

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C.
LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608
B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270
ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC.,
AND 2472598 ONTARIO INC.**

Applicants

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

JUNE 24, 2026

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	5
3.0	CASE UPDATES	6
4.0	EMPLOYEE AND PENSION PLAN BACKGROUND.....	13
5.0	PENSION PLAN REPRESENTATIVE COUNSEL AND MEDIATION	17
6.0	SECOND KERP.....	24
7.0	STAY EXTENSION	27
8.0	CASH FLOW RESULTS RELATIVE TO FORECAST	30
9.0	NINTH UPDATED CASH FLOW FORECAST.....	34
10.0	ACTIVITIES OF THE MONITOR.....	36
11.0	CONCLUSIONS AND RECOMMENDATIONS.....	39

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

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

Appendix A – Ninth Updated Cash Flow Forecast

Confidential Appendix “1” – Second KERP Summary

1.0 INTRODUCTION

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

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

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

June 26 Motion

1.4 On June 18, 2026, the Applicants served a motion record returnable June 26, 2026, seeking the following:

- (a) an Order (the “**Pension Plan Representative Counsel Order**”), among other things:
 - (i) appointing Koskie Minsky LLP (“**Koskie Minsky**”) as representative counsel on behalf of Persons who, as of December 31, 2001, had an entitlement under the defined benefit provision of the Dumai Plan, and who may also have an entitlement to defined benefits determined in accordance with Part “E” of the Pension Plan (in their capacity as such, the “**Dumai Group**”)²;
 - (ii) appointing Ursel Phillips Fellows Hopkinson LLP (“**Ursel Phillips**”) as representative counsel on behalf of persons with entitlements under either or

² At the time the Applicants’ motion record was served, the definition of Dumai Group was still being discussed, and had not been agreed to among the various parties. The Monitor understands that the definition above is consented to by the Company, Koskie Minsky, the FILO Agent, Pathlight, and the Independent Pension Administrator (as defined below).

both of the defined benefit provision and defined contribution provision under the Hudson's Bay Company Pension Plan (the "**Pension Plan**") (other than the Dumai Group) (the "**Non-Dumai Group**");

- (b) an Order (the "**Mediation Order**"), among other things, appointing the Honourable former Chief Justice Geoffrey B. Morawetz of Morawetz Chambers Inc. as mediator in respect of the Pension Surplus matters (as defined below);
- (c) an Order (the "**Stay Extension and Second KERP Order**"), among other things:
 - (i) extending the Stay Period from June 30, 2026, until and including October 31, 2026;
 - (ii) approving the second key employee retention plan (the "**Second KERP**") and granting a Court-ordered priority charge against the Applicants' property in the maximum amount of \$527,500 as security for payment thereunder (the "**Second KERP Charge**"); and
 - (iii) sealing the unredacted summary of the Second KERP pending further order of this Court.

1.5 In support of the Pension Plan Representative Counsel Order and the Mediation Order, the Applicants filed an affidavit of Thomas Obersteiner sworn June 18, 2026 (the "**Obersteiner Pension Affidavit**"). The Applicants also filed a separate affidavit of Thomas Obersteiner sworn June 18, 2026, in support of the Stay Extension and Second KERP Order (the "**Obersteiner Stay and KERP Affidavit**", and together with the Obersteiner Pension Affidavit, the "**Obersteiner Affidavits**").

Purpose of this Report

- 1.6 The purpose of this Sixteenth Report is to provide the Court with information, and where applicable, the Monitor's views on:
- (a) various case updates, including with respect to:
 - (i) the Royal Trust Motion (as defined below);
 - (ii) matters involving Robert Renee Turpin ("**Mr. Turpin**");
 - (iii) recent developments in the receivership proceedings involving the JV Entities (as defined below);
 - (iv) the Art Collection Auction (as defined below); and
 - (v) the removal of FF&E and signage from the locations previously leased by the Applicants;
 - (b) the Pension Plan Representative Counsel Order and the Mediation Order;
 - (c) the Stay Extension and Second KERP Order;
 - (d) the Applicants' cash flow results relative to the Applicants' cash flow forecast attached as Appendix "J" to the Fourteenth Report of the Monitor dated March 16, 2026 (the "**Fourteenth Report**");
 - (e) the Ninth Updated Cash Flow Forecast (as defined below);
 - (f) the activities of the Monitor; 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 Sixteenth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Sixteenth 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 Sixteenth 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 Sixteenth Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since

projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

- 2.3 This Sixteenth Report should be read in conjunction with the Obersteiner Affidavits. Capitalized terms used and not defined in this Sixteenth Report have the meanings ascribed to them in the Obersteiner Affidavits or the Prior Reports, as applicable.
- 2.4 Unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3.0 CASE UPDATES

Royal Trust Motion

- 3.1 As discussed in the Fourteenth Report, on February 13, 2026, counsel to Royal Trust Corporation of Canada (“**Royal Trust**”), the current trustee of four retirement compensation arrangement trusts for current and former employees of Hudson’s Bay Canada (the “**HBC RCAs**”), served a motion record, returnable at a date to be determined by the Court, in support of a motion for advice and directions from the Court with respect to various matters related to the HBC RCAs (the “**Royal Trust Motion**”). The Royal Trust Motion seeks the Court’s advice and directions in respect of twelve primary questions, along with several potentially relevant follow-up questions. Royal Trust does not provide a view in respect of these questions in its motion materials. The Monitor understands that in addition to the twelve questions raised by Royal Trust, the Company has also identified certain additional questions that may require the Court’s assistance.

3.2 As of the date hereof, the Royal Trust Motion has not been scheduled. Since the service of that motion, the Monitor and its counsel have had extensive discussions with the Applicants and their counsel, counsel to Royal Trust, and Ursel Phillips, in its capacity as Employee Representative Counsel (as defined below). Those discussions remain ongoing, and the Monitor and these stakeholders are continuing to attempt to narrow the issues to be determined by the Court on that motion.

3.3 In that regard, a case management conference has been scheduled with the Court to discuss certain procedural and timing matters related to the Royal Trust Motion. At that case conference, the Monitor understands that Employee Representative Counsel will present a proposal with respect to the process and timing of the hearing of certain of the primary questions raised in the Royal Trust Motion (specifically, Questions 1-8 and 10-11 as set out in the Royal Trust Motion). Employee Representative Counsel proposes that a separate and later hearing be scheduled to address Question 12, which is expected to be contested.

