.

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order, dated March 21, 2025 (the “**ARIO**”), as applicable.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the SISP pursuant to its terms and the terms of this Order. The Applicants and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Applicants, Reflect Advisors, LLC, (“**Reflect**”), the Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Applicants, Reflect, or the Monitor, as applicable, in performing their obligations under the SISP, as determined by this Court.

5. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, Reflect and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their

advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

6. **THIS COURT ORDERS** that notwithstanding anything contained in this Order or in the SISP, neither Reflect nor the Monitor shall take Possession of the Property or be deemed to take Possession of the Property, including pursuant to any provision of the Environmental Legislation.

7. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal must declare such intention to Reflect and the Monitor in writing by April 7, 2025. Until such time as the Applicant or any Related Person declares no such intention, Reflect and the Monitor shall design and implement additional procedures for the SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the SISP.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 (Canada) and any similar legislation in any other applicable jurisdictions, the Applicants, Reflect and the Monitor and each of their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants (each, a “**Potential Bidder**”) and their advisors personal information of identifiable individuals (“**Personal Information**”), records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the SISP (each a “**Transaction**”). Each Potential Bidder to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if required by the Applicants, Reflect or the Monitor. Any successful bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction contemplated in the applicable Successful Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or the Property

acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, Reflect or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor, Reflect or the Applicants.

GENERAL

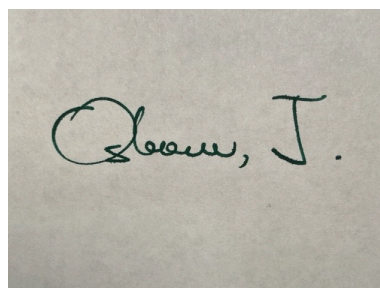
9. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative bodies having jurisdiction in Canada, the United States of America, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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.

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

A rectangular area containing a handwritten signature in dark ink. The signature appears to be 'Osborne, J.' written in a cursive, slightly stylized font.

Digitally signed
by Osborne J.
Date: 2025.03.23
22:51:24 -04'00'

Sale and Investor Solicitation Process

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") obtained an initial order, as may be amended from time to time (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

Pursuant to an Order dated March 21, 2025 (the "**SISP Approval Order**"), the Court approved this sale and investor solicitation process ("**SISP**"). The purpose of this SISP is to seek Sale Proposals and Investment Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Property and the Business.

This SISP describes, among other things: (a) the Property available for sale and the opportunity for an investment in the Business of the Applicants; (b) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business; (c) the manner in which bidders and bids become Final Qualified Bidders and Final Qualified Bids, respectively; (d) the process for the evaluation of bids received; (e) the process for the ultimate selection of a Successful Bidder; and (f) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

Defined Terms

1. The following capitalized terms have the following meanings when used in this SISP:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) the FILO Agent; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
 - (b) "**ARIO**" means the Order of the Court dated March 21, 2025, amending and restating the Initial Order.
 - (c) "**Applicants**" is defined in the introduction hereto.
 - (d) "**Approval Motion**" is defined in paragraph 28.
 - (e) "**Auctions**" is defined in paragraph 21(a).
 - (f) "**Baseline Bid**" is defined in paragraph 24(d)(i).
 - (g) "**Bidding Phase**" is defined in paragraph 13.
 - (h) "**Bidding Phase Bid Deadline**" is defined in paragraph 14.

- (i) **“Business”** means the business of the Applicants and the Non-Applicant Stay Parties.
- (j) **“Business Day”** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (k) **“CCAA”** is defined in the introduction hereto.
- (l) **“Claims and Interests”** is defined in paragraph 10.
- (m) **“Confidential Information Memorandum”** is defined in paragraph 13.
- (n) **“Court”** is defined in the introduction hereto.
- (o) **“Data Room”** is defined in paragraph 13.
- (p) **“Deposit”** is defined in paragraph 15(m).
- (q) **“FILO Agent”** means Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement (as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (r) **“Final Qualified Bid”** is defined in paragraph 15.
- (s) **“Final Qualified Bidder”** is defined in paragraph 24(a).
- (t) **“Financial Advisor”** means Reflect Advisors, LLC.
- (u) **“Form of Investment Agreement”** means the form of equity investment agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for an Investment Proposal.
- (v) **“Form of Purchase Agreement”** means the form of purchase and sale agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for a Sale Proposal.
- (w) **“Initial Order”** is defined in the introduction hereto.
- (x) **“Investment Proposal”** means a proposal to invest in or refinance all or a portion of the Business of the Applicants.
- (y) **“Known Potential Bidders”** is defined in paragraph 6.
- (z) **“Lease Monetization Order”** means the Order of the Court dated March 21, 2025 approving of a sale process with respect to the Leases.
- (aa) **“Leases”** means the Applicants’ and the Non-Applicant Stay Parties’ leasehold interests and all related rights and obligations in connection therewith

- (bb) **“Liquidation Process Approval Order”** means the Order of the Court dated March 21, 2025 with respect to the proposed liquidation of inventory.
- (cc) **“Monitor”** means Alvarez & Marsal Canada Inc., solely in its capacity as the Court-appointed monitor of the Applicants in their proceedings under the CCAA.
- (dd) **“NDA”** means a non-disclosure agreement in form and substance satisfactory to the Monitor, the Financial Advisor and the Applicants, which will inure to the benefit of any purchaser of the Property or any investor in the Business or the Applicants.
- (ee) **“Non-Applicant Stay Parties”** has the definition ascribed to it in the Affidavit of Jennifer Bewley sworn March 7, 2025
- (ff) **“Outside Date”** means July 15, 2025, or such later date as may be agreed to by the Applicants, the Financial Advisor, and the Monitor.
- (gg) **“Potential Bidder”** is defined in paragraph 11.
- (hh) **“Property”** means all of property, assets and undertakings of the Applicants and the Non-Applicant Stay Parties.
- (ii) **“Qualified Bidder”** is defined in paragraph 12.
- (jj) **“Related Person”** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (kk) **“Sale Proposal”** means a proposal to acquire all or a portion of the Property relating to the Applicants’ Business on a liquidation or going concern basis.
- (ll) **“Senior Indebtedness”** means the obligations under the Revolving Credit Facility, FILO Credit Facility and Pathlight Credit Facility (as such terms are defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (mm) **“SISP Approval Order”** is defined in the introduction hereto.
- (nn) **“Solicitation Process”** means the process for soliciting and selecting bids for the sale of or investment in the Business and Property.
- (oo) **“Successful Bid”** is defined in paragraph 21(b).
- (pp) **“Successful Bidder”** is defined in paragraph 24(g).
- (qq) **“Teaser Letter”** is defined in paragraph 6.

Supervision of the SISP

2. The SISP Approval Order and the SISP shall exclusively govern the process for Solicitation Process. For the avoidance of doubt, the Lease Monetization Order shall govern the process for soliciting and selecting bids for the Leases and nothing in this SISP shall alter, restrict or otherwise modify the terms of the Lease Monetization Order.

3. The Monitor will supervise, in all respects, the SISP and any attendant sales or investments. The Monitor, in consultation with the Applicants, the Financial Advisor, and the Agents, shall have the right to adopt such other rules for the SISP that in its reasonable business judgement will better promote the goals of the SISP. In the event that there is disagreement or clarification required as to the interpretation or application of this SISP or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Monitor or the Applicants. For the avoidance of doubt, with respect to the Monitor's role in regards to the SISP, the terms of the Initial Order concerning the Monitor's rights, duties and protections in the Applicants' CCAA proceedings shall govern.

Sale and Investment Opportunity

4. One or more bids for a sale of, or an investment in, all or a portion of the Business or the Property relating to the Applicants' Business will be considered, either alone or in combination as a Final Qualified Bid or a Successful Bid.
5. A bid may, at the option of the Qualified Bidder, involve, among other things, one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern; a sale of the Property or any part thereof as contemplated herein to the Qualified Bidder or to a newly formed acquisition entity; or a plan of compromise or arrangement pursuant to the CCAA or any corporate or other applicable legislation.

Solicitation of Interest and Publication Notice

6. The Financial Advisor, in consultation with the Applicants, the Monitor, the Agents, and their respective advisors, has prepared a list of persons who may have an interest in bidding for the sale of or investment in the Business (the "**Known Potential Bidders**"). Concurrently, the Financial Advisor, in consultation with the Applicants, the Monitor and their respective advisors, has prepared an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the existence of the SISP and inviting the Known Potential Bidders to express their interest in accordance with the terms of the SISP.
7. Within one business day of the granting of the SISP Approval Order, the Financial Advisor shall distribute to the Known Potential Bidders the Teaser Letter, as well as a copy of the SISP Approval Order and a draft form of NDA.
8. As soon as reasonably practicable after the granting of the SISP Approval Order, but in any event no more than three (3) Business Days after the issuance of the SISP Approval Order, the Applicants will issue a press release setting out the notice and such other information, in form and substance satisfactory to the Monitor in consultation with the Financial Advisor, designating dissemination in Canada and major financial centres in the United States.

"As Is, Where Is"

9. The sale of the Property or investment in 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 Applicants, the Financial Advisor or any of their respective agents, except

to the extent set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Free Of Any and All Claims and Interests

10. In the event of a sale of all or a portion of the Property, subject to approval by the Court, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to such Court orders as may be desirable, except to the extent otherwise set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Participation Requirements

11. In order to participate in the SISP, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor, with a copy to the Monitor, at the addresses specified in Schedule “A” hereto (including by email):
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which shall include provisions whereby the Potential Bidder agrees to accept and be bound by the provisions contained herein.
12. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Applicants, in their reasonable business judgement, in consultation with the Financial Advisor and the Monitor, determine is likely, based on the availability of financing, experience and other considerations, to be able to consummate a Sale Proposal or an Investment Proposal on or before the Outside Date will be deemed a “**Qualified Bidder**”, and will be promptly notified of such determination by the Financial Advisor.

SISP – BIDDING PHASE

Due Diligence

13. During this process (the “**Bidding Phase**”), each Qualified Bidder will be provided with: (i) a copy of a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (ii) access to an electronic data room of due diligence information for Qualified Bidders (the “**Data Room**”). The Data Room will contain such due diligence materials and information relating to the Property and the Business as the Financial Advisor, in its reasonable business judgment, in consultation with the Monitor and the Applicants, determines necessary, including, as appropriate, information or materials reasonably requested by Qualified Bidders, on-site presentation by senior management of the Applicants, and facility tours. The Monitor, the Financial Advisor and the Applicants make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room; (ii) provided through the due diligence process; or (iii) otherwise made available in connection with this SISP, except to

the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants. Selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants and the Financial Advisor, in consultation and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

14. A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal subject to the following requirements:
- (a) in the case of a Sale Proposal, a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;
 - (b) in the case of an Investment Proposal, a duly authorized and executed investment agreement based on the Form of Investment Agreement and accompanied by a mark-up of the Form of Investment Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;

to the Financial Advisor, the Applicants and to the Monitor at the addresses specified in Schedule "A" hereto (including by email) so as to be received by it no later than 5:00 pm (Eastern Standard Time) on April 30, 2025, or such other date as determined by the Applicants, in consultation with the Financial Advisor and with the consent of the Monitor (the "**Bidding Phase Bid Deadline**").

