

**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**

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

**MAY 29, 2025**

## TABLE OF CONTENTS

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<b>1.0</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>2.0</b>	<b>TERMS OF REFERENCE AND DISCLAIMER .....</b>	<b>9</b>
<b>3.0</b>	<b>UPDATE ON THE LIQUIDATION SALE .....</b>	<b>11</b>
<b>4.0</b>	<b>UPDATE ON THE LEASE MONETIZATION PROCESS.....</b>	<b>11</b>
<b>5.0</b>	<b>UPDATE ON ART AUCTION.....</b>	<b>14</b>
<b>6.0</b>	<b>APPROVAL OF CANADIAN TIRE TRANSACTION AND RELATED RELIEF.</b>	<b>15</b>
<b>7.0</b>	<b>WEPPA DECLARATION .....</b>	<b>22</b>
<b>8.0</b>	<b>RIOCAN RECEIVERSHIP APPLICATION.....</b>	<b>23</b>
<b>9.0</b>	<b>CASH FLOW RESULTS RELATIVE TO FORECAST .....</b>	<b>25</b>
<b>10.0</b>	<b>ACTIVITIES OF THE MONITOR.....</b>	<b>27</b>
<b>11.0</b>	<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>30</b>

## **INDEX TO SCHEDULES AND APPENDICES**

**Schedule A – Other Applicants and Non-Applicant Stay Parties**

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**Confidential Appendix “A” – Confidential Summary of Certain Bids Received Pursuant to the SISF**

## 1.0 INTRODUCTION

1.1 On March 7, 2025, 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.

### Comeback Motion

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, among other things, approving a process to market Hudson's Bay Canada's real property 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**") to be conducted by the Company's financial advisor, Reflect Advisors, LLC ("**Reflect**").
- 1.4 Certain parties filed materials in opposition to the Comeback Motion. 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 relief sought at the Comeback Motion to March 21, 2025 (the "**March 21 Hearing**").
- 1.5 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 ARIQ, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

- (a) a revised ARIO, 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) amend the stay of the JV Rent (as defined in the ARIO) and grant a related charge in favour of the JV Parties (as defined in the ARIO);
  - (iv) grant 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) authorize 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 process (the "**Liquidation Sale**"); and (ii) approve revised Sale Guidelines (as defined therein) governing the Liquidation Sale that incorporated 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.

1.6 As set out in its endorsement dated March 26, 2025 (the "**March 26 Endorsement**"),<sup>1</sup> 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-Tenant Stay (as defined below); 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**").

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

- 1.7 Following the March 26 Hearing, the Court issued an 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.

April 24 Motion

- 1.8 At a hearing before this court on April 24, 2025, the Applicants sought:
- (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**”) for the Represented Employees (as defined therein); and (ii) amending the Administration Charge granted in the Initial Order to include the proposed Employee Representative Counsel; and
  - (b) an order amending and restating the SISP Order (the “**A&R SISP Order**”), among other things, approving: (i) the removal of the Company’s art and artifacts collection (collectively, the “**Art Collection**”) from the Property (as defined in the SISP) available for sale pursuant to the SISP; (ii) the vesting of the sales of the Art Collection to Successful Art Bidders free and clear of all Claims (each as defined in the A&R SISP Order), subject to the delivery of an executed bill of sale or receipt; and (iii) the engagement of Heffel Gallery Limited (the “**Auctioneer**”) to conduct a separate auction for the sale of the Art Collection.<sup>2</sup>

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<sup>2</sup> Certain of the relief sought was revised by the Applicants in advance of the hearing, including that at the time the April 24 Motion was heard, the Applicants were no longer seeking any relief with respect to vesting sales of Art Collection items free and clear of Claims.



- 1.9 At the conclusion of the hearing on April 24, at which certain opposition to the Employee Representative Counsel Order was raised, the Court:
- (a) dismissed the Applicants' motion and the competing cross motion with respect to the competing requests to appoint Employee Representative Counsel, and appointed the Honourable Herman Wilton-Siegel as independent third party (the "ITP") to evaluate the Representative Counsel proposals and make a recommendation to the Court; and
  - (b) granted the A&R SISP Order on terms that reflected the unique nature of certain of the Art Collection.
- 1.10 On May 5, 2025, the Court issued an endorsement accepting the recommendation of the ITP appointing Ursel Phillips as Employee Representative Counsel, and an Order of the same date setting out Employee Representative Counsel's powers and protections was subsequently granted by the Court.