Matters involving Mr. Turpin

3.4 As discussed in certain of the Prior Reports, the Monitor and its counsel have received a significant volume of correspondence from Mr. Turpin. Pursuant to endorsements dated April 13, 2026 and April 24, 2026, the Court approved a schedule for a written motion to determine Mr. Turpin's claims. In accordance with that schedule, the Monitor delivered its Fifteenth Report dated June 22, 2026, providing its views in connection therewith. Shortly after the Monitor's service, Mr. Turpin issued a brief sur-reply by email to the Service List, in advance of his June 29, 2026 deadline to deliver a sur-reply Motion Record and factum to respond to the Monitor's responding materials. Once a hearing bundle is created in Case

Center, the Monitor will upload all of the materials (including those of Mr. Turpin) to Case Center. The Court has indicated the motion material will be read on or after July 2, 2026.

Art Collection Auctions³

3.5 As described in the Fourteenth Report, the Art Collection Auction Procedures were approved by the Court on September 25, 2025. The Art Auction Process Order authorized the sale of the Art Collection at a series of auctions and the vesting of items sold at the auctions in the purchasers free and clear of all claims and encumbrances. As noted in the Monitor's Ninth Report dated September 22, 2025, the Company identified certain artifacts in the Art Collection that are believed to be of Indigenous origin, potentially of Indigenous origin, or uniquely representative of Indigenous culture. Those items were not included in the Art Collection Auction. The Monitor understands that, with the exception of two items in which there has been little or no interest, these items have been returned to the relevant communities, or where applicable, donated to public institutions.

3.6 As described in the Fourteenth Report:

- (a) the Live Auction held on November 19, 2025, achieved an aggregate hammer price⁴ of approximately \$4.9 million;
- (b) the First Online Auction, which closed on December 4, 2025, achieved an aggregate hammer price of approximately \$2.5 million;

³ Capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in the Thirteenth Report.

⁴ Hammer price is exclusive of sales taxes and fees paid to the auctioneer.

(c) the Second Online Auction, which closed on January 27, 2026, achieved an aggregate hammer price of approximately \$445,000; and

(d) the Third Online Auction, which closed on February 19, 2026, achieved an aggregate hammer price of approximately \$390,000.

3.7 The fourth online auction closed on March 19, 2026 (the “**Fourth Online Auction**”), and achieved an aggregate hammer price of approximately \$225,000. The fifth online auction closed on April 21, 2026 (the “**Fifth Online Auction**”), and achieved an aggregate hammer price of approximately \$202,000. In addition to these online auctions, an individual piece of artwork was sold through a Heffel live auction (the “**Lely Auction**”) that closed on May 21, 2026, achieving an aggregate hammer price of approximately \$180,000.

3.8 As of the date of this Report, Heffel, as auctioneer, has distributed aggregate gross proceeds of approximately \$9.5 million to the Monitor in respect of the auctions noted above⁵. The distributed amount reflects the aggregate hammer prices inclusive of HST and net of Heffel’s commissions and fees.

3.9 The Monitor understands that two further online auctions have closed: (i) the sixth online auction (the “**Sixth Online Auction**”), which closed during the week ended June 5, 2026; and (ii) the seventh online auction (the “**Seventh Online Auction**”), which closed during the week ended June 18, 2026. The Monitor has not yet received final settlement documentation from Heffel in respect of the Sixth Online Auction or the Seventh Online Auction. The Monitor further understands that one final online auction is anticipated to

⁵ The Obersteiner Stay and KERP Affidavit had noted that proceeds were approximately \$9.3 million as, due to timing of receipt, it had not included the Lely auction proceeds.

close in early July 2026, which is expected to conclude the Art Collection auction process. The Monitor will provide further information on these auctions in a future report.

FF&E & Signage Removal

3.10 As described in the Fourteenth Report, FF&E removal and demolition activities had been completed at all locations with the exception of one location leased by the JV Entities⁶, in respect of which the Company was coordinating removal activities with the Receiver. The Monitor understands that FF&E removal has subsequently been completed at that location.

3.11 As of the date of this Report, signage removal has been completed at all but one location, where the landlord will be completing the removal work upon receipt of required municipal permits. The Applicants will not be incurring any further costs in connection with the signage removal at this location.

JV Entities' Receivership Proceedings

3.12 Over the past months, the Company worked with FTI Consulting Canada Inc., the Court-appointed receiver of the JV Entities in connection with sale transactions involving certain real properties, including the real property municipally known as 674 Granville Street, Vancouver, British Columbia (the "**Vancouver Real Property**"), the real property municipally known as 3030 Howard Street, Windsor, Ontario (the "**Devonshire Real Property**"), and the real property municipally known as 200 8th Avenue S.W., Calgary, Alberta (the "**Calgary Real Property**"). The Company is the nominal title holder, without

⁶ The "JV Entities" are RioCan-HBC JV, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc.

beneficial rights, beneficial ownership or beneficial interest, in the Vancouver Real Property, a portion of the Devonshire Real Property and the Calgary Real Property, while Snospmis Limited is the nominal title holder, without beneficial rights, beneficial ownership or beneficial interest, in the remaining portion of the Devonshire Real Property.

- 3.13 Pursuant to the applicable nominee agreements, the Company and Snospmis Limited acted as nominal title holders for and on behalf of RC-HBC LP and RioCan-HBC General Partner Inc., as general partner to RC-HBC LP, and were required to convey registered title to the applicable properties to RC-HBC LP or its identified successors or assignees when requested by RC-HBC LP.
- 3.14 The Receiver marketed the Vancouver Real Property, the Devonshire Real Property and the Calgary Real Property beginning in late 2025, as well as real property municipally known as 73, 85 and 87 Rideau Street, Ottawa, Ontario, in which none of the Applicants were nominee title holders (the “**Ottawa Real Property**”). The Receiver executed purchase agreements in respect of the Vancouver Real Property, the Devonshire Real Property, the Calgary Real Property and the Ottawa Real Property in early 2026. The transaction in respect of the Calgary Real Property involved the assignment of certain ancillary agreements, including a retail lease and ground lease that intersect with a separate receivership involving a commercial building known as Stephen Avenue Place located at 700 2nd Street SW in Calgary, Alberta in which MNP Ltd. is the Receiver.
- 3.15 The Company and its advisors worked with the Receiver and its counsel, in consultation with the Monitor, as required in connection with these transactions, given the Company’s

role as nominee and/or potential party to certain ancillary agreements subject to the proposed transactions.

3.16 The following Orders were obtained in respect of the above-mentioned properties:

- (a) an Order dated April 15, 2026, granted by the Court of King's Bench of Alberta in the Stephen Avenue Place receivership approving the sale of property adjacent to the Calgary Real Property and sale/assignment of ancillary agreements relating thereto;
- (b) an Order dated May 4, 2026, granted by this Court in the RioCan Receivership Proceedings approving the sale of the Ottawa Real Property; and
- (c) an Order dated May 25, 2026, by this Court in the RioCan Receivership Proceedings and the CCAA Proceedings approving the sale of the Calgary Real Property, the Vancouver Real Property, and the Devonshire Real Property.