15. A bid will be considered a "**Final Qualified Bid**" only if the bid complies with, among other things, the following requirements:
- (a) it includes a letter stating that the bidder's offer is submitted in good faith and is irrevocable until the earlier of (i) the approval by the Court of a Successful Bid and (ii) 60 days following the Bidding Phase Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;
 - (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor and the Applicants, in consultation with the Financial Advisor, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;
 - (c) in respect of a Sale Proposal, the Property to be included, and in the case of an Investment Proposal, any Property to be divested or disclaimed prior to closing;
 - (d) it includes a redline to the Form of Sale Agreement or Form of Investment Agreement, as applicable;

- (e) it includes full details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a Sale Proposal) or shall remain as employees of the Applicants (in the case of an Investment Proposal) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;
- (f) details of any liabilities to be assumed by the Qualified Bidder;
- (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
 - (ii) obtaining financing;
- (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation, and discloses any connections or agreements with the Applicants or any of their affiliates;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (j) it identifies with particularity the contracts and leases the bidder wishes to assume or exclude, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Monitor and the Applicant, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of this SISP;
- (n) it contains other information reasonably requested by the Financial Advisor, the Monitor or the Applicants;
- (o) it is received by the Bidding Phase Bid Deadline;
- (p) it does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;
- (q) it includes a statement that the bidder will bear its own costs and expenses in connection with the proposed transaction, and by submitting its bid is agreeing to

refrain from and waive any assertion or request for reimbursement on any basis;
and

- (r) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Applicants or the completeness of any information provided in connection therewith and/or the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement or the Investment Agreement.
- 16. Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal must declare such intention to the Financial Advisor and the Monitor in writing by April 7, 2025. Until such time that the Applicant or any Related Person declares no such intention, the Financial Advisor and the Monitor shall design and implement additional procedures for the SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the SISP.
 - 17. All secured creditors of the Applicants shall have the right to bid in the SISP, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the SISP, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the SISP.

Evaluation of Final Qualified Bids

- 18. The Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, will review each bid as set forth herein and determine if one or more of them constitute a Final Qualified Bid. For the purpose of such consultations and evaluations, the Applicants, the Financial Advisor and/or the Monitor may request clarification of the terms of any bid.
- 19. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such bid in relation to other bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; (h) the assets included or excluded from the bid; (i) proposed treatment of the employees; (j) any transition services required from the Applicants post-closing and any related restructuring costs; (k) the likelihood and timing of consummating the transaction; and (l) the allocation of value among the assets being acquired.
- 20. Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the firm, irrevocable commitment for financing the transaction;

(c) the debt to equity structure post-closing; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; and (h) the likelihood and timing of consummating the transaction.

21. If one or more Final Qualified Bids is received:

- (a) the Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, shall determine if one or more auctions (the “**Auctions**”) are required. If required, the Auctions will be held on or about May 16, 2025, in accordance with the terms outlined below; or
- (b) the Applicants, exercising their reasonable business judgment and following consultation with the Financial Advisor, the Monitor, and the Agents, may select the most favourable Final Qualified Bid(s) and negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought (the “**Successful Bid**”).

22. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, after consultation with the Monitor, the Financial Advisor, and the Agents, to reject any or all Final Qualified Bids.

23. If no Final Qualified Bid is received, the SISP shall be automatically terminated.

Auction Process

24. If the Applicants, in consultation with the Financial Advisor and the Monitor, determine that one or more Auctions are required, the Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:

- (a) only Qualified Bidders who submitted Final Qualified Bid (“**Final Qualified Bidders**”) and their financial and legal advisors shall be entitled to participate in an Auction;
- (b) the Final Qualified Bidders who wish to participate at an Auction must appear in person;
- (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
- (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Final Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the financial Advisor, that are the most favourable Final Qualified Bid(s) as of the date thereof (the “**Baseline Bid**”); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;

- (e) to make a bid at the Auction, a Final Qualified Bidder will modify and resubmit its Final Qualified Bid, which resubmission shall become its new Final Qualified Bid;
 - (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Final Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) that comply with the procedures set forth for the Auction, and such highest and best Final Qualified Bid at the time shall become the Successful Bid (and the person(s) who made the Successful Bid shall become the **"Successful Bidder"**).
25. For greater certainty, in order for one or more Final Qualified Bids to be the Successful Bid, such Final Qualified Bid(s) must receive the written consent of the Agents, in each case as required under the Intercreditor Agreement dated December 23, 2024 attached as Exhibit "C" to the Affidavit of Jennifer Bewley sworn March 7, 2025.
26. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
27. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more Qualified Bids as Successful Bidders that did not offer the highest purchase price for the Property or the Business.

Approval Motion for Successful Bid

28. The Applicant will apply to the Court (the **"Approval Motion"**) for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.
29. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants on or before May 30, 2025.
30. All Final Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.

OTHER TERMS

Deposits

31. All Deposits will be retained by the Monitor in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within thirty (30) Business Days of the date upon which the Successful Bid

is approved by the Court. If there is no Successful Bid subject to the following paragraph, all Deposits will be returned to the bidders within ten (10) Business Days of the date upon which the SISP is terminated in accordance with these procedures.

32. If a Successful Bidder breaches its obligations under the terms of the SISP, its Deposit plus any interest earned thereon shall be forfeited as liquidated damages and not as a penalty.

Approvals

33. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, the terms of paragraph 38 hereof, or any other Order of the Court in order to implement a Successful Bid.

Agents Consultation

34. The Applicants, the Monitor and the Financial Advisor will communicate and consult with all Agents through the Solicitation Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Financial Advisor shall provide the Agents with any and all information reasonably requested with respect to the SISP.

Amendment

35. If there is any proposed material modification to the SISP by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Financial Advisor and the Agents, to modify the SISP from time to time.
36. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants and any Qualified Bidder, other than as specifically set forth in a definitive agreement that may be signed with the Applicants. At any time during the SISP, the Monitor may, following consultation with the Financial Advisor, and the Applicant, upon reasonable prior notice to the Agents, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Compliance with Liquidation Process Approval Order

37. In carrying out the terms of this SISP, the Applicants, the Monitor and the Financial Advisor will comply with the terms of the Liquidation Process Approval Order, and any other Order of the Court.

Reservation of Rights

38. Without detracting from the Reservation of Rights (defined below) and any rights which RioCan Real Estate Investment Trust and/or its affiliates may have, no bid shall be considered a Final Qualified Bid: (a) in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party without the prior written consent of the relevant Non-Applicant Secured Creditor (as defined in the ARIO) in respect of such Property; and (b) in respect

of any Property (as defined in the SISP) of RioCan Real Estate Investment Trust without the prior written consent of RioCan Real Estate Investment Trust.

39. All consent and consultation rights provided to the Agents in this SISP in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party shall instead be provided to RioCan Real Estate Investment Trust and the relevant Non-Applicant Secured Creditor(s) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.
40. Nothing in the SISP acknowledges or declares that the interests in the Business or Property (each as defined in the SISP) being marketed within this SISP are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Business or Property (each as defined in the SISP) are expressly preserved and not derogated from (the "**Reservation of Rights**").

Schedule "A"

Address for Notices and Deliveries

To the Monitor

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company ULC
et al.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a copy to

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Financial Advisor

Restore Capital LLC
4705 Benton Smith Road
Nashville, TN 37215

Attn: Adam Zalev
E-mail: azalev@reflectadvisors.com

To the Applicants

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

ONTARIO

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

Proceeding commenced at Toronto

**ORDER
(SISP Approval Order)**

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Lawyers for the Applicants

**SCHEDULE “B”
LEASE MONETIZATION ORDER**

(see attached)

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

THE HONOURABLE MR.

)

FRIDAY, THE 21ST DAY

)

JUSTICE OSBORNE

)

OF MARCH, 2025

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

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

**ORDER
(Lease Monetization Process)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") for an order approving the Lease Monetization Process (defined below) was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants, (in such capacity, the "**Monitor**"), dated March 16, 2025, and the Supplement to the First Report of the Monitor dated March 21, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the Affidavits of Service of Brittney Ketwaroo sworn March 17, 2025 and March 21, 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not otherwise defined herein have the meanings ascribed in the Lease Monetization Process attached hereto as Schedule “A” (the “**Lease Monetization Process**”) or the Amended and Restated Initial Order, dated March 21, 2025 (the “**ARIO**”), as applicable.

APPROVAL OF THE LEASE MONETIZATION PROCESS

3. **THIS COURT ORDERS** that the Lease Monetization Process is hereby approved. The Applicants, the Monitor and the Broker are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Lease Monetization Process.
4. **THIS COURT ORDERS** that the agreement dated March 20, 2025, engaging Oberfeld Snowcap Inc. (“**Oberfeld**”) as Broker to Hudson’s Bay in the form attached as Exhibit “B” to the Affidavit of Jennifer Bewley sworn March 21, 2025, and the retention of Oberfeld under the terms thereof, is hereby approved.
5. **THIS COURT ORDERS** that each of the Applicants, the Monitor, the Broker and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Lease Monetization Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor, or the Broker, as applicable, in performing their obligations under the Lease Monetization Process, as determined by this Court.
6. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal must declare such intention to the Monitor and the Broker in writing by April 7, 2025. If the Applicant or any Related Person makes such declaration, the Monitor and the Broker shall design and implement additional procedures for the Lease Monetization Process in respect

of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.

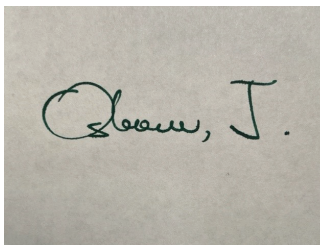
7. **THIS COURT ORDERS** that notwithstanding any other term contained herein and paragraph 11 of the ARIO, on or before July 15, 2025, the Applicants shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or the Lease Monetization Order that has not been terminated in accordance with terms thereof.

8. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, the Monitor and the Broker are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Lease Monetization Process in these proceedings.

9. **THIS COURT ORDERS** that the Applicants 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.

10. **THE 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 Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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

A rectangular box containing a handwritten signature in black ink that reads "Osborne, J.".

Digitally signed
by Osborne J.
Date: 2025.03.23
22:48:27 -04'00'

Schedule "A"

LEASE MONETIZATION PROCESS

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI (the "**Company**") and those parties listed in Schedule "**A**" hereto (collectively, the "**Applicants**") sought and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order (as amended, restated or varied from time to time, the "**Initial Order**") granted by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Parties listed in Schedule "**B**" were also granted protection as "Non-Applicant Stay Parties". Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the "**Monitor**").

On March 14, 2025, the Applicants served a motion seeking, among other things, an order for the approval of a sale process (as same may be amended from time to time, the "**Lease Monetization Process**") pursuant to, and in accordance with, the Lease Monetization Order (as defined below) to be conducted under the supervision of the Court and the Monitor.

The purpose of this Lease Monetization Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases, which implementation may include sales, dispositions, assignments, surrender (if accepted by the applicable landlord), or other transaction forms. The Applicants, in their reasonable business judgment, and in consultation with the Broker, the Monitor and Agents, may, from time to time, withdraw any Lease from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease.

On March 21, 2025, the Court entered an order approving the Lease Monetization Process (the "**Lease Monetization Order**").

This Lease Monetization Process describes, among other things: (a) the Leases available for sale (which, for greater certainty, is without prejudice to the position of a Landlord as to whether a Non-Applicant Stay Party's interest in a Lease can be subject to such sale) (the "**Landlord Reservation of Rights**"); (b) the manner in which Interested Bidders may gain access to due diligence materials concerning the Leases; (c) the manner in which bidders and bids become Qualified LOI Bidders or Qualified Bidders and Qualified LOI Bids or Qualified Bids, respectively; (d) the ultimate selection of one or more Successful Bidders; and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Lease Monetization Process:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).

