

**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
YATSEN GROUP OF COMPANIES INC., SAR REAL ESTATE INC. AND THE
COMPANIES LISTED IN SCHEDULE "A"**

Applicants

**AFFIDAVIT OF JOSEPH MCCULLAGH
(sworn July 30, 2021)**

I, Joseph McCullagh, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

I. INTRODUCTION

1. I am the President of Yatsen Group of Companies Inc. ("**YGC**"), one of the Applicants in these proceedings, and the President and Co-Chief Executive Officer of Yatsen Group Inc. ("**YGI**"), the parent company of YGC. YGI is not an Applicant in these proceedings.

2. I have been the President and Co-Chief Executive Officer of YGI since September 2019, and the President of YGC since January 2021. I have been engaged in discussions and negotiations surrounding the proposed restructuring of YGC, SAR Real Estate Inc. and the companies listed on Schedule "A" hereto (collectively, the "**Applicants**"). I have knowledge of the matters deposed to herein, and where I have relied upon other sources of information, I have stated the source of that information and believe such information to be true. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

3. This affidavit is sworn as a supplement to my affidavit sworn on July 29, 2021 (the “**July 29 Affidavit**”) in support of a motion by the Applicants for a Claims Procedure Order and a Meeting Order (each as defined in the July 29 Affidavit). Capitalized terms used in this affidavit that are not otherwise defined herein have the meaning given to them in the July 29 Affidavit.

4. At as the time of the swearing of the July 29 Affidavit, the Applicants had entered into agreements (the “**Supporting Landlord Agreements**”) with 100¹ landlords representing approximately 66.6% of the aggregate estimated Affected Landlord Claims, pursuant to which such landlords (together with any additional landlords that enter into a Supporting Landlord Agreement prior to the date of the Claims Procedure Order (as defined below), the “**Supporting Landlords**”) have each agreed, among other things: (a) to the amount of their respective Affected Landlord Claim for voting and distribution purposes in connection with the Plan; (b) to vote for and support the proposed Plan; and (c) where applicable, to amended terms to their lease arrangements with the applicable Applicant(s).

5. The Applicants have continued discussions with certain additional landlords with respect to potential additional Supporting Landlord Agreements being executed prior to the date of the Claims Procedure Order.

6. The Applicants are pleased to report that, as at the date hereof, the Applicants have entered into additional Supporting Landlord Agreements such that they now have the support of 135 Supporting Landlords representing approximately 78.9% of the total number of

¹ The July 29 Affidavit inadvertently referenced 98 (vs. 100) Supporting Landlords and 70 (vs. 71) Remaining Landlords, as at the date of the July 29 Affidavit, in error.

Affected Landlord Creditors and approximately 87.6% of the aggregate estimated Affected Landlord Claims.

7. The Applicants are continuing discussions with certain additional landlords.

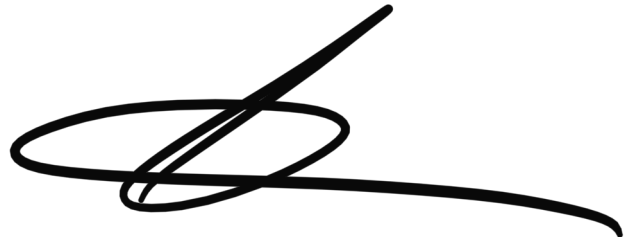
8. The Applicants believe that the additional strong support for the Plan is a further significant positive development in their restructuring efforts.

SWORN before me over
videoconference by Joseph McCullagh
stated as being located in the City of
Toronto in the Province of Ontario,
before me at the City of Toronto in the
Province of Ontario, on July 30, 2021,
in accordance with O. Reg 431/20,
Administering Oath or Declaration
Remotely



A Commissioner for taking affidavits

Name: Andrew Harmes
LSO#: 73221A



JOSEPH MCCULLAGH

Schedule “A”

1. HEAP Japanese Food Inc.
2. KB Wisconsin Food Inc.
3. MT Security Square Food Inc.
4. SAR Buckland Food Inc.
5. SAR Coastland Food Inc.
6. SAR Coventry Food Inc.
7. SAR Dulles Expo Center Inc.
8. SAR First Colony Food Inc.
9. SAR Glenbrook Food Inc.
10. SAR Greenbrier Food Inc.
11. SAR Laurel Food Inc.
12. SAR Lloyd Food Inc.
13. SAR Oglethorpe Food Inc.
14. SAR Orange Park Food Inc.
15. SAR Oviedo Food Inc.
16. SAR Park Place Food Inc.
17. SAR Plymouth Food Inc.
18. SAR Ramsey Food Inc.
19. SAR Santa Rosa Food Inc.
20. SAR Security Square Food Inc.
21. SAR St. Charles Food Inc.
22. SAR Stafford Food Inc.
23. SAR Superstition Springs Food Inc.
24. SAR Tanforan Food Inc.

25. SAR Valley Plaza Food Inc.
26. SAR Westgate Massachusetts Food Inc.
27. SAR Willowbrook Food Inc.
28. SJ Arsenal Inc.
29. SJ Boynton Inc.
30. SJ Fox Run Inc.
31. SJ Lenox Food Inc.
32. SJ Macon Food Inc.
33. SJ Rosspark Food Inc.
34. SJ Savannah Food Inc.
35. SJ South Hills Food Inc.

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1985, c. C-36, AS AMENDED**

Court File No: CV-21-00655505-00CL

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Proceeding commenced at Toronto

**AFFIDAVIT OF JOSEPH MCCULLAGH
(sworn July 30, 2021)**

Goodmans LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

L. Joseph Latham LSO#: 32326A
jlatham@goodmans.ca

Caroline Descours LSO#: 58251A
cdescours@goodmans.ca

Trish Barrett LSO#: 77904U
tbarrett@goodmans.ca

Tel: (416) 979-2211

Fax: (416) 979-1234

Lawyers for the Applicants