3.17 The Monitor understands that the transactions with respect to the Devonshire Real Property closed on June 5, 2026, and that it is anticipated that the transactions with respect to the Calgary Real Property and the Vancouver Real Property will be completed in the upcoming weeks.

3.18 The Monitor will continue to keep this Court updated with respect to material developments in the RioCan Receivership Proceedings that impact the Applicants.

4.0 EMPLOYEE AND PENSION PLAN BACKGROUND

4.1 The following is a brief summary of the background that the Monitor views as relevant to the Applicants' motion for the Pension Plan Representative Counsel Order. Certain details have been previously reported in the Prior Reports, but are repeated herein for ease of reference.

Employees and Pension Plan

4.2 As at the Filing Date, the Applicants employed approximately 9,364 people across 96 stores, four distribution centres, and a head office. In the course of these CCAA Proceedings, the employment of virtually all of these employees has been terminated. On June 15, 2025, after it became apparent that a going concern resolution would not be reached and the liquidation of the operating stores had substantially been completed, the Applicants terminated all employees that were not required to assist with the Applicants' orderly wind-down. Since that time, the Applicants have continued to lay off employees as the wind-down has progressed and tasks have been completed, and as of the date of this Report, the Applicants have only six remaining employees.

4.3 The Monitor understands that the Company established and sponsors a registered pension plan, the Hudson's Bay Company Pension Plan (the "**Pension Plan**"), which includes both defined benefit ("**DB**") and defined contribution ("**DC**") components. The Pension Plan is registered with the Financial Services Regulatory Authority of Ontario ("**FSRA**"), pursuant to the *Pension Benefits Act* (Ontario) (the "**PBA**"). As at the Filing Date, and prior to their termination during the course of the CCAA Proceedings, most of the Applicants' employees were accruing benefits under the DC component of the Pension Plan.

- 4.4 The Monitor understands that the Pension Plan's liabilities include benefits accrued under the Pension Plan, along with benefits accrued under various predecessor pension plans (collectively, the "**Predecessor Plans**") that ultimately merged with, or transferred assets and liabilities to, the Pension Plan, all as described in greater detail in the Obersteiner Pension Affidavit.
- 4.5 For many individuals, benefits have been accrued under both the DC and DB components of the Pension Plan and/or a Predecessor Plan, and in some cases, benefits have been accrued under more than one DB component. As such, there is some overlap in the demographic data.

Pension Plan Wind-Up

- 4.6 The Company historically acted as administrator of the Pension Plan. Effective April 3, 2025, FSRA appointed TELUS Health (Canada) Ltd. as independent third-party administrator of the Pension Plan (in such capacity, the "**Independent Pension Administrator**") pursuant to its authority under the PBA and related regulations. The Pension Plan continued to be administered in the ordinary course until August 31, 2025, during which time current employees continued to contribute to, and accrue benefits under, the Pension Plan.
- 4.7 On September 8, 2025, FSRA issued a notice of intended decision to wind up the Pension Plan effective September 1, 2025 (the "**NOID**"), on the basis that all or substantially all members of the Pension Plan had ceased to be employed by the employer. After the expiry of the applicable review period, FSRA issued a wind-up order on October 20, 2025, confirming the September 1, 2025 wind-up date. The wind-up includes Company members

whose employment was terminated between March 7, 2025 and August 31, 2025, and such group is included within the proposed Represented Pension Plan Members (as defined below).

Pension Surplus

- 4.8 The most recent actuarial valuation report for the wind-up of the Pension Plan as at September 1, 2025, prepared by the Independent Pension Administrator in accordance with regulatory requirements (the “**Wind-Up Report**”), indicates that the Pension Plan’s assets exceed the amount required to satisfy accrued pension liabilities on a wind-up basis. The Wind-Up Report indicates that substantial surplus funds will remain following the wind-up of the Pension Plan after all wind-up liabilities and related expenses have been paid or settled (the “**Pension Surplus**”).
- 4.9 According to the Wind-Up Report, as of September 1, 2025, the Pension Plan had approximately 3,230 active and inactive members with DB entitlements and 13,036 active and inactive members with DC entitlements. The Company’s demographic data, as presented in the Obersteiner Pension Affidavit, differs from the figures in the Wind-Up Report and a further reconciliation may be required.
- 4.10 As noted in the Obersteiner Pension Affidavit, prior decisions have addressed certain issues with respect to Pension Surplus entitlement. First, on September 22, 2011, the Court of Appeal for Ontario issued a decision (the “**Dumai Decision**”) concerning surplus entitlement under one of the Predecessor Plans, the Dumai Pension Plan (known as the Simpsons, Limited Supplementary Pension Plan prior to January 1, 1994; the “**Dumai Plan**”), which (a) transferred certain assets/liabilities relating to service prior to January

31, 1979, to the Pension Plan, and (b) later merged with the Pension Plan on January 1, 2002. Second, on October 7, 2010, the Supreme Court of Canada issued a decision concerning surplus entitlement under the Pension Plan.

- 4.11 The Company has notified the Independent Pension Administrator of its intention to assert a claim to the Pension Surplus, which the Applicants state may represent a significant source of recovery for the Company's secured creditors.

Dumai Application

- 4.12 On June 6, 2025, Koskie Minsky commenced an application for a class action proceeding (the "**Dumai Uncertified Class Action Application**") on behalf of John Scott and James Common, as proposed representative plaintiffs. The Dumai Uncertified Class Action Application was brought both in their own right and on behalf of an asserted class consisting of all Dumai Members (as defined below) under the Dumai Plan. The Dumai Uncertified Class Action Application seeks various orders in respect of the Pension Surplus and asserts an interest in the Pension Surplus on behalf of the Dumai Members.

- 4.13 Neither the Company nor the Monitor received notice of the commencement of the Dumai Uncertified Class Action Application – upon learning of the Dumai Uncertified Class Action Application, on July 4, 2025, the Applicants, with the support of the Monitor, sent a letter to Koskie Minsky regarding the Dumai Uncertified Class Action Application, clarifying that the Company has a contingent future interest in the Pension Surplus, and as such, the class action proceedings are stayed under the terms of the stay of proceedings outlined in the ARIO. In order to address certain statutory limitations, on June 5, 2026, after advising counsel for the Company and the Monitor that it would be doing so, Koskie

Minsky filed a motion for the certification of the Dumai Uncertified Class Action Application. The Company and the Monitor received a copy of the filings from Koskie Minsky.

- 4.14 The proposed Pension Plan Representative Counsel Order, prepared in consultation with Koskie Minsky (along with the other Surplus Mediation Parties, as defined below), seeks to address the Pension Surplus matters in their entirety, and no further steps will be taken in the Dumai Uncertified Class Action Application at this time.