- (b) **"Applicants"** is defined in the introduction hereto.
- (c) **"Approval Motion"** is defined in paragraph 23.
- (d) **"ARIO"** means the Amended and Restated Initial Order dated March 21, 2025
- (e) **"Broker"** means Oberfeld Snowcap Inc.
- (f) **"Business Day"** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (g) **"CA"** means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor. For greater certainty, there is no requirement for Landlords to enter into CA's in respect of their own Leases.
- (h) **"CCAA"** is defined in the introduction hereto.
- (i) **"Company"** is defined in the introduction hereto.
- (j) **"Court"** is defined in the introduction hereto.
- (k) **"Deposit"** is defined in paragraph 20(k).
- (l) **"Form of Purchase Agreement"** means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Broker, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (m) **"Initial Order"** is defined in the introduction hereto.
- (n) **"Interested Bidder"** is defined in paragraph 8.
- (o) **"Landlord LOI"** means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (p) **"Landlord Qualified Bid"** means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 20(a), 20(c), 20(d), 20(e), 20(g), 20(h), 20(i), 20(j), 20(k) and 20(l)
- (q) **"Lease Monetization Order"** is defined in the introduction hereto.
- (r) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto, subject in all respects to the Landlord's Reservation of Rights, as defined herein.
- (s) **"LOI"** is defined in paragraph 7.
- (t) **"Monitor"** is defined in the introduction hereto.

- (u) **“Non-Applicant Stay Parties”** are the entities listed in Schedule **“B”** hereto.
- (v) **“Outside Date”** means June 17, 2025.
- (w) **“Phase 1”** is defined in paragraph 7.
- (x) **“Phase 1 Bid Deadline”** is defined in paragraph 9.
- (y) **“Phase 2”** means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (z) **“Qualified Bid”** means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 20.
- (aa) **“Qualified Bid Deadline”** is defined in paragraph 18.
- (bb) **“Qualified Bidder”** means a bidder that submits a Qualified Bid.
- (cc) **“Qualified LOI”** is defined in paragraph 10.
- (dd) **“Qualified LOI Bid”** is defined in paragraph 16.
- (ee) **“Qualified LOI Bidder”** is defined in paragraph 16.
- (ff) **“Related Person”** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (gg) **“Sale Proposal”** means an offer to acquire or otherwise assume of all or some of the Leases. A “Sale Proposal” may include a transaction involving the assignment and assumption, and/or surrender of a Lease or Leases (in the case of a surrender, such proposal may only form part of a Landlord Qualified Bid, or otherwise require the Landlord’s consent to a surrender of the Lease).
- (hh) **“SISP”** means the Sale and Investment Solicitation Process approved by the Court on March 21, 2025.
- (ii) **“Successful Bid”** is defined in paragraph 22(b).
- (jj) **“Successful Bidder”** is defined in paragraph 22(b).
- (kk) **“Targeted Outside Date”** means June 3, 2025, or such later date as may be determined by the Applicants, on consent of the Monitor, in consultation with the Broker and the Agents, provided that in no event shall such date be after June 17, 2025.
- (ll) **“Teaser Letter”** is defined in paragraph 4.

Supervision of the Lease Monetization Process

2. The Monitor will supervise, in all respects, the Lease Monetization Process, any attendant sales and, without limitation, will supervise the Broker’s performance under its

engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Broker as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Lease Monetization Process or the responsibilities of the Monitor, the Broker or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded to the Monitor under the CCAA, the Initial Order and the Lease Monetization Order, the terms of the Initial Order and the Lease Monetization Order shall govern the Monitor's role as it relates to the Lease Monetization Process.

"As Is, Where Is"

3. The sale of the Leases will be on an **"as is, where is"** basis and without representations or warranties of any kind, nature, or description by the Monitor, the Broker, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.

Solicitation of Interest

4. As soon as reasonably practicable, but in any event no later than three (3) Business Days after the issuance of the Lease Monetization Order, the Broker shall distribute an initial offering summary of the Leases in form acceptable to the Applicants and the Monitor (the **"Teaser Letter"**) notifying those potentially interested parties that are identified by the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Lease Monetization Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases.

Participation Requirements

5. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Lease Monetization Process other than a Landlord in respect of any of its own Leases must deliver to the Broker at the address specified in Schedule **"D"** hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.
6. All secured creditors of the Applicants shall have the right to bid in the Lease Monetization Process, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the Lease Monetization Process, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the Lease Monetization Process.

LEASE MONETIZATION PROCESS - PHASE 1

Phase 1 Initial Timing

7. For a period from the date of the Lease Monetization Order until the Phase 1 Bid Deadline (“**Phase 1**”), the Broker (with the assistance of the Monitor and the Applicants) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases (each, an “**LOI**”).

Due Diligence

8. Subject to the provisions of paragraph 28, the Broker will provide each party who executes a CA (an “**Interested Bidder**”) with access to an electronic data room. The Monitor, the Broker and the Applicants, and each of their representatives, make no representation or warranty as to the information: (a) contained in the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

9. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Broker at the address specified in Schedule “**D**” hereto (including by email transmission), so as to be received by the Broker not later than 5:00 PM (Toronto time) on or before April 15, 2025, or such later date or time as may be determined by the Applicants, with the consent of the Monitor, in consultation with the Broker and the Agents (the “**Phase 1 Bid Deadline**”). Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit an LOI or participate in Lease Monetization Process must declare such intention to the Broker and the Monitor in writing by April 7, 2025. If the Applicant or any Related Party makes such declaration, the Broker and the Monitor shall design and implement additional procedures for the Lease Monetization Process in respect of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.
10. An LOI so submitted will be considered a qualified LOI for the purposes hereof (each a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases or Lease subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease;

- (d) it provides a general description of any likely financing associated with the proposed transaction, subject to any restrictions that may exist in the applicable Leases;
 - (e) it provides a general description as to whether the Interested Bidder anticipates its bid containing any provisions that do not conform to the restrictions surrounding the “permitted use” of the property as defined in each of the Leases;
 - (f) it describes any additional due diligence required to be conducted during Phase 2;
 - (g) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (h) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Broker.
11. Notwithstanding anything to the contrary contained herein, a Landlord LOI shall be deemed to be a Qualified LOI.
 12. The Applicants, with the consent of the Monitor and in consultation with the Broker, may waive compliance with any one or more of the requirements specified in paragraph 10 (other than those in 10(c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Lease Monetization Process

13. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be reasonably determined by the Applicants with the consent of the Monitor, in consultation with the Broker and the Agents, the Applicants will, in consultation with the Broker, the Monitor, and the Agents, assess the Qualified LOIs received during Phase 1, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Monitor or the Broker may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.
14. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor, the Broker and the Agents, will consider, among other things, the following:
 - (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;

- (d) the financial and other capabilities of the Interested Bidder to perform, observe and comply with the terms (including payment, use provisions and other obligations) of the applicable Lease(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Broker, determine.
15. If one or more Qualified LOIs are received and the Applicants, in consultation with the Broker, the Monitor, and the Agents, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Lease Monetization Process as set forth herein.

PHASE 2

Due Diligence

16. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Lease Monetization Process by the Applicants, following consultation with the Broker and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 14 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **"Qualified LOI Bidder"**).
17. Subject to the provisions of paragraph 28, to the extent that a Qualified LOI Bidder requested due diligence within their Qualified LOI as per paragraph 10(f) herein, the Broker will provide the Qualified LOI Bidder with access to due diligence materials and information relating to the Leases as the Applicants, in their reasonable business judgment and in consultation with the Broker and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Qualified LOI Bidders.

Qualified Bids

18. The Phase 2 deadline for submission of binding bids to be considered for the sales of Lease(s) (the **"Qualified Bids"**) shall be May 1, 2025, or such later date or time as may be determined by the Applicants with the consent of the Monitor and in consultation with the Broker and the Agents (the **"Qualified Bid Deadline"**).
19. Notwithstanding anything to the contrary herein, a Landlord Qualified Bid shall be deemed to be a Qualified Bid.

20. Any Qualified LOI Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s):
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up to the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified LOI Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as a Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Applicants, in consultation with the Broker and the Monitor, to make a reasonable determination as to the Qualified LOI Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;
 - (e) it lists the Lease(s) proposed to be subject to the bid and an allocation of the purchase price on a Lease by Lease basis;
 - (f) it includes details of any amendments which such Qualified LOI Bidder seeks in respect of any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Qualified LOI Bidder, provided that, for greater certainty, nothing in this Lease Monetization Process shall be construed to: (i) permit or require any amendments to the terms of any Lease(s) without the prior written consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Qualified LOI Bidder regarding any such amendments;
 - (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified LOI Bidder; or
 - (ii) obtaining financing;
 - (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
 - (i) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;

- (j) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Broker, that the requisite authorization(s) and/or approval(s) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid have been obtained by the bidder;
 - (k) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Lease(s) proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Lease Monetization Process.
 - (l) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Leases to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and
 - (m) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Broker.
21. The Applicants with the consent of the Monitor, in consultation with the Broker, the Monitor and the Agents, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
22. The Applicants, in consultation with the Broker, the Monitor, and the Agents:
- (a) may engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion;
 - (b) shall determine which is the most favourable bid with respect to such Lease(s) (the “**Successful Bid**” and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”), taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction and capability of performing the obligations of the tenant under the applicable Lease(s);
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals and any lease amendments);

- (v) the terms and provisions of any proposed transaction documentation;
- (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
- (vii) such other criteria as the Applicants may in consultation with the Monitor and the Broker determine.

Approval Motion for Definitive Agreements

23. The Applicants will apply to the Court (the “**Approval Motion**”) for an order, among other things, approving the Successful Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the Agents, without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Lease Monetization Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a Landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

24. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, or Qualified Bid, as applicable.

Amendment

25. If there is any proposed material modification to the Lease Monetization Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Broker and the Agents, to modify the Lease Monetization Process from time to time.

Disclaimers

26. Notwithstanding any other term contained herein and paragraph 12 of the ARIO, on or before July 15, 2025, the Applicant shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or this Lease Monetization Process that has not been terminated in accordance with terms thereof.

Monitor Updates

27. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Lease Monetization Process, including an update to be delivered to the Court at the conclusion of Phase 1.

Reservation of Rights

28. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Broker, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Lease Monetization Process at any time after entry of the Lease Monetization Order.
29. Notwithstanding anything else contained herein, at any time after entry of the Lease Monetization Order, the Applicants, in their reasonable business judgment and in consultation with the Broker, the Monitor, and the Agents, may, from time to time, withdraw any Lease(s) from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
30. The Applicants, after consultation with the Broker, the Monitor, and the Agents, may reject any or all bids. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, or any other Order of the Court in order to implement a Successful Bid or Qualified Bid, as applicable.
31. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/HudsonsBay> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
32. This Lease Monetization Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the Broker or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Lease Monetization Process, the Applicants or the Monitor may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.
33. Nothing in the Lease Monetization Process or the Lease Monetization Order acknowledges or declares that the interests in the Leases being marketed within this Lease Monetization Process are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Leases are expressly preserved and not derogated from (the "**Reservation of Rights**").
34. All consent and consultation rights provided to the Agents in this Lease Monetization in respect of any JV Head Lease shall instead be provided to RioCan Real Estate Investment

Trust and the relevant Non-Applicant Secured Creditor(s) (as defined in the ARIO) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.

35. In respect of any JV Head Lease (as defined in the Initial Order) and without detracting from the Reservation of Rights and any rights RioCan Real Estate Investment Trust and/or its affiliates may have in relation to such JV Head Lease, no bid shall be considered a Successful Bid or Landlord Qualified Bid: (a) in respect of any JV Head Lease without the prior written consent of the relevant Non-Applicant Secured Creditor in respect of such JV Head Lease; and (b) in respect of RioCan Real Estate Investment Trust's interest in any JV Head Lease without the prior written consent of RioCan Real Estate Investment Trust. All references to the consent of any party in this paragraph relating to any JV Head Lease with a Non-Applicant Stay Party and RioCan Real Estate Investment Trust is in addition to any consent right that may exist in favour of the landlord under the applicable JV Head Lease.