5.0 PENSION PLAN REPRESENTATIVE COUNSEL AND MEDIATION

Existing Employee Representative Counsel

- 5.1 At a hearing before the Court on April 24, 2025, the Applicants sought various relief, including an Order, among other things: (a) appointing Ursel Phillips as representative counsel (“**Employee Representative Counsel**”) for the Represented Employees (as defined therein); and (b) amending the Administration Charge granted in the Initial Order to include the proposed Employee Representative Counsel.
- 5.2 At the conclusion of that hearing, at which certain opposition was raised, the Court declined to appoint any nominated representative counsel, and instead appointed the Honourable Herman J. Wilton-Siegel as independent third party (the “**ITP**”) to evaluate the representative counsel proposals and make a recommendation to the Court.
- 5.3 On May 5, 2025, the Court issued an endorsement accepting the recommendation of the ITP and appointing Ursel Phillips as Employee Representative Counsel, and an Order of the same date (the “**Employee Representative Counsel Order**”) setting out Employee

Representative Counsel's powers and protections was subsequently granted by the Court. Ursel Phillips has served as Employee Representative Counsel in these proceedings since the date of the Employee Representative Counsel Order.

- 5.4 The Employee Representative Counsel Order provides a prescribed "Purpose" for Employee Representative Counsel's appointment. Importantly, the Employee Representative Counsel Order specifically provides that the Purpose "shall not include assisting with any entitlement of current and former Employees under the Pension Plans" – as noted in the motion materials filed in connection therewith, no steps had then been taken to commence a wind-up of the Pension Plan.

Proposed Pension Plan Representative Counsel

- 5.5 The Applicants, the Independent Pension Administrator, and the Applicants' secured lenders, in consultation with the Monitor, engaged in discussions and negotiations regarding a process to address competing entitlement issues relating to the Pension Surplus. Those discussions ultimately culminated in the motion for the Pension Plan Representative Counsel Order and the Mediation Order.
- 5.6 Pursuant to the Pension Plan Representative Counsel Order, the Applicants seek to appoint representative counsel to represent the interests of each person included in the Pension Plan wind-up, including: (a) Pension Plan members whose employment was terminated between March 7, 2025 and August 31, 2025; (b) any person claiming (or who may hereafter claim or purport to claim) an interest under or on behalf of such person; and (c) any individual who had been a member of the Pension Plan or Predecessor Plans claiming an entitlement to the Pension Surplus (collectively, the "**Represented Pension Plan Members**").

- 5.7 The Applicants propose that the representative counsel represent the Represented Pension Plan Members in: (a) these CCAA Proceedings, solely with respect to potential entitlements of the Represented Pension Plan Members to the Pension Surplus; (b) the Dumai Uncertified Class Action Application; or (c) any proceeding under the *Bankruptcy and Insolvency Act* or under any other act or in any other proceeding, including with respect to the insolvency of the Applicants, or in any other application or complaint to any regulatory authority which concerns Pension Surplus matters (collectively, the “**Pension Surplus Proceedings**”).
- 5.8 As noted above, the Applicants seek to appoint Koskie Minsky for the Dumai Group, and Ursel Phillips for the Non-Dumai Group. The Applicants and the Monitor are of the view that separate representation is required as the Dumai Decision may be relevant to the Dumai Group’s entitlement to the Pension Surplus. Should a conflict arise amongst the group represented by Ursel Phillips, Ursel Phillips will contact the Monitor, and the parties will revisit potential next steps to address the potential conflict.
- 5.9 Both Ursel Phillips and Koskie Minsky have the background necessary to advance matters on behalf of their constituents quickly and efficiently. As noted above, Ursel Phillips is already Employee Representative Counsel, and will have the ability to draw on its existing knowledge to fulfil this mandate.
- 5.10 Koskie Minsky is proposed as representative counsel for the Dumai Group because it has a historical and existing retainer with Dumai members, including in connection with the Dumai Decision and the Dumai Uncertified Class Action Application.

- 5.11 The Monitor is satisfied that both Ursel Phillips and Koskie Minsky have the experience and expertise to perform their proposed mandates.
- 5.12 The proposed scope of the Pension Plan Representative Counsel role (the “**Pension Plan Purpose**”) includes the following:
- (a) representing the respective Represented Pension Plan Members in the Pension Surplus Proceedings regarding claims or matters relating to the Pension Surplus;
 - (b) communicating with the Applicants, the Monitor, the Independent Pension Administrator, FSRA, other Pension Plan Representative Counsel or other stakeholders in respect of future motions and orders to be sought in the Pension Surplus Proceedings;
 - (c) identifying any sub-group(s) of the Represented Pension Plan Members that Pension Plan Representative Counsel may deem appropriate or necessary having regard to the interests of any such sub-group;
 - (d) participating on behalf of their respective Represented Pension Plan Members, including any sub-group of the Represented Pension Plan Members, with the negotiation, mediation, settlement or compromise of any of their rights, entitlements or claims to the Pension Surplus and taking any necessary related steps in connection therewith;
 - (e) entering into a settlement agreement on behalf of the Represented Pension Plan Members including any sub-group of the Represented Pension Plan Members regarding the settlement or compromise of any of their rights, entitlements or claims

to the Pension Surplus, and taking any other steps required to give effect to such settlement agreement; and

- (f) advising Represented Pension Plan Members in relation to the Pension Surplus Proceedings and in respect of any rights in relation to the Pension Surplus.

5.13 Once Pension Plan Representative Counsel are appointed, the Company intends to engage in discussions with Pension Plan Representative Counsel, in consultation with the Monitor, the Independent Pension Administrator and secured creditors, to try to resolve entitlement to the Pension Surplus consensually. The Pension Plan Representative Counsel Order contemplates that the Company, the Monitor, the Independent Pension Administrator, Pension Plan Representative Counsel, the FILO Agent, and Pathlight (the “**Surplus Mediation Parties**”) will have 60 days, plus an additional 45-day extension if agreed to by all Surplus Mediation Parties and consented to by the Monitor, to attempt to resolve the matters directly (the “**Pre-Mediation Negotiation**”). To the extent a resolution is not reached, the Surplus Mediation Parties will pursue a mediation process, as discussed further below.

5.14 The proposed Pension Plan Representative Counsel Order contains similar mechanisms to the Employee Representative Counsel Order contemplating the ability for Pension Plan Representative Counsel to bind members of their respective groups, allowing for the creation of committees, and providing the ability for members to opt-out of representation. In order to facilitate the Pension Surplus Negotiations, including the sharing of confidential information by the Company and the Independent Pension Administrator with the other

Surplus Mediation Parties, the Pension Plan Representative Counsel Order also contains confidentiality provisions.

- 5.15 Finally, the Pension Plan Representative Counsel Order would approve a fee structure under which Ursel Phillips' reasonable and documented fees and disbursements in connection with its role as Pension Plan Representative Counsel in relation to the Pension Plan Purpose, including the fees of any reasonably necessary advisors, would be paid in accordance with the terms of the engagement letter between the Independent Pension Administrator and Ursel Phillips and from the Pension Plan funds on an interim basis by the Independent Pension Administrator, subject to Court determination in the event of any dispute. The Independent Pension Administrator was consulted and agreed to the proposed interim payments.
- 5.16 Koskie Minsky's fees and disbursements, including the fees of any necessary advisors, would be paid from any judgment, order or settlement in accordance with its retainer agreement with John Scott and James Common dated June 6, 2025 under the Dumai Uncertified Class Action Application, subject to Court approval under the *Class Proceedings Act, 1992* (Ontario).
- 5.17 The Monitor supports the appointment of the Pension Plan Representative Counsel and believes the Pension Plan Representative Counsel Order is appropriate in the circumstances. Both Ursel Phillips and Koskie Minsky are experienced in employee and pension matters, including in acting as representative counsel, and both have sufficient background to begin working on behalf of their respective groups quickly and efficiently. Given the Dumai Decision, the Monitor is also of the view that the division between the

groups is appropriate in the circumstances. The Monitor believes the terms of the Pension Plan Representative Counsel Order are reasonable in the circumstances, and the appointment of Pension Plan Representative Counsel will help streamline the determination of issues in respect of the Pension Surplus and reduce costs – it is therefore in the best interests of all stakeholders, and the Monitor does not believe any party will be materially prejudiced. The Monitor is not aware of any opposition to the relief sought.

Proposed Mediator

- 5.18 Pursuant to the Mediation Order, the Applicants are also seeking the appointment of the Honourable former Chief Justice Geoffrey B. Morawetz of Morawetz Chambers Inc. (the “**Proposed Mediator**”) to act as mediator in respect of the Pension Surplus matters in the event the parties are not able to reach agreement during the Pre-Mediation Negotiation period. The Surplus Mediation Parties, including the Monitor, were consulted and support the selection of the Proposed Mediator. The Proposed Mediator’s retainer agreement is currently being negotiated.
- 5.19 Obtaining the Mediation Order at this time will allow the Proposed Mediator an opportunity to commence preparation work during the Pre-Mediation Negotiation, in order to facilitate a quick transition to mediation if necessary. The Monitor will advise the Proposed Mediator if a mediation is to be commenced. Once commenced, the Mediation Order provides significant flexibility, and empowers the Proposed Mediator to, among other things, adopt processes, procedures, and timelines that he considers appropriate, consult with the Surplus Mediation Parties and other parties, and apply to the Court for advice and directions, all as he considers appropriate. The Mediation Order otherwise

provides that the Pension Surplus Negotiations shall be conducted on a confidential and without prejudice basis and provides for related confidentiality protections, and provides that the reasonable and documented fees and disbursements of the Proposed Mediator shall be paid, in consultation with the Independent Pension Administrator, in accordance with the terms of his engagement letter from the Pension Plan funds.

5.20 The Monitor supports the appointment of the Proposed Mediator. As this Court is well aware, the Proposed Mediator has significant experience hearing complex, commercial issues, including insolvency and pension disputes. The Monitor believes that, if a mediation is necessary, the Proposed Mediator will be well-positioned to facilitate efficient negotiations for the benefit of all stakeholders. The Monitor is not aware of any opposition and does not believe that any party will be materially prejudiced by the relief sought.

6.0 SECOND KERP

6.1 As described in the First Report of the Monitor dated March 16, 2025, the Court approved the KERP (the “**First KERP**”) and a corresponding charge (the “**First KERP Charge**”) in the maximum aggregate amount of \$3 million, pursuant to the ARIO. The First KERP has been implemented in accordance with its terms and all amounts secured by the First KERP Charge have been paid in full.

6.2 As of the date of this Report, the Applicants have six remaining employees. Of those six employees, one is expected to conclude their employment with the Applicants on or around August 31, 2026. The other five employees (the “**Key Employees**”) will remain to assist with the completion of the wind-down, including administration of the Hardship Programs Term Sheet and the Hardship Programs (as defined and discussed in the Thirteenth Report

of the Monitor dated February 9, 2026), and resolution of Pension Surplus matters. In addition, the Applicants have retained three consultants to assist with certain remaining aspects of the wind-down.

Proposed Second KERP and Second KERP Charge

- 6.3 The Applicants are seeking approval of a second key employee retention plan (the “**Second KERP**”) and an accompanying Court-ordered priority charge (the “**Second KERP Charge**”) in the maximum amount of \$527,500 to secure payments to be made to the Key Employees. The Second KERP was developed by the Applicants with the assistance of the Monitor.
- 6.4 Pursuant to the terms of the proposed Second KERP, each Key Employee will receive their retention payment upon the earlier of: (a) the completion of such Key Employee’s assigned workstreams related to the wind-down, the Pension Surplus, matters related to the HBC RCAs, and/or the Hardship Programs Term Sheet and Hardship Program, as applicable to such Key Employee; or (b) such Key Employee’s applicable outside date under the Second KERP, which range from August 31, 2026 to December 31, 2027, depending on the Key Employee, or earlier in the event a Key Employee is terminated without cause prior to their applicable outside date. In addition, one Key Employee’s KERP provides for a performance-based incentive payment.
- 6.5 The maximum aggregate amount payable under the Second KERP (to be secured by the Second KERP Charge) is \$527,500, comprised of retention payments, representing between 11% and 39% of each Key Employee’s respective annual base salary (excluding the incentive component). The Second KERP Charge will replace the First KERP Charge

(obligations under the First KERP Charge have been fully satisfied), and is proposed to rank behind the Administration Charge but ahead of all other Charges and Encumbrances.

- 6.6 Further details regarding the Second KERP, including the maximum aggregate amount payable thereunder, the identity of the Key Employees, their general roles, and the retention and incentive payments are set out in **Confidential Appendix “1”** to this Report. A sealing order is sought with respect to the Confidential Appendix, consistent with the sealing order granted for the First KERP, as the Confidential Appendix contains sensitive personal compensation information, the public disclosure of which could cause harm to the Key Employees and be disruptive to the remaining wind-down. The Monitor believes the sealing relief is proportional in the circumstances and will not materially prejudice any stakeholder.