Agents Consultation

36. The Applicants, the Monitor and the Broker will communicate and consult with all Agents through the Lease Monetization Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Broker shall provide the Agents with any and all information reasonably requested with respect to the Lease Monetization Process.

Landlord Communications

37. The Applicants, the Monitor and the Broker will communicate with the landlord party to the Leases from time to time, as appropriate, in connection with their respective interests in the Lease Monetization Process.

SCHEDULE A

Applicants

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

The Bay Holdings ULC

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

2472598 Ontario Inc.

SCHEDULE B

Non-Applicant Stay Parties

RioCan-HBC General Partner Inc.

HBC Holdings LP

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

EXHIBIT 'C'**LEASES****Hudson's Bay**

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rocky View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

Distribution Centres

Center	City	Prov.	GLA	Landlord
Scarborough Logistics Center	Toronto	ON	738,102	100 Metropolitan Portfolio Inc
Vancouver Logistics Center	Richmond	BC	416,900	PIRET (18111 Blundell Road) Holdings Inc.
Eastern Big Ticket Center	Toronto	ON	501,000	ONTARI Holdings Ltd.
Toronto Logistics Center	Toronto	ON	221,244	BCIMC Realty Corporation

SCHEDULE D

To the Company:

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

With a copy to:

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

Attn: Ashley Taylor / Maria Konyukhova
Email: ataylor@stikeman.com / mkonyukhova@stikeman.com

To the Monitor :

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company
ULC et al.
Royal Bank Plaza, South Tower 200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a Copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Broker:

Oberfeld Snowcap Inc.
121 King Street West, Suite 1800
Toronto, ON M5H 3T9

Attn: Jay Freedman
Email: jay@oberfeldsnowcap.com

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER
(Lease Monetization Order)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Lawyers for the Applicants

APPENDIX D
Revised Insider Protocol

See attached.

INSIDER PROTOCOL

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the SISP Approval Order of the Ontario Superior Court of Justice (Commercial List) dated March 21, 2025, approving the sale and investment solicitation process (the “**SISP**”), a copy of which is appended hereto as Schedule “A”. A copy of the Lease Monetization Order (as defined in the SISP) is appended hereto as Schedule “B”.

For the purposes of this protocol, “**Insider**” shall mean any Related Person (as defined in the SISP and the Lease Monetization Order, respectively) of the Applicants who advises by applicable deadlines the Monitor, the Financial Advisor and the Broker (as defined in the Lease Monetization Order), as applicable, of its intention to submit an Insider Bid in, or otherwise participate in, the SISP and/or or the Lease Monetization Process (as defined in the Lease Monetization Order); “**Management**” shall be defined as all directors, officers or other members of management of the Applicants; and “**Affected Management**” shall be defined as members of Management identified in writing, on or before April 7, 2025, by the Insider to the Financial Advisor and Monitor prior to such members’ involvement in any substantive capacity in connection with the consideration, negotiation or submission by the Insider of any going concern or other bid or proposal for the Business or Property, including any Leases (an “**Insider Bid**”). The list of Affected Management may not be altered by an Insider without the prior consent of the Monitor.

Pursuant to the SISP, the Financial Advisor and the Applicants, in consultation with and under the supervision of the Monitor, are conducting the SISP, including providing information to assist third parties in making Final Qualified Bids.

This protocol has been established to ensure the integrity and fairness of the SISP and/or or the Lease Monetization Process for all participants, in view of a potential Insider Bid that may involve certain members of Management for purposes of assisting the Insider in considering, advancing and submitting a potential Insider Bid. In addition to the specific provisions of the SISP and/or or the Lease Monetization Process, the following protocol shall be followed by the Applicants, the Financial Advisor, the Broker, the Monitor, the Insider and Management:

1. Affected Management may not participate in any substantive communications with any Potential Bidder or Interested Bidder with respect to any matter relating to the SISP or the Lease Monetization Process except at the prior written request, or with prior written consent, of the Monitor. To the extent such prior written request or consent is made or provided, any communications must conform with the terms and conditions of such request or consent.
2. The Monitor and/or the Monitor’s counsel shall participate in any substantive discussions in which the Financial Advisor or the Broker, as applicable, on the one hand, and the Insider and/or Affected Management, on the other hand, discuss the Insider Bid.
3. Affected Management shall not be provided with any information with respect to the SISP or the Lease Monetization Process that has not been otherwise provided or shared with all other SISP participants. Out of an abundance of caution, none of the Applicants’ counsel, the Monitor, the Monitor’s counsel, the Financial Advisor, the Agents or the Broker (each as defined in the Lease Monetization Order) shall provide details as to who has signed an NDA and any indications of interest to Management.

4. The Financial Advisor may, with the consent of the Monitor, introduce and/or facilitate discussions with Potential Sponsors (as defined below), Potential Bidders and/or Interested Bidders with the Insider and/or Affected Management, as determined by the Monitor. The Financial Advisor and the Monitor shall determine how to partner Potential Sponsors, Potential Bidders and/or Interested Bidders with the Insider, if at all. The Financial Advisor shall inform the Monitor of all Potential Sponsors, Potential Bidders and Interested Bidders with whom the Financial Advisor engages in such discussions. A “**Potential Sponsor**” shall mean a potential provider of equity financing in support of a Final Qualified Bid, but does not include potential providers having a stated continuing interest in making a Final Qualified Bid on their own. Potential Sponsors, Potential Bidders and Interested Bidders shall be required to execute an NDA acceptable to the Applicants’ counsel and the Monitor prior to engaging in discussions with the Insider or Affected Management.
5. If Management receives any in-bound communications with respect to the SISP or the Lease Monetization Process from any party, the following steps shall be taken:
 - (a) Management will not engage in any substantive discussion with such parties and shall instead direct such parties to speak to the Financial Advisor or the Broker, as applicable. The Monitor shall be notified of such parties delivering inbound communications; and
 - (b) the Financial Advisor may, with the consent of the Monitor and pursuant to section 4 above, re-introduce such parties to the Insider and Affected Management if they are a Potential Sponsor, Potential Bidder or Interested Bidder and provided they have signed an NDA acceptable to the Applicants’ counsel and the Monitor.
6. With the prior consent of the Monitor, the Financial Advisor may permit the Insider and Affected Management, Potential Bidders or Interested Bidders to engage in direct negotiations with landlords related to Leases and other participants in the SISP who may be potential licensors or licensees of the Applicants’ intellectual property and brands. Any such direct negotiations must be undertaken in accordance with the terms and conditions of any such consent from the Monitor.
7. In addition to any confidentiality and non-disclosure obligations that the Insider and Affected Management may be bound by, the Insider and Affected Management shall maintain all Confidential Information on a strictly confidential basis only and shall not be permitted to share such Confidential Information with anyone other than their professional advisors (on a confidential basis), or as otherwise permitted by this protocol (including as applicable with parties who have executed an NDA acceptable to the Applicants’ counsel and the Monitor), without the consent of the Financial Advisor and the Monitor unless such disclosure is required by law. “**Confidential Information**” shall mean non-public information about the Applicants’ business, contracts (including leases), performance, outlook, assets or liabilities and information with respect to any other participant in the SISP or the Lease Monetization Process.
8. The Insider shall retain its own independent counsel and shall not incur costs on the Applicants’ account in furtherance of an Insider Bid without prior approval of the Monitor, which approval shall only be provided if the Monitor determines that such costs are for the benefit of the estate as a whole.

9. The Insider and Affected Management shall confirm in any discussions with each Potential Sponsor, Potential Bidder, Interested Bidder, financing sources or other third parties in accordance with this protocol, that neither the Insider nor Affected Management are representing or negotiating on behalf of the Applicants in connection with the SISP or the Lease Monetization Process.
10. For greater certainty, the Financial Advisor, the Broker and the Monitor may interact with Management (including Affected Management) on a day-to-day basis as required on matters in connection with the operation of the business, the administration of the CCAA proceedings and obtaining information to meet the needs of participants in the SISP and the Lease Monetization Process, and nothing in this protocol shall prohibit or limit such interactions.

[Remainder of page intentionally left blank.]

**SCHEDULE “A”
SISP APPROVAL ORDER**

(see attached)

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

THE HONOURABLE MR.

)

FRIDAY, THE 21ST DAY

)

JUSTICE OSBORNE

)

OF MARCH, 2025

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

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

**ORDER
(SISP Approval Order)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI, HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") for an order approving the procedures for the Sale and Investment Solicitation Process in respect of the Applicants attached hereto as Schedule "A" (the "**SISP**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated March 16, 2025, and the Supplement to the First Report of the Monitor dated March 21, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the

Counsel Slip, with no one else appearing although duly served as appears from the Affidavit of Service of Brittney Ketwaroo sworn March 17, 2025 and March 21, 2025.

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order, dated March 21, 2025 (the “**ARIO**”), as applicable.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the SISP pursuant to its terms and the terms of this Order. The Applicants and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Applicants, Reflect Advisors, LLC, (“**Reflect**”), the Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Applicants, Reflect, or the Monitor, as applicable, in performing their obligations under the SISP, as determined by this Court.

5. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, Reflect and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their

advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

6. **THIS COURT ORDERS** that notwithstanding anything contained in this Order or in the SISP, neither Reflect nor the Monitor shall take Possession of the Property or be deemed to take Possession of the Property, including pursuant to any provision of the Environmental Legislation.

7. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal must declare such intention to Reflect and the Monitor in writing by April 7, 2025. Until such time as the Applicant or any Related Person declares no such intention, Reflect and the Monitor shall design and implement additional procedures for the SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the SISP.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 (Canada) and any similar legislation in any other applicable jurisdictions, the Applicants, Reflect and the Monitor and each of their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants (each, a “**Potential Bidder**”) and their advisors personal information of identifiable individuals (“**Personal Information**”), records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the SISP (each a “**Transaction**”). Each Potential Bidder to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if required by the Applicants, Reflect or the Monitor. Any successful bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction contemplated in the applicable Successful Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or the Property

acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, Reflect or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor, Reflect or the Applicants.

GENERAL

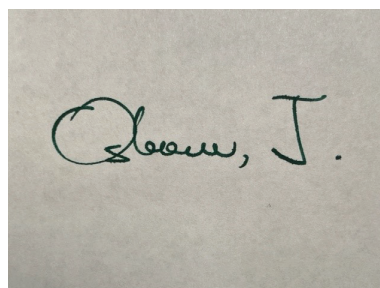
9. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative bodies having jurisdiction in Canada, the United States of America, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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.

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

A rectangular area containing a handwritten signature in dark ink. The signature appears to be 'Osborne, J.' written in a cursive, slightly stylized script.

Digitally signed
by Osborne J.
Date: 2025.03.23
22:51:24 -04'00'

Sale and Investor Solicitation Process

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") obtained an initial order, as may be amended from time to time (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

Pursuant to an Order dated March 21, 2025 (the "**SISP Approval Order**"), the Court approved this sale and investor solicitation process ("**SISP**"). The purpose of this SISP is to seek Sale Proposals and Investment Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Property and the Business.

This SISP describes, among other things: (a) the Property available for sale and the opportunity for an investment in the Business of the Applicants; (b) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business; (c) the manner in which bidders and bids become Final Qualified Bidders and Final Qualified Bids, respectively; (d) the process for the evaluation of bids received; (e) the process for the ultimate selection of a Successful Bidder; and (f) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

Defined Terms

1. The following capitalized terms have the following meanings when used in this SISP:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) the FILO Agent; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
 - (b) "**ARIO**" means the Order of the Court dated March 21, 2025, amending and restating the Initial Order.
 - (c) "**Applicants**" is defined in the introduction hereto.
 - (d) "**Approval Motion**" is defined in paragraph 28.
 - (e) "**Auctions**" is defined in paragraph 21(a).
 - (f) "**Baseline Bid**" is defined in paragraph 24(d)(i).
 - (g) "**Bidding Phase**" is defined in paragraph 13.
 - (h) "**Bidding Phase Bid Deadline**" is defined in paragraph 14.