Monitor’s Views

- 6.7 The Monitor supports the approval of the Second KERP and the Second KERP Charge for the following reasons:
- (a) the Key Employees possess specialized institutional knowledge of the Applicants’ financial and business operations, the Hardship Programs Term Sheet and Hardship Programs, matters related to the HBC RCAs, and the Pension Surplus that cannot be replicated or efficiently replaced by alternative resources;
 - (b) the Second KERP will provide stability to, and facilitate, the orderly conclusion of remaining wind-down matters by incentivizing the Key Employees to remain with the Applicants through the completion of their respective assigned workstreams;

- (c) the Second KERP appropriately aligns the compensation of the relevant Key Employees with the maximization of recoveries for all stakeholders; and
- (d) the Monitor has reviewed the Second KERP, including the identity of the Key Employees, their respective roles, and the proposed retention and incentive amounts, and is satisfied that: (i) the Key Employee list is appropriate and not unduly broad; (ii) the proposed payments are reasonable and proportionate to the critical nature of each Key Employee's role and the complexity of the remaining wind-down matters; and (iii) the Second KERP is comparable to key employee retention and incentive plans that have been approved in similar circumstances in Canadian insolvency proceedings.

6.8 The Monitor is also of the view that the Second KERP Charge is reasonable and appropriate in the circumstances and will provide the participating Key Employees with certainty that their retention and incentive payments will be made in accordance with the terms of the Second KERP. The FILO Agent and Pathlight were advised of the proposed Second KERP and had an opportunity to provide their comments. The FILO Agent was agreeable with proceeding subject to certain adjustments that have been incorporated and no opposition was raised by Pathlight.

7.0 STAY EXTENSION

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

the Court extended the Stay Period (excluding the Co-Tenant Stay) until May 15, 2025. The Stay Period was subsequently extended to July 31, 2025, by Order dated May 13, 2025.

- 7.2 The Court subsequently granted an Order on June 3, 2025 that, among other things: (a) terminated the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities concurrently with a separate Order that appointed the Receiver; and (b) terminated the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.
- 7.3 The Stay Period has subsequently been extended from time-to-time by the Court, most recently to June 30, 2026, pursuant to an Order granted on March 19, 2026. Given the Orders granted on June 3, 2025, the subsequent stay extensions have not included the JV Entities, and the JV Entities no longer have the benefit of the CCAA stay.
- 7.4 The Applicants' activities since the granting of the Stay Extension and Approval of Monitor's Reports Order are detailed in the Obersteiner Stay and KERP Affidavit and are not repeated herein.
- 7.5 The Monitor supports the Applicants' request to extend the Stay Period to and including October 31, 2026, for the following reasons:
- (a) the Applicants have acted, and continue to act, in good faith and with due diligence to advance the CCAA Proceedings;
 - (b) an extension of the Stay Period is required to provide the Applicants with the time necessary to attend to and complete various matters, including:

- (i) advancing matters with respect to the Pension Surplus;
 - (ii) advancing matters related to the HBC RCAs and scheduling and hearing any outstanding issues related to the Royal Trust Motion;
 - (iii) continuing and concluding the Art Collection Auctions, including the final online auction anticipated to close in early July 2026;
 - (iv) completing the implementation of the programs approved by the Hardship Programs Order (to the extent the necessary financial conditions are met);
 - (v) administering the Second KERP, if approved;
 - (vi) addressing Mr. Turpin's claims;
 - (vii) attending to matters involving the receivership proceedings in respect of the JV Entities;
 - (viii) attending to various employee matters;
 - (ix) attending to various CCAA administrative matters, including document and data retention matters; and
 - (x) completing further distributions;
- (c) as shown in the Ninth Updated Cash Flow Forecast, the Applicants are projected to have sufficient liquidity to operate through the proposed extension of the Stay Period; and

(d) the Monitor is not aware of any party that would be materially prejudiced by the proposed extension of the Stay Period.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST⁷

8.1 Actual receipts and disbursements for the 14-week period from March 7 to June 12, 2026 (the “**Reporting Period**”), as compared to the cash flow forecast attached as **Appendix “J”** to the Fourteenth Report (the “**Eighth Updated Cash Flow Forecast**”), are summarized in the following table:

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts	8,327	4,713	3,614
Disbursements			
Payroll & Benefits	(948)	(1,242)	295
Occupancy Costs	(40)	(317)	277
Wind-down Expenses	(259)	(841)	582
Store Closure & Exit Costs	(712)	(825)	113
Sales Tax Remittances	-	(43)	43
Professional Fees	(3,861)	(4,849)	989
Shared Service Payments	(924)	(2,260)	1,335
Interest Payments & Fees	(1,274)	(1,311)	37
Total Disbursements	(8,018)	(11,688)	3,671
Net Cash Flow	309	(6,975)	7,284
Opening Cash Balance	22,930	22,930	--
Net Cash Flow	309	(6,975)	7,284
FX Adjustment	106	--	106
FILO Credit Facility Paydown	(5,625)	(3,688)	(1,936)
Closing Cash Balance	17,720	12,267	5,454

⁷ Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report of the Monitor dated March 16, 2025.

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

- (a) total receipts of approximately \$8.3 million are comprised of: (i) approximately \$2.9 million of cash collateral that had been held by Bank of America to cover potential exposure for outstanding letters of credit (the “**LC Funds**”) that was subsequently returned to the Company; (ii) approximately \$1.7 million related to the Company Reserve Fund (as defined in the Hardship Programs Term Sheet) held by Manulife, which was released to the Monitor on behalf of the Applicants pursuant to the Hardship Programs Term Sheet (the “**CRF Funds**”); (iii) approximately \$1 million related to the reimbursement of post-filing LTD payments up to February 15, 2026, which was released to the Monitor on behalf of the Applicants pursuant to the Hardship Programs Term Sheet (the “**LTD Reimbursement Funds**”); (iv) approximately \$962,000 of proceeds from the Third Online Auction, Fourth Online Auction, Fifth Online Auction, and the Lely Auction;⁸ (v) approximately \$471,000

⁸ Cumulative auction proceeds of approximately \$9.5 million (inclusive of HST and net of Heffel’s commissions and fees) from the Live Auction, the First Online Auction, the Second Online Auction, the Third Online Auction, the Fourth Online Auction, the Fifth Online Auction, and the Lely Auction (altogether, the “**Art Collection Auctions**”) are shown as having been collected and are included in the Company’s Closing Cash Balance. However, in accordance with paragraph 11 of the Art Collection Auction Procedure Order, cumulative net proceeds of approximately \$5.5 million from the Art Collection Auctions are being held in trust by the Monitor pending further order of the Court or distribution to the FILO Agent. Of the \$9.5 million that had been received by the Monitor in trust, the Monitor distributed approximately \$2.9 million to the FILO Agent as a distribution to repay the FILO Credit Facility, and

related to the reimbursement of post-filing LTD payments for the period February 16 to June 15, 2026; and (vi) approximately \$1.3 million of other miscellaneous receipts and deposit interest earned on the Company's cash balances;