- (i) **“Business”** means the business of the Applicants and the Non-Applicant Stay Parties.
- (j) **“Business Day”** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (k) **“CCAA”** is defined in the introduction hereto.
- (l) **“Claims and Interests”** is defined in paragraph 10.
- (m) **“Confidential Information Memorandum”** is defined in paragraph 13.
- (n) **“Court”** is defined in the introduction hereto.
- (o) **“Data Room”** is defined in paragraph 13.
- (p) **“Deposit”** is defined in paragraph 15(m).
- (q) **“FILO Agent”** means Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement (as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (r) **“Final Qualified Bid”** is defined in paragraph 15.
- (s) **“Final Qualified Bidder”** is defined in paragraph 24(a).
- (t) **“Financial Advisor”** means Reflect Advisors, LLC.
- (u) **“Form of Investment Agreement”** means the form of equity investment agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for an Investment Proposal.
- (v) **“Form of Purchase Agreement”** means the form of purchase and sale agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for a Sale Proposal.
- (w) **“Initial Order”** is defined in the introduction hereto.
- (x) **“Investment Proposal”** means a proposal to invest in or refinance all or a portion of the Business of the Applicants.
- (y) **“Known Potential Bidders”** is defined in paragraph 6.
- (z) **“Lease Monetization Order”** means the Order of the Court dated March 21, 2025 approving of a sale process with respect to the Leases.
- (aa) **“Leases”** means the Applicants’ and the Non-Applicant Stay Parties’ leasehold interests and all related rights and obligations in connection therewith

- (bb) **“Liquidation Process Approval Order”** means the Order of the Court dated March 21, 2025 with respect to the proposed liquidation of inventory.
- (cc) **“Monitor”** means Alvarez & Marsal Canada Inc., solely in its capacity as the Court-appointed monitor of the Applicants in their proceedings under the CCAA.
- (dd) **“NDA”** means a non-disclosure agreement in form and substance satisfactory to the Monitor, the Financial Advisor and the Applicants, which will inure to the benefit of any purchaser of the Property or any investor in the Business or the Applicants.
- (ee) **“Non-Applicant Stay Parties”** has the definition ascribed to it in the Affidavit of Jennifer Bewley sworn March 7, 2025
- (ff) **“Outside Date”** means July 15, 2025, or such later date as may be agreed to by the Applicants, the Financial Advisor, and the Monitor.
- (gg) **“Potential Bidder”** is defined in paragraph 11.
- (hh) **“Property”** means all of property, assets and undertakings of the Applicants and the Non-Applicant Stay Parties.
- (ii) **“Qualified Bidder”** is defined in paragraph 12.
- (jj) **“Related Person”** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (kk) **“Sale Proposal”** means a proposal to acquire all or a portion of the Property relating to the Applicants’ Business on a liquidation or going concern basis.
- (ll) **“Senior Indebtedness”** means the obligations under the Revolving Credit Facility, FILO Credit Facility and Pathlight Credit Facility (as such terms are defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (mm) **“SISP Approval Order”** is defined in the introduction hereto.
- (nn) **“Solicitation Process”** means the process for soliciting and selecting bids for the sale of or investment in the Business and Property.
- (oo) **“Successful Bid”** is defined in paragraph 21(b).
- (pp) **“Successful Bidder”** is defined in paragraph 24(g).
- (qq) **“Teaser Letter”** is defined in paragraph 6.

Supervision of the SISP

2. The SISP Approval Order and the SISP shall exclusively govern the process for Solicitation Process. For the avoidance of doubt, the Lease Monetization Order shall govern the process for soliciting and selecting bids for the Leases and nothing in this SISP shall alter, restrict or otherwise modify the terms of the Lease Monetization Order.

3. The Monitor will supervise, in all respects, the SISP and any attendant sales or investments. The Monitor, in consultation with the Applicants, the Financial Advisor, and the Agents, shall have the right to adopt such other rules for the SISP that in its reasonable business judgement will better promote the goals of the SISP. In the event that there is disagreement or clarification required as to the interpretation or application of this SISP or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Monitor or the Applicants. For the avoidance of doubt, with respect to the Monitor's role in regards to the SISP, the terms of the Initial Order concerning the Monitor's rights, duties and protections in the Applicants' CCAA proceedings shall govern.

Sale and Investment Opportunity

4. One or more bids for a sale of, or an investment in, all or a portion of the Business or the Property relating to the Applicants' Business will be considered, either alone or in combination as a Final Qualified Bid or a Successful Bid.
5. A bid may, at the option of the Qualified Bidder, involve, among other things, one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern; a sale of the Property or any part thereof as contemplated herein to the Qualified Bidder or to a newly formed acquisition entity; or a plan of compromise or arrangement pursuant to the CCAA or any corporate or other applicable legislation.

Solicitation of Interest and Publication Notice

6. The Financial Advisor, in consultation with the Applicants, the Monitor, the Agents, and their respective advisors, has prepared a list of persons who may have an interest in bidding for the sale of or investment in the Business (the "**Known Potential Bidders**"). Concurrently, the Financial Advisor, in consultation with the Applicants, the Monitor and their respective advisors, has prepared an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the existence of the SISP and inviting the Known Potential Bidders to express their interest in accordance with the terms of the SISP.
7. Within one business day of the granting of the SISP Approval Order, the Financial Advisor shall distribute to the Known Potential Bidders the Teaser Letter, as well as a copy of the SISP Approval Order and a draft form of NDA.
8. As soon as reasonably practicable after the granting of the SISP Approval Order, but in any event no more than three (3) Business Days after the issuance of the SISP Approval Order, the Applicants will issue a press release setting out the notice and such other information, in form and substance satisfactory to the Monitor in consultation with the Financial Advisor, designating dissemination in Canada and major financial centres in the United States.

"As Is, Where Is"

9. The sale of the Property or investment in 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 Applicants, the Financial Advisor or any of their respective agents, except

to the extent set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Free Of Any and All Claims and Interests

10. In the event of a sale of all or a portion of the Property, subject to approval by the Court, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to such Court orders as may be desirable, except to the extent otherwise set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Participation Requirements

11. In order to participate in the SISP, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor, with a copy to the Monitor, at the addresses specified in Schedule “A” hereto (including by email):
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which shall include provisions whereby the Potential Bidder agrees to accept and be bound by the provisions contained herein.
12. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Applicants, in their reasonable business judgement, in consultation with the Financial Advisor and the Monitor, determine is likely, based on the availability of financing, experience and other considerations, to be able to consummate a Sale Proposal or an Investment Proposal on or before the Outside Date will be deemed a “**Qualified Bidder**”, and will be promptly notified of such determination by the Financial Advisor.

SISP – BIDDING PHASE

Due Diligence

13. During this process (the “**Bidding Phase**”), each Qualified Bidder will be provided with: (i) a copy of a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (ii) access to an electronic data room of due diligence information for Qualified Bidders (the “**Data Room**”). The Data Room will contain such due diligence materials and information relating to the Property and the Business as the Financial Advisor, in its reasonable business judgment, in consultation with the Monitor and the Applicants, determines necessary, including, as appropriate, information or materials reasonably requested by Qualified Bidders, on-site presentation by senior management of the Applicants, and facility tours. The Monitor, the Financial Advisor and the Applicants make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room; (ii) provided through the due diligence process; or (iii) otherwise made available in connection with this SISP, except to

the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants. Selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants and the Financial Advisor, in consultation and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

14. A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal subject to the following requirements:
- (a) in the case of a Sale Proposal, a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;
 - (b) in the case of an Investment Proposal, a duly authorized and executed investment agreement based on the Form of Investment Agreement and accompanied by a mark-up of the Form of Investment Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;

to the Financial Advisor, the Applicants and to the Monitor at the addresses specified in Schedule "A" hereto (including by email) so as to be received by it no later than 5:00 pm (Eastern Standard Time) on April 30, 2025, or such other date as determined by the Applicants, in consultation with the Financial Advisor and with the consent of the Monitor (the "**Bidding Phase Bid Deadline**").

15. A bid will be considered a "**Final Qualified Bid**" only if the bid complies with, among other things, the following requirements:
- (a) it includes a letter stating that the bidder's offer is submitted in good faith and is irrevocable until the earlier of (i) the approval by the Court of a Successful Bid and (ii) 60 days following the Bidding Phase Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;
 - (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor and the Applicants, in consultation with the Financial Advisor, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;
 - (c) in respect of a Sale Proposal, the Property to be included, and in the case of an Investment Proposal, any Property to be divested or disclaimed prior to closing;
 - (d) it includes a redline to the Form of Sale Agreement or Form of Investment Agreement, as applicable;

- (e) it includes full details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a Sale Proposal) or shall remain as employees of the Applicants (in the case of an Investment Proposal) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;
- (f) details of any liabilities to be assumed by the Qualified Bidder;
- (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
 - (ii) obtaining financing;
- (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation, and discloses any connections or agreements with the Applicants or any of their affiliates;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (j) it identifies with particularity the contracts and leases the bidder wishes to assume or exclude, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Monitor and the Applicant, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of this SISP;
- (n) it contains other information reasonably requested by the Financial Advisor, the Monitor or the Applicants;
- (o) it is received by the Bidding Phase Bid Deadline;
- (p) it does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;
- (q) it includes a statement that the bidder will bear its own costs and expenses in connection with the proposed transaction, and by submitting its bid is agreeing to

refrain from and waive any assertion or request for reimbursement on any basis;
and

- (r) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Applicants or the completeness of any information provided in connection therewith and/or the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement or the Investment Agreement.
- 16. Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal must declare such intention to the Financial Advisor and the Monitor in writing by April 7, 2025. Until such time that the Applicant or any Related Person declares no such intention, the Financial Advisor and the Monitor shall design and implement additional procedures for the SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the SISP.
 - 17. All secured creditors of the Applicants shall have the right to bid in the SISP, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the SISP, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the SISP.

Evaluation of Final Qualified Bids

- 18. The Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, will review each bid as set forth herein and determine if one or more of them constitute a Final Qualified Bid. For the purpose of such consultations and evaluations, the Applicants, the Financial Advisor and/or the Monitor may request clarification of the terms of any bid.
- 19. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such bid in relation to other bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; (h) the assets included or excluded from the bid; (i) proposed treatment of the employees; (j) any transition services required from the Applicants post-closing and any related restructuring costs; (k) the likelihood and timing of consummating the transaction; and (l) the allocation of value among the assets being acquired.
- 20. Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the firm, irrevocable commitment for financing the transaction;

(c) the debt to equity structure post-closing; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; and (h) the likelihood and timing of consummating the transaction.

21. If one or more Final Qualified Bids is received:

- (a) the Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, shall determine if one or more auctions (the “**Auctions**”) are required. If required, the Auctions will be held on or about May 16, 2025, in accordance with the terms outlined below; or
- (b) the Applicants, exercising their reasonable business judgment and following consultation with the Financial Advisor, the Monitor, and the Agents, may select the most favourable Final Qualified Bid(s) and negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought (the “**Successful Bid**”).

22. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, after consultation with the Monitor, the Financial Advisor, and the Agents, to reject any or all Final Qualified Bids.

23. If no Final Qualified Bid is received, the SISP shall be automatically terminated.

Auction Process

24. If the Applicants, in consultation with the Financial Advisor and the Monitor, determine that one or more Auctions are required, the Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:

- (a) only Qualified Bidders who submitted Final Qualified Bid (“**Final Qualified Bidders**”) and their financial and legal advisors shall be entitled to participate in an Auction;
- (b) the Final Qualified Bidders who wish to participate at an Auction must appear in person;
- (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
- (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Final Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the financial Advisor, that are the most favourable Final Qualified Bid(s) as of the date thereof (the “**Baseline Bid**”); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;

- (e) to make a bid at the Auction, a Final Qualified Bidder will modify and resubmit its Final Qualified Bid, which resubmission shall become its new Final Qualified Bid;
 - (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Final Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) that comply with the procedures set forth for the Auction, and such highest and best Final Qualified Bid at the time shall become the Successful Bid (and the person(s) who made the Successful Bid shall become the **"Successful Bidder"**).
25. For greater certainty, in order for one or more Final Qualified Bids to be the Successful Bid, such Final Qualified Bid(s) must receive the written consent of the Agents, in each case as required under the Intercreditor Agreement dated December 23, 2024 attached as Exhibit "C" to the Affidavit of Jennifer Bewley sworn March 7, 2025.
26. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
27. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more Qualified Bids as Successful Bidders that did not offer the highest purchase price for the Property or the Business.

Approval Motion for Successful Bid

28. The Applicant will apply to the Court (the **"Approval Motion"**) for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.
29. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants on or before May 30, 2025.
30. All Final Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.

OTHER TERMS

Deposits

31. All Deposits will be retained by the Monitor in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within thirty (30) Business Days of the date upon which the Successful Bid

is approved by the Court. If there is no Successful Bid subject to the following paragraph, all Deposits will be returned to the bidders within ten (10) Business Days of the date upon which the SISP is terminated in accordance with these procedures.

32. If a Successful Bidder breaches its obligations under the terms of the SISP, its Deposit plus any interest earned thereon shall be forfeited as liquidated damages and not as a penalty.

Approvals

33. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, the terms of paragraph 38 hereof, or any other Order of the Court in order to implement a Successful Bid.

Agents Consultation

34. The Applicants, the Monitor and the Financial Advisor will communicate and consult with all Agents through the Solicitation Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Financial Advisor shall provide the Agents with any and all information reasonably requested with respect to the SISP.

Amendment

35. If there is any proposed material modification to the SISP by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Financial Advisor and the Agents, to modify the SISP from time to time.
36. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants and any Qualified Bidder, other than as specifically set forth in a definitive agreement that may be signed with the Applicants. At any time during the SISP, the Monitor may, following consultation with the Financial Advisor, and the Applicant, upon reasonable prior notice to the Agents, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Compliance with Liquidation Process Approval Order

37. In carrying out the terms of this SISP, the Applicants, the Monitor and the Financial Advisor will comply with the terms of the Liquidation Process Approval Order, and any other Order of the Court.

Reservation of Rights

38. Without detracting from the Reservation of Rights (defined below) and any rights which RioCan Real Estate Investment Trust and/or its affiliates may have, no bid shall be considered a Final Qualified Bid: (a) in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party without the prior written consent of the relevant Non-Applicant Secured Creditor (as defined in the ARIO) in respect of such Property; and (b) in respect

of any Property (as defined in the SISP) of RioCan Real Estate Investment Trust without the prior written consent of RioCan Real Estate Investment Trust.

39. All consent and consultation rights provided to the Agents in this SISP in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party shall instead be provided to RioCan Real Estate Investment Trust and the relevant Non-Applicant Secured Creditor(s) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.
40. Nothing in the SISP acknowledges or declares that the interests in the Business or Property (each as defined in the SISP) being marketed within this SISP are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Business or Property (each as defined in the SISP) are expressly preserved and not derogated from (the "**Reservation of Rights**").

Schedule "A"

Address for Notices and Deliveries

To the Monitor

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company ULC
et al.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a copy to

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Financial Advisor

Restore Capital LLC
4705 Benton Smith Road
Nashville, TN 37215

Attn: Adam Zalev
E-mail: azalev@reflectadvisors.com

To the Applicants

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

ONTARIO

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

Proceeding commenced at Toronto

**ORDER
(SISP Approval Order)**

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Lawyers for the Applicants

**SCHEDULE “B”
LEASE MONETIZATION ORDER**

(see attached)

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

THE HONOURABLE MR.

)

FRIDAY, THE 21ST DAY

)

JUSTICE OSBORNE

)

OF MARCH, 2025

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

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

**ORDER
(Lease Monetization Process)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") for an order approving the Lease Monetization Process (defined below) was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants, (in such capacity, the "**Monitor**"), dated March 16, 2025, and the Supplement to the First Report of the Monitor dated March 21, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the Affidavits of Service of Brittney Ketwaroo sworn March 17, 2025 and March 21, 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not otherwise defined herein have the meanings ascribed in the Lease Monetization Process attached hereto as Schedule "A" (the "**Lease Monetization Process**") or the Amended and Restated Initial Order, dated March 21, 2025 (the "**ARIO**"), as applicable.

APPROVAL OF THE LEASE MONETIZATION PROCESS

3. **THIS COURT ORDERS** that the Lease Monetization Process is hereby approved. The Applicants, the Monitor and the Broker are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Lease Monetization Process.
4. **THIS COURT ORDERS** that the agreement dated March 20, 2025, engaging Oberfeld Snowcap Inc. ("**Oberfeld**") as Broker to Hudson's Bay in the form attached as Exhibit "B" to the Affidavit of Jennifer Bewley sworn March 21, 2025, and the retention of Oberfeld under the terms thereof, is hereby approved.
5. **THIS COURT ORDERS** that each of the Applicants, the Monitor, the Broker and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Lease Monetization Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor, or the Broker, as applicable, in performing their obligations under the Lease Monetization Process, as determined by this Court.
6. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal must declare such intention to the Monitor and the Broker in writing by April 7, 2025. If the Applicant or any Related Person makes such declaration, the Monitor and the Broker shall design and implement additional procedures for the Lease Monetization Process in respect

of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.

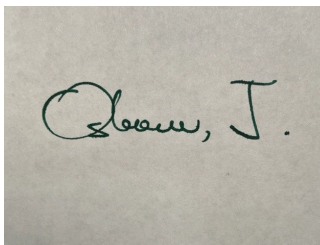
7. **THIS COURT ORDERS** that notwithstanding any other term contained herein and paragraph 11 of the ARIO, on or before July 15, 2025, the Applicants shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or the Lease Monetization Order that has not been terminated in accordance with terms thereof.

8. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, the Monitor and the Broker are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Lease Monetization Process in these proceedings.

9. **THIS COURT ORDERS** that the Applicants 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.

10. **THE 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 Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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

A rectangular image showing a handwritten signature in black ink on a light-colored background. The signature appears to be "Osborne, J." written in a cursive style.

Digitally signed
by Osborne J.
Date: 2025.03.23
22:48:27 -04'00'

Schedule "A"

LEASE MONETIZATION PROCESS

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI (the "**Company**") and those parties listed in Schedule "**A**" hereto (collectively, the "**Applicants**") sought and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order (as amended, restated or varied from time to time, the "**Initial Order**") granted by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Parties listed in Schedule "**B**" were also granted protection as "Non-Applicant Stay Parties". Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the "**Monitor**").

On March 14, 2025, the Applicants served a motion seeking, among other things, an order for the approval of a sale process (as same may be amended from time to time, the "**Lease Monetization Process**") pursuant to, and in accordance with, the Lease Monetization Order (as defined below) to be conducted under the supervision of the Court and the Monitor.

The purpose of this Lease Monetization Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases, which implementation may include sales, dispositions, assignments, surrender (if accepted by the applicable landlord), or other transaction forms. The Applicants, in their reasonable business judgment, and in consultation with the Broker, the Monitor and Agents, may, from time to time, withdraw any Lease from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease.

On March 21, 2025, the Court entered an order approving the Lease Monetization Process (the "**Lease Monetization Order**").

This Lease Monetization Process describes, among other things: (a) the Leases available for sale (which, for greater certainty, is without prejudice to the position of a Landlord as to whether a Non-Applicant Stay Party's interest in a Lease can be subject to such sale) (the "**Landlord Reservation of Rights**"); (b) the manner in which Interested Bidders may gain access to due diligence materials concerning the Leases; (c) the manner in which bidders and bids become Qualified LOI Bidders or Qualified Bidders and Qualified LOI Bids or Qualified Bids, respectively; (d) the ultimate selection of one or more Successful Bidders; and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Lease Monetization Process:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).

- (b) **"Applicants"** is defined in the introduction hereto.
- (c) **"Approval Motion"** is defined in paragraph 23.
- (d) **"ARIO"** means the Amended and Restated Initial Order dated March 21, 2025
- (e) **"Broker"** means Oberfeld Snowcap Inc.
- (f) **"Business Day"** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (g) **"CA"** means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor. For greater certainty, there is no requirement for Landlords to enter into CA's in respect of their own Leases.
- (h) **"CCAA"** is defined in the introduction hereto.
- (i) **"Company"** is defined in the introduction hereto.
- (j) **"Court"** is defined in the introduction hereto.
- (k) **"Deposit"** is defined in paragraph 20(k).
- (l) **"Form of Purchase Agreement"** means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Broker, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (m) **"Initial Order"** is defined in the introduction hereto.
- (n) **"Interested Bidder"** is defined in paragraph 8.
- (o) **"Landlord LOI"** means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (p) **"Landlord Qualified Bid"** means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 20(a), 20(c), 20(d), 20(e), 20(g), 20(h), 20(i), 20(j), 20(k) and 20(l)
- (q) **"Lease Monetization Order"** is defined in the introduction hereto.
- (r) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto, subject in all respects to the Landlord's Reservation of Rights, as defined herein.
- (s) **"LOI"** is defined in paragraph 7.
- (t) **"Monitor"** is defined in the introduction hereto.

- (u) **“Non-Applicant Stay Parties”** are the entities listed in Schedule **“B”** hereto.
- (v) **“Outside Date”** means June 17, 2025.
- (w) **“Phase 1”** is defined in paragraph 7.
- (x) **“Phase 1 Bid Deadline”** is defined in paragraph 9.
- (y) **“Phase 2”** means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (z) **“Qualified Bid”** means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 20.
- (aa) **“Qualified Bid Deadline”** is defined in paragraph 18.
- (bb) **“Qualified Bidder”** means a bidder that submits a Qualified Bid.
- (cc) **“Qualified LOI”** is defined in paragraph 10.
- (dd) **“Qualified LOI Bid”** is defined in paragraph 16.
- (ee) **“Qualified LOI Bidder”** is defined in paragraph 16.
- (ff) **“Related Person”** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (gg) **“Sale Proposal”** means an offer to acquire or otherwise assume of all or some of the Leases. A “Sale Proposal” may include a transaction involving the assignment and assumption, and/or surrender of a Lease or Leases (in the case of a surrender, such proposal may only form part of a Landlord Qualified Bid, or otherwise require the Landlord’s consent to a surrender of the Lease).
- (hh) **“SISP”** means the Sale and Investment Solicitation Process approved by the Court on March 21, 2025.
- (ii) **“Successful Bid”** is defined in paragraph 22(b).
- (jj) **“Successful Bidder”** is defined in paragraph 22(b).
- (kk) **“Targeted Outside Date”** means June 3, 2025, or such later date as may be determined by the Applicants, on consent of the Monitor, in consultation with the Broker and the Agents, provided that in no event shall such date be after June 17, 2025.
- (ll) **“Teaser Letter”** is defined in paragraph 4.

Supervision of the Lease Monetization Process

2. The Monitor will supervise, in all respects, the Lease Monetization Process, any attendant sales and, without limitation, will supervise the Broker’s performance under its

engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Broker as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Lease Monetization Process or the responsibilities of the Monitor, the Broker or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded to the Monitor under the CCAA, the Initial Order and the Lease Monetization Order, the terms of the Initial Order and the Lease Monetization Order shall govern the Monitor's role as it relates to the Lease Monetization Process.