- (b) the positive receipts variance of approximately \$3.6 million is permanent and is primarily a result of: (i) the release of the LC Funds of approximately \$2.9 million, which was not included in the forecast; (ii) proceeds received from the Fourth Online Auction, the Fifth Online Auction, and the Lely Auction that were not included in the forecast; and (iii) other smaller positive variances and miscellaneous receipts;
- (c) the positive variance in payroll and benefits of approximately \$295,000 is comprised of: (i) a positive timing variance of approximately \$150,000 which is expected to reverse in future weeks as post-filing LTD payments are made for the period May 16 to June 15, 2026; and (ii) a permanent positive variance of approximately \$145,000 due to actual costs being lower than forecast;
- (d) the positive variance in wind-down expenses of approximately \$582,000 is comprised of: (i) a positive timing variance of approximately \$300,000 that is expected to reverse in future weeks; and (ii) a positive permanent variance of approximately \$282,000;
- (e) the positive variance in shared service payments of approximately \$1.3 million is a timing variance that is expected to reverse in future weeks as amounts owed to Saks Global are reconciled and paid. The Monitor notes that approximately \$1.1 million

transferred the HST component of the Art Collection Auction proceeds (approximately \$1 million combined) to the Company for remittance to the CRA (as applicable).

is related to the June 2025 period, which remains outstanding pending a resolution regarding the allocation and settlement of certain third-party shared contracts. The remaining amount of approximately \$250,000 relates to the May 2026 period and is expected to be paid in the normal course; and

- (f) the remaining cumulative positive variance of approximately \$1.5 million is primarily due to: (i) professional fees incurred being lower than forecast; and (ii) occupancy costs for potential historical reconciliations being lower than forecast, both of which are considered permanent positive variances.

8.4 As directed in the October 24 Decision, and in accordance with the Stay Extension and Distribution Order dated May 13, 2025, which authorized distributions to be made to the FILO Agent in respect of amounts owing under the FILO Credit Facility, excluding the Make-Whole (each as defined in the Third Report of the Monitor dated May 9, 2025), the following distributions were made to the FILO Agent during the Reporting Period:

- (a) on March 18, 2026, the Monitor, on behalf of the Company, distributed approximately \$2.7 million, representing the cumulative net proceeds received from the CRF Funds and the LTD Reimbursement Funds; and
- (b) on June 3, 2026, the Monitor, on behalf of the Company, distributed approximately \$2.9 million, representing a portion of the funds that have been received from the art auctions.

- 8.5 The outstanding principal balance owing to the FILO Lenders under the FILO Credit Facility, after accounting for the above distributions, and excluding the Make-Whole, is approximately \$29.5 million.
- 8.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$7.3 million (before considering distributions to the FILO Agent). The closing cash balance as of June 12, 2026, was approximately \$17.7 million (which includes approximately \$5.5 million being held by the Monitor in trust), as compared to the projected cash balance of \$12.3 million.
- 8.7 As previously reported, the Monitor is holding the remaining proceeds from the closing of the Affiliate Lease Assignment Transaction (as defined in the Sixth Report of the Monitor dated July 14, 2025) of \$4 million in trust, which was received on June 26, 2025. These funds are incremental to the Company's closing cash balance as of June 12, 2026.

9.0 NINTH UPDATED CASH FLOW FORECAST

- 9.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated and extended cash flow forecast (the "**Ninth Updated Cash Flow Forecast**") for the 20-week period from June 13 to October 31, 2026 (the "**Cash Flow Period**"). A copy of the Ninth Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "A"**.
- 9.2 A summary of the Ninth Updated Cash Flow Forecast is provided in the table below:

Ninth Updated Cash Flow Forecast		\$000's
		<u>20-Week Period</u>
Receipts		1,000
Disbursements		
Payroll & Benefits		(900)
Wind-down Expenses		(878)
Shared Service Payments		(2,257)
Professional Fees		(6,657)
Interest Payments & Fees		(1,988)
Total Disbursements		(12,680)
Net Cash Flow		(11,680)
Opening Cash Balance		17,720
Net Cash Flow		(11,680)
FILO Credit Facility Paydown		-
Closing Cash Balance		6,040

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

- (a) receipts include \$1 million of post-filing sales tax refunds due from the Canada Revenue Agency related to filings for prior periods;
- (b) payroll and benefits include: (i) salaries, wages, remittances, and payroll taxes for the remaining corporate employees; (ii) independent contractor costs for personnel assisting with the wind-down; and (iii) certain payments in respect of the proposed Second KERP;
- (c) wind-down expenses relate to post-filing accruals and corporate wind-down costs. These expenses include, among other things, records retention, storage fees and certain IT-related costs;
- (d) shared services payments consist of: (i) cost reimbursements for limited Saks Global employees that provide support services to Hudson's Bay; (ii) an estimate of

Hudson's Bay's share of third-party IT costs and related support services necessary to administer the remaining aspects of the wind-down; and (iii) reimbursement for shared service costs incurred during June 2025 and May 2026, which remain subject to ongoing reconciliation between the Company (with the assistance of the Monitor) and Saks Global. The Monitor notes that approximately \$1.1 million related to the June 2025 period remains outstanding, pending resolution of the allocation and settlement of certain third-party shared contracts, including the determination of whether such contracts will be assigned to Saks Global or disclaimed; and

(e) payment of post-filing interest and fees to the FILO Agent.

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

9.5 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (a) the Cash Flow Assumptions are not consistent with the purpose of the Ninth Updated Cash Flow Forecast; (b) as at the date of this Sixteenth 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 Ninth Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (c) the Ninth Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

10.0 ACTIVITIES OF THE MONITOR

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

- (a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and/or termination of services, and to reconcile and settle outstanding post-filing obligations;
- (b) monitoring cash receipts and disbursements and coordinating with management in preparing weekly cash flow variance reporting; communicating with the FILO Agent and its financial advisor in respect of ongoing variance reporting, and responding to related information requests and questions; and communicating with Pathlight in respect of ongoing variance reporting, and responding to related information requests and questions;
- (c) assisting the Applicants in preparing the Ninth Updated Cash Flow Forecast, including consideration of an estimated reserve to fund the remaining costs of the wind-down and CCAA Proceedings;
- (d) working with the Applicants to develop and review the Second KERP, including reviewing the Key Employee list and proposed retention and incentive payment amounts;
- (e) working with the Applicants and Saks Global on shared services cost allocations, determination of whether remaining third-party shared contracts will be assigned to Saks Global or disclaimed, coordinating the level of support necessary to advance workstreams anticipated to generate future recoveries and properly administer the remaining aspects of the wind-down, and reviewing and analyzing related supporting information and documentation;

- (f) participating in discussions and meetings with the auction services provider and other parties in respect of the Art Collection;
- (g) monitoring the concurrent receivership proceeding in respect of the JV Entities and coordinating with the Receiver of the JV Entities on various matters;
- (h) monitoring the Saks Global Chapter 11 Proceedings for matters that may be relevant to the CCAA Proceedings;
- (i) assisting the Applicants in coordinating the removal of FF&E and store signage;
- (j) working with the Applicants and Employee Representative Counsel to advance employee issues arising during the CCAA Proceedings and liaising with the Applicants, Employee Representative Counsel and Service Canada in relation to the WEPP process;
- (k) working with the Applicants and Employee Representative Counsel to administer the Hardship Programs Term Sheet;
- (l) working with the Applicants, the secured lenders, their counsel, Employee Representative Counsel, and other stakeholders to develop a process to address the Pension Surplus;
- (m) working with the Applicants and their counsel to develop a process for document retention and destruction;
- (n) addressing Mr. Turpin's claims as part of his Proprietary Claims Motion and with the assistance of Bennett Jones, preparing the Fifteenth Report of the Monitor;


- (o) responding to 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;
- (p) posting non-confidential materials filed with the Court to the Case Website; and
- (q) with the assistance of Bennett Jones, preparing this Sixteenth Report.