"As Is, Where Is"

3. The sale of the Leases will be on an **"as is, where is"** basis and without representations or warranties of any kind, nature, or description by the Monitor, the Broker, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.

Solicitation of Interest

4. As soon as reasonably practicable, but in any event no later than three (3) Business Days after the issuance of the Lease Monetization Order, the Broker shall distribute an initial offering summary of the Leases in form acceptable to the Applicants and the Monitor (the **"Teaser Letter"**) notifying those potentially interested parties that are identified by the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Lease Monetization Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases.

Participation Requirements

5. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Lease Monetization Process other than a Landlord in respect of any of its own Leases must deliver to the Broker at the address specified in Schedule **"D"** hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.
6. All secured creditors of the Applicants shall have the right to bid in the Lease Monetization Process, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the Lease Monetization Process, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the Lease Monetization Process.

LEASE MONETIZATION PROCESS - PHASE 1

Phase 1 Initial Timing

7. For a period from the date of the Lease Monetization Order until the Phase 1 Bid Deadline (“**Phase 1**”), the Broker (with the assistance of the Monitor and the Applicants) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases (each, an “**LOI**”).

Due Diligence

8. Subject to the provisions of paragraph 28, the Broker will provide each party who executes a CA (an “**Interested Bidder**”) with access to an electronic data room. The Monitor, the Broker and the Applicants, and each of their representatives, make no representation or warranty as to the information: (a) contained in the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

9. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Broker at the address specified in Schedule “**D**” hereto (including by email transmission), so as to be received by the Broker not later than 5:00 PM (Toronto time) on or before April 15, 2025, or such later date or time as may be determined by the Applicants, with the consent of the Monitor, in consultation with the Broker and the Agents (the “**Phase 1 Bid Deadline**”). Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit an LOI or participate in Lease Monetization Process must declare such intention to the Broker and the Monitor in writing by April 7, 2025. If the Applicant or any Related Party makes such declaration, the Broker and the Monitor shall design and implement additional procedures for the Lease Monetization Process in respect of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.
10. An LOI so submitted will be considered a qualified LOI for the purposes hereof (each a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases or Lease subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease;

- (d) it provides a general description of any likely financing associated with the proposed transaction, subject to any restrictions that may exist in the applicable Leases;
 - (e) it provides a general description as to whether the Interested Bidder anticipates its bid containing any provisions that do not conform to the restrictions surrounding the “permitted use” of the property as defined in each of the Leases;
 - (f) it describes any additional due diligence required to be conducted during Phase 2;
 - (g) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (h) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Broker.
11. Notwithstanding anything to the contrary contained herein, a Landlord LOI shall be deemed to be a Qualified LOI.
 12. The Applicants, with the consent of the Monitor and in consultation with the Broker, may waive compliance with any one or more of the requirements specified in paragraph 10 (other than those in 10(c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Lease Monetization Process

13. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be reasonably determined by the Applicants with the consent of the Monitor, in consultation with the Broker and the Agents, the Applicants will, in consultation with the Broker, the Monitor, and the Agents, assess the Qualified LOIs received during Phase 1, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Monitor or the Broker may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.
14. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor, the Broker and the Agents, will consider, among other things, the following:
 - (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;

- (d) the financial and other capabilities of the Interested Bidder to perform, observe and comply with the terms (including payment, use provisions and other obligations) of the applicable Lease(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Broker, determine.
15. If one or more Qualified LOIs are received and the Applicants, in consultation with the Broker, the Monitor, and the Agents, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Lease Monetization Process as set forth herein.

PHASE 2

Due Diligence

16. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Lease Monetization Process by the Applicants, following consultation with the Broker and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 14 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **"Qualified LOI Bidder"**).
17. Subject to the provisions of paragraph 28, to the extent that a Qualified LOI Bidder requested due diligence within their Qualified LOI as per paragraph 10(f) herein, the Broker will provide the Qualified LOI Bidder with access to due diligence materials and information relating to the Leases as the Applicants, in their reasonable business judgment and in consultation with the Broker and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Qualified LOI Bidders.

Qualified Bids

18. The Phase 2 deadline for submission of binding bids to be considered for the sales of Lease(s) (the **"Qualified Bids"**) shall be May 1, 2025, or such later date or time as may be determined by the Applicants with the consent of the Monitor and in consultation with the Broker and the Agents (the **"Qualified Bid Deadline"**).
19. Notwithstanding anything to the contrary herein, a Landlord Qualified Bid shall be deemed to be a Qualified Bid.

20. Any Qualified LOI Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s):
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up to the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified LOI Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as a Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Applicants, in consultation with the Broker and the Monitor, to make a reasonable determination as to the Qualified LOI Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;
 - (e) it lists the Lease(s) proposed to be subject to the bid and an allocation of the purchase price on a Lease by Lease basis;
 - (f) it includes details of any amendments which such Qualified LOI Bidder seeks in respect of any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Qualified LOI Bidder, provided that, for greater certainty, nothing in this Lease Monetization Process shall be construed to: (i) permit or require any amendments to the terms of any Lease(s) without the prior written consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Qualified LOI Bidder regarding any such amendments;
 - (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified LOI Bidder; or
 - (ii) obtaining financing;
 - (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
 - (i) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;

- (j) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Broker, that the requisite authorization(s) and/or approval(s) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid have been obtained by the bidder;
 - (k) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Lease(s) proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Lease Monetization Process.
 - (l) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Leases to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and
 - (m) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Broker.
21. The Applicants with the consent of the Monitor, in consultation with the Broker, the Monitor and the Agents, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
22. The Applicants, in consultation with the Broker, the Monitor, and the Agents:
- (a) may engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion;
 - (b) shall determine which is the most favourable bid with respect to such Lease(s) (the “**Successful Bid**” and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”), taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction and capability of performing the obligations of the tenant under the applicable Lease(s);
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals and any lease amendments);

- (v) the terms and provisions of any proposed transaction documentation;
- (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
- (vii) such other criteria as the Applicants may in consultation with the Monitor and the Broker determine.

Approval Motion for Definitive Agreements

23. The Applicants will apply to the Court (the “**Approval Motion**”) for an order, among other things, approving the Successful Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the Agents, without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Lease Monetization Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a Landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

24. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, or Qualified Bid, as applicable.

Amendment

25. If there is any proposed material modification to the Lease Monetization Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Broker and the Agents, to modify the Lease Monetization Process from time to time.

Disclaimers

26. Notwithstanding any other term contained herein and paragraph 12 of the ARIO, on or before July 15, 2025, the Applicant shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or this Lease Monetization Process that has not been terminated in accordance with terms thereof.

Monitor Updates

27. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Lease Monetization Process, including an update to be delivered to the Court at the conclusion of Phase 1.

Reservation of Rights

28. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Broker, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Lease Monetization Process at any time after entry of the Lease Monetization Order.
29. Notwithstanding anything else contained herein, at any time after entry of the Lease Monetization Order, the Applicants, in their reasonable business judgment and in consultation with the Broker, the Monitor, and the Agents, may, from time to time, withdraw any Lease(s) from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
30. The Applicants, after consultation with the Broker, the Monitor, and the Agents, may reject any or all bids. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, or any other Order of the Court in order to implement a Successful Bid or Qualified Bid, as applicable.
31. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/HudsonsBay> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
32. This Lease Monetization Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the Broker or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Lease Monetization Process, the Applicants or the Monitor may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.
33. Nothing in the Lease Monetization Process or the Lease Monetization Order acknowledges or declares that the interests in the Leases being marketed within this Lease Monetization Process are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Leases are expressly preserved and not derogated from (the "**Reservation of Rights**").
34. All consent and consultation rights provided to the Agents in this Lease Monetization in respect of any JV Head Lease shall instead be provided to RioCan Real Estate Investment

Trust and the relevant Non-Applicant Secured Creditor(s) (as defined in the ARIO) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.

35. In respect of any JV Head Lease (as defined in the Initial Order) and without detracting from the Reservation of Rights and any rights RioCan Real Estate Investment Trust and/or its affiliates may have in relation to such JV Head Lease, no bid shall be considered a Successful Bid or Landlord Qualified Bid: (a) in respect of any JV Head Lease without the prior written consent of the relevant Non-Applicant Secured Creditor in respect of such JV Head Lease; and (b) in respect of RioCan Real Estate Investment Trust's interest in any JV Head Lease without the prior written consent of RioCan Real Estate Investment Trust. All references to the consent of any party in this paragraph relating to any JV Head Lease with a Non-Applicant Stay Party and RioCan Real Estate Investment Trust is in addition to any consent right that may exist in favour of the landlord under the applicable JV Head Lease.

Agents Consultation

36. The Applicants, the Monitor and the Broker will communicate and consult with all Agents through the Lease Monetization Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Broker shall provide the Agents with any and all information reasonably requested with respect to the Lease Monetization Process.

Landlord Communications

37. The Applicants, the Monitor and the Broker will communicate with the landlord party to the Leases from time to time, as appropriate, in connection with their respective interests in the Lease Monetization Process.

SCHEDULE A

Applicants

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

The Bay Holdings ULC

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

2472598 Ontario Inc.

SCHEDULE B

Non-Applicant Stay Parties

RioCan-HBC General Partner Inc.

HBC Holdings LP

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

EXHIBIT 'C'**LEASES****Hudson's Bay**

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rocky View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

Distribution Centres

Center	City	Prov.	GLA	Landlord
Scarborough Logistics Center	Toronto	ON	738,102	100 Metropolitan Portfolio Inc
Vancouver Logistics Center	Richmond	BC	416,900	PIRET (18111 Blundell Road) Holdings Inc.
Eastern Big Ticket Center	Toronto	ON	501,000	ONTARI Holdings Ltd.
Toronto Logistics Center	Toronto	ON	221,244	BCIMC Realty Corporation

SCHEDULE D

To the Company:

Hudson Bay Company ULC
401 Bay Street
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Email: jennifer.bewley@hbc.com

With a copy to:

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Attn: Ashley Taylor / Maria Konyukhova
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To the Monitor :

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company
ULC et al.
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Attn: Alan Hutchens / Greg Karpel
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Attn: Jay Freedman
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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER
(Lease Monetization Order)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
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Lawyers for the Applicants

APPENDIX E
Redline of Revised Insider Protocol to Insider Protocol

See attached.

INSIDER PROTOCOL

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the SISP Approval Order of the Ontario Superior Court of Justice (Commercial List) dated March 21, 2025, approving the sale and investment solicitation process (the “SISP”), a copy of which is appended hereto as Schedule “A”. A copy of the Lease Monetization Order (as defined in the SISP) is appended hereto as Schedule “B”.

For the purposes of this protocol, “**Insider**” shall mean any Related Person (as defined in the SISP and the Lease Monetization Order, respectively) of the Applicants who advises by applicable deadlines the Monitor, the Financial Advisor and the Broker (as defined in the Lease Monetization Order), as applicable, of its intention to submit an Insider Bid in, or otherwise participate in, the SISP and/or or the Lease Monetization Process (as defined in the Lease Monetization Order); “**Management**” shall be defined as all directors, officers or other members of management of the Applicants; and “**Affected Management**” shall be defined as members of Management identified in writing, on or before April 7, 2025, by the Insider to the Financial Advisor and Monitor prior to such members’ involvement in any substantive capacity in connection with the consideration, negotiation or submission by the Insider of any going concern or other bid or proposal for the Business or Property, including any Leases (an “**Insider Bid**”). ~~Any Insider shall provide the Monitor with a~~ The list of Affected Management ~~members and from time to time update such list as necessary~~ may not be altered by an Insider without the prior consent of the Monitor.

Pursuant to the SISP, the Financial Advisor and the Applicants, in consultation with and under the supervision of the Monitor, are conducting the SISP, including providing information to assist third parties in making Final Qualified Bids.

~~This~~ protocol has been established to ensure the integrity and fairness of the SISP and/or or the Lease Monetization Process for all participants, in view of a potential Insider Bid that may involve certain members of Management for purposes of assisting the Insider in considering, advancing and submitting a potential Insider Bid. In addition to the specific provisions of the SISP and/or or the Lease Monetization Process, the following protocol shall be followed by the Applicants, the Financial Advisor, the Broker, the Monitor, the Insider and Management:

1. Affected Management may not participate in any substantive communications with any Potential Bidder or Interested Bidder with respect to any matter relating to the SISP or the Lease Monetization Process except at the prior written request, or with prior written consent, of the Monitor. To the extent such prior written request or consent is made or provided, any communications must conform with the terms and conditions of such request or consent.
2. The Monitor and/or the Monitor’s counsel shall participate in any substantive discussions in which the Financial Advisor or the Broker, as applicable, on the one hand, and the Insider and/or Affected Management, on the other hand, discuss the Insider Bid.
3. Affected Management shall not be provided with any information with respect to the SISP or the Lease Monetization Process that has not been otherwise provided or shared with all other SISP participants. Out of an abundance of caution, none of the Applicants’ counsel, the Monitor, the Monitor’s counsel, the Financial Advisor, the Agents or the

Broker (each as defined in the Lease Monetization Order) shall provide details as to who has signed an NDA and any indications of interest to Management.

4. The Financial Advisor may, with the consent of the Monitor, introduce and/or facilitate discussions with Potential Sponsors (as defined below), Potential Bidders and/or ~~Potential Interested~~ Bidders with the Insider and/or Affected Management, as determined by the Monitor. The Financial Advisor and the Monitor shall determine how to partner Potential Sponsors, Potential Bidders and/or ~~Potential Interested~~ Bidders with the Insider, if at all. The Financial Advisor shall inform the Monitor of all Potential Sponsors ~~and~~, Potential Bidders and Interested Bidders with whom the Financial Advisor engages in such discussions. A “**Potential Sponsor**” shall mean a potential provider of equity financing in support of a Final Qualified Bid, but does not include potential providers having a stated continuing interest in making a Final Qualified Bid on their own. Potential Sponsors ~~and~~, Potential Bidders and Interested Bidders shall be required to execute an NDA acceptable to the Applicants’ counsel and the Monitor prior to engaging in discussions with the Insider or Affected Management.
5. If Management receives any in-bound communications with respect to the SISP or the Lease Monetization Process from any party, the following steps shall be taken:
 - (a) Management will not engage in any substantive discussion with such parties and shall instead direct such parties to speak to the Financial Advisor or the Broker, as applicable. The Monitor shall be notified of such parties delivering inbound communications; and
 - (b) the Financial Advisor may, with the consent of the Monitor and pursuant to section 4 above, re-introduce such parties to the Insider and Affected Management if they are a Potential Sponsor ~~or~~, Potential Bidder or Interested Bidder and provided they have signed an NDA acceptable to the Applicants’ counsel and the Monitor.
6. With the prior consent of the Monitor, the Financial Advisor may permit the Insider and Affected Management ~~or other~~, Potential Bidders or Interested Bidders to engage in direct negotiations with landlords related to Leases and other participants in the SISP who may be potential licensors or licensees of the Applicants’ intellectual property and brands. Any such direct negotiations must be undertaken in accordance with the terms and conditions of any such consent from the Monitor.
7. In addition to any confidentiality and non-disclosure obligations that the Insider and Affected Management may be bound by, the Insider and Affected Management shall maintain all Confidential Information on a strictly confidential basis only and shall not be permitted to share such Confidential Information with anyone other than their professional advisors (on a confidential basis), or as otherwise permitted by this protocol (including as applicable with parties who have executed an NDA acceptable to the Applicants’ counsel and the Monitor), without the consent of the Financial Advisor and the Monitor unless such disclosure is required by law. “**Confidential Information**” shall mean non-public information about the Applicants’ business, contracts (including leases),

performance, outlook, assets or liabilities and information with respect to any other participant in the SISP or the Lease Monetization Process.

8. The Insider shall retain its own independent counsel and shall not incur costs on the Applicants' account in furtherance of an Insider Bid without prior approval of the Monitor, which approval shall only be provided if the Monitor determines that such costs are for the benefit of the estate as a whole.
9. The Insider and Affected Management shall confirm in any discussions with each Potential Sponsor, Potential Bidder, Interested Bidder, financing sources or other third parties in accordance with this protocol, that neither the Insider nor Affected Management are representing or negotiating on behalf of the Applicants in connection with the SISP or the Lease Monetization Process.
10. For greater certainty, the Financial Advisor, the Broker and the Monitor may interact with Management (including Affected Management) on a day-to-day basis as required on matters in connection with the operation of the business, the administration of the CCAA proceedings and obtaining information to meet the needs of participants in the SISP and the Lease Monetization Process, and nothing in this protocol shall prohibit or limit such interactions.

[Remainder of page intentionally left blank.]

**SCHEDULE “A”
SISP APPROVAL ORDER**

(see attached)

**SCHEDULE “B”
LEASE MONETIZATION ORDER**

(see attached)

Summary report: Litera Compare for Word 11.11.0.158 Document comparison done on 4/13/2025 8:43:58 PM	
Style name: Standard	
Intelligent Table Comparison: Active	
Original filename: Project Horizon - Insider Protocol (Original).docx	
Modified filename: Project Horizon - Insider Protocol (BJ Revised April 13).docx	
Changes:	
<u>Add</u>	18
Delete	9
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:	27

APPENDIX F
Third Updated Cash Flow Forecast

See attached.

Appendix F – Third Updated Cash Flow Forecast

Hudson's Bay Canada
Third Updated Cash Flow Forecast
\$CAD 000's

Cash Flow Week: Week Ending:	Note	Week 1 25-Apr-25	Week 2 02-May-25	Week 3 09-May-25	Week 4 16-May-25	Week 5 23-May-25	Week 6 30-May-25	Week 7 06-Jun-25	Week 8 13-Jun-25	Week 9 20-Jun-25	Week 10 27-Jun-25	Week 11 04-Jul-25	Week 12 11-Jul-25	Week 13 18-Jul-25	Total
Receipts	1	42,795	49,933	53,544	57,385	53,263	46,334	8,853	9,674	9,674	-	-	-	-	331,455
Disbursements															
Concession/Consignment Payments	2	(5,371)	(7,378)	(10,246)	(10,619)	(12,535)	(12,538)	(9,486)	(2,165)	-	-	-	-	-	(70,338)
Payroll & Benefits	3	(7,107)	(562)	(11,922)	(578)	(10,876)	(1,858)	(10,179)	(2,741)	(1,963)	(1,054)	(1,491)	(1,681)	(934)	(52,947)
Liquidator Share of Additional Consultant Goods	4	(691)	(1,054)	(3,582)	(6,321)	(9,693)	(10,114)	(10,535)	(847)	-	-	-	-	-	(42,836)
Sales Occupancy Costs	5	-	(16,367)	-	(8,602)	-	-	(12,209)	-	(3,917)	-	-	-	-	(41,095)
Operating Expenses	6	(7,530)	(7,164)	(4,292)	(4,548)	(1,891)	(4,083)	(933)	(869)	(799)	(1,057)	(1,085)	(826)	(610)	(35,686)
Sales Tax Remittances	-	-	(18,825)	-	-	-	(7,465)	-	-	-	-	(8,533)	-	-	(34,823)
Liquidation Consultant Fees & Expenses	7	(7,062)	(5,090)	(2,395)	(2,476)	(2,432)	(2,195)	(2,093)	(1,615)	(2,163)	(1,451)	-	-	-	(28,973)
Professional Fees	8	(1,490)	(1,400)	(1,513)	(1,054)	(1,174)	(1,094)	(1,004)	(805)	(898)	(672)	(785)	(672)	(672)	(13,230)
Shared Service Payments	9	(2,442)	-	-	(1,990)	-	-	-	(1,989)	-	-	-	(1,030)	-	(7,451)
Inventory Purchases	10	(1,000)	(1,000)	-	-	-	-	-	-	-	-	-	-	-	(2,000)
Interest Payments & Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		(32,694)	(58,839)	(33,951)	(36,189)	(38,600)	(39,347)	(46,439)	(11,031)	(9,740)	(4,233)	(11,894)	(4,209)	(2,215)	(329,380)
Net Cash Flow		10,101	(8,906)	19,593	21,196	14,663	6,988	(37,585)	(1,357)	(66)	(4,233)	(11,894)	(4,209)	(2,215)	2,075
Opening Cash Balance		122,482	132,582	123,676	143,269	164,466	179,129	186,116	148,531	147,174	147,109	142,875	130,981	126,772	122,482
Net Cash Flow		10,101	(8,906)	19,593	21,196	14,663	6,988	(37,585)	(1,357)	(66)	(4,233)	(11,894)	(4,209)	(2,215)	2,075
Cash Collateralization		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Cash Balance		132,582	123,676	143,269	164,466	179,129	186,116	148,531	147,174	147,109	142,875	130,981	126,772	124,557	124,557

Hudson's Bay Canada
13-Week Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

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

The Forecast is presented in thousands of Canadian dollars.

1) Receipts

Represents estimated receipts from the Liquidation Sale, inclusive of HST. Liquidation Sale receipts include: (i) sales of Company owned inventory and FF&E; and (ii) gross proceeds from the sale of goods pursuant to: (a) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (b) Additional Consultant Goods of approximately \$45.1 million.

2) Concession/Consignment Payments

Represent payment to vendors related to the sale of goods pursuant to existing agreements with Participating Concession Vendors and the GB Consignment goods.

3) Payroll & Benefits

Includes salaries, wages, remittances, employee benefits and taxes for salaried and part-time employees across the stores, corporate office and distribution centres. Includes payments to the KERP Participants in accordance with the KERP.

4) Liquidator Share of Additional Consultant Goods

Represents disbursements owed to the Liquidator for their share of Additional Consultant Goods sales.

5) Occupancy Costs

Occupancy costs include third-party rents, property taxes and CAM for the stores, corporate office and distribution centres, while the applicable lease remains in effect. Forecast occupancy costs include a monthly aggregate payment of \$7 million, plus any applicable taxes, in respect of occupation rent owing under the terms of the RioCan-HBC JV leases (10 JV stores). JV Rent for the month of May is forecast to be paid in full on May 1, 2025 to assist the RioCan-HBC JV with the timing of its obligations as they come due.

6) Operating Expenses

Represents payments for store-level, corporate and distribution centre operating costs, logistics and supply chain costs, credit card processing fees, IT costs, insurance and utilities paid directly to municipalities.

7) Liquidation Consultant Fees & Expenses

Includes estimated fees and expenses to the Liquidation Consultant pursuant to the Liquidation Consulting Agreement.

8) Professional Fees

Represents payments to the Applicants' legal counsel, financial advisor and Lease Monetization Consultant, the Monitor, Monitor's legal counsel, and proposed Employee Representative Counsel.

9) Shared Service Payments

Shared services payments consist of: (i) cost reimbursement for Saks Global employees that provide support services to Hudson's Bay; and (ii) estimated payments to Saks Global for Hudson's Bay's share of third-party IT costs.

10) Inventory Purchases

Represents estimated disbursements to purchase inventory that is accretive to the Liquidation Sale.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF HUDSON'S BAY
COMPANY ULC COMPAGNIE DE LA BAIE D'HUSON SRI et al.

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

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

SECOND REPORT OF THE MONITOR

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as Monitor and not in its personal or corporate capacity