11.0 CONCLUSIONS AND RECOMMENDATIONS

11.1 For the reasons set out in this Sixteenth 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 24th day of June, 2026.

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

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Greg A. Karpel
Co-President

SCHEDULE A⁹

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.

2472598 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

⁹ This schedule lists the Applicants and Non-Applicant Stay Parties as of the Initial Order. As noted within the Ninth Report, the CCAA Proceedings were terminated in respect of two of the Applicants, and the stay of proceedings no longer applies in respect of several of the Non-Applicant Stay Parties.

The Bay Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

SCHEDULE B

Name Changes for Hudson's Bay Canada Entities

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

APPENDIX A
Ninth Updated Cash Flow Forecast

See attached.

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

Cash Flow Week:		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	20-Week
Week Ending:	Note	19-Jun-26	26-Jun-26	03-Jul-26	10-Jul-26	17-Jul-26	24-Jul-26	31-Jul-26	07-Aug-26	14-Aug-26	21-Aug-26	28-Aug-26	04-Sep-26	11-Sep-26	18-Sep-26	25-Sep-26	02-Oct-26	09-Oct-26	16-Oct-26	23-Oct-26	31-Oct-26	Total
Receipts	1	-	-	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Disbursements																						
Payroll & Benefits	2	(150)	(5)	(101)	(5)	(51)	(5)	(109)	(5)	(51)	(5)	(105)	(51)	(5)	(47)	(55)	(47)	(5)	(47)	(5)	(47)	(900)
Wind-down Expenses	3	(160)	(160)	(107)	(10)	(50)	(10)	(92)	(10)	(10)	(10)	(10)	(92)	(10)	(10)	(10)	(24)	(71)	(10)	(10)	(10)	(878)
Shared Service Payments	4	(227)	-	-	(227)	-	-	-	(227)	(1,120)	-	-	(227)	-	-	-	(227)	-	-	-	-	(2,257)
Professional Fees	5	(350)	(303)	(494)	(299)	(316)	(271)	(492)	(271)	(305)	(271)	(422)	(341)	(299)	(266)	(288)	(464)	(288)	(277)	(288)	(351)	(6,657)
Interest Payments & Fees	6	-	-	(459)	-	-	-	(359)	-	-	-	-	(359)	-	-	-	(451)	-	-	-	(359)	(1,988)
Total Disbursements		(887)	(468)	(1,161)	(542)	(417)	(286)	(1,052)	(514)	(1,486)	(286)	(537)	(1,071)	(314)	(323)	(353)	(1,213)	(364)	(334)	(303)	(767)	(12,680)
Net Cash Flow		(887)	(468)	(1,161)	(542)	(417)	(286)	(52)	(514)	(1,486)	(286)	(537)	(1,071)	(314)	(323)	(353)	(1,213)	(364)	(334)	(303)	(767)	(11,680)
Opening Cash Balance	7	17,720	16,833	16,365	15,204	14,662	14,244	13,958	13,906	13,392	11,906	11,620	11,083	10,012	9,697	9,375	9,022	7,808	7,444	7,110	6,807	17,720
Net Cash Flow		(887)	(468)	(1,161)	(542)	(417)	(286)	(52)	(514)	(1,486)	(286)	(537)	(1,071)	(314)	(323)	(353)	(1,213)	(364)	(334)	(303)	(767)	(11,680)
FILO Credit Facility Paydown		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Cash Balance		16,833	16,365	15,204	14,662	14,244	13,958	13,906	13,392	11,906	11,620	11,083	10,012	9,697	9,375	9,022	7,808	7,444	7,110	6,807	6,040	6,040

1242939 B.C. Unlimited Liability Company, et al.
Ninth Updated Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

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

The Forecast is presented in thousands of Canadian dollars.

1) Receipts

Includes forecast receipts of approximately \$1.0 million related to post-filing sales tax refunds due from the Canada Revenue Agency for prior period filings.

2) Payroll & Benefits

Includes: (i) salaries, wages, remittances, and payroll taxes for the remaining corporate employees; (ii) independent contractor costs for personnel assisting with the wind-down of the estate; and (iii) payments to Key Employees in accordance with the proposed Second KERP.

3) Wind-down Expenses

Includes post-filing accruals and ongoing corporate wind-down costs. These expenses include, among other items, records retention, storage fees and certain IT related costs.

4) Shared Service Payments

Represents estimated payments for shared services provided by Saks Global, consisting of: (i) cost reimbursements for limited Saks Global employees that provide support services to Hudson’s Bay; (ii) an estimate of Hudson’s Bay’s share of third-party IT costs and related support services necessary to administer the remaining aspects of the wind-down; and (iii) reimbursement for shared service costs incurred during June 2025, and May 2026, which remain subject to ongoing reconciliation between the Company (with the assistance of the Monitor) and Saks Global. The Monitor notes that approximately \$1.1 million related to the June 2025 period remains outstanding, pending resolution of the allocation and settlement of certain third-party shared contracts, including the determination of whether such contracts will be assigned to Saks Global or disclaimed.

5) Professional Fees

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

6) Interest Payments & Fees

Represent payments owing to the FILO Lenders for: (i) accrued and unpaid interest; and (ii) forecast interest for the period covered by the Ninth Updated Cash Flow Forecast.

7) Opening Cash Balance

In accordance with paragraph 11 of the Art Collection Auction Procedure Order, the opening cash balance includes cumulative net proceeds of approximately \$5.5 million from the Art Collection Auctions that are being held in trust by the Monitor pending further order of the Court or distribution to the FILO Agent.

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

CONFIDENTIAL APPENDIX 1
Second KERP Summary

Provided to the Court confidentially subject to proposed sealing Order.

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

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

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

SIXTEENTH REPORT OF THE MONITOR

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as Monitor and not in its personal or corporate capacity