Stay Extension and Distributions Order

- 1.11 On May 13, 2025, this Court granted an Order, among other things:
- (a) extending the Stay Period (as defined therein) until and including July 31, 2025; and
  - (b) authorizing the Applicants to make certain distributions to the ABL Agent and the FILO Agent (each as defined therein).
- 1.12 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](http://www.alvarezandmarsal.com/HudsonsBay).

June 3 Hearing

- 1.13 There are two matters to be heard by the Court on June 3, 2025: (a) a motion by the Applicants (the “**June 3 Motion**”); and (b) a receivership application by RioCan Real Estate Investment Trust, RioCan Holdings Inc., RioCan Holdings (Oakville Place) Inc., RioCan Property Services Trust, RC Holdings II LP, RC NA GP 2 Trust, and RioCan Financial Services Limited (collectively, “**RioCan**”, and such application, the “**RioCan Receivership Application**”).
- 1.14 Pursuant to the June 3 Motion, the Applicants are seeking:
- (a) an Order (the “**Approval and Vesting Order**”), among other things:
    - (i) approving the asset purchase agreement dated May 15, 2025, between The Bay Limited Partnership (“**The Bay LP**”), by its general partner, as vendor, and Canadian Tire Corporation, Limited (“**Canadian Tire**”), as purchaser (the “**Canadian Tire APA**”) and the transactions contemplated therein (the “**Canadian Tire Transaction**”) and authorizing The Bay LP, by its general partner, and Canadian Tire to take such additional steps and execute such additional documents as necessary or desirable to complete the Canadian Tire Transaction; and
    - (ii) sealing the Confidential Bid Summary (as defined below), which is included as Confidential Appendix “A” to this Report;
  - (b) if necessary, an Order (the “**Assignment Order**”) pursuant to section 11.3 of the CCAA, among other things, assigning, conveying and transferring to Canadian Tire

the rights, title and interest of the Company under the Pendleton Agreements (as defined below); and

- (c) an Order, among other things, declaring that, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, SC 2005, c 47, s. 1 (“**WEPPA**”, and such declaration under WEPPA, the “**WEPPA Declaration**”), effective June 21, 2025, the Applicants meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulation**”).

1.15 Pursuant to the RioCan Receivership Application, RioCan is seeking an Order (the “**RioCan Receivership Order**”), among other things:

- (a) appointing FTI Consulting Canada Inc. as receiver and manager, without security (in such capacity, the “**Receiver**”), over 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. (collectively, the “**JV Entities**”); and
- (b) granting various related relief to provide certain powers and protections in favour of the Receiver.

#### Purpose of this Report

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

- (a) the status of the Liquidation Sale, the Lease Monetization Process, and the Art Auction (as defined in the SISP);
- (b) the proposed Canadian Tire Transaction and the relief sought in connection therewith by the Applicants pursuant to the Approval and Vesting Order and the Assignment Order;
- (c) the WEPPA Declaration;
- (d) the RioCan Receivership Order;
- (e) cash flow results relative to forecast;
- (f) the activities of the Monitor since its third report dated May 9, 2025 (the “**Third 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 Fourth 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 Fourth 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 Fourth 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 Fourth 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 and even if the assumptions materialize, the variations could be significant.

2.3 This Fourth Report should be read in conjunction with the affidavit of Michael Culhane sworn May 26, 2025, in connection with the Applicants’ June 3 Motion (the “**Culhane Affidavit**”). Capitalized terms used and not defined in this Fourth Report have the meanings ascribed in the Culhane Affidavit.

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

### **3.0 UPDATE ON THE LIQUIDATION SALE**

3.1 As noted above, on March 21, 2025, the Court granted the Liquidation Sale Approval Order. The Liquidation Sale commenced on March 24, 2025, at all but six of Hudson's Bay Canada's 96 stores across Canada.

3.2 As discussed in the Third Report, in the weeks following the commencement of the Liquidation Sale, the Company, in consultation with Reflect and the Monitor, concluded that the exclusion of the six stores from the Liquidation Sale was negatively impacting the Company's realization efforts and it was unlikely that the Company was going to receive a viable going concern bid based on the proposed Six Store Model (as defined in the Third Report). Therefore, at the April 24 hearing, the Court was advised that the six excluded stores were being included in the Liquidation Sale effective April 25, 2025.

3.3 The Liquidation Sale at the Hudson's Bay stores and the remaining Saks Fifth Avenue stores are anticipated to continue until June 1, 2025, followed by an FF&E retrieval/removal period of approximately one to two weeks. Pursuant to the Sale Guidelines (as defined in the Liquidation Sale Approval Order), the Company is required to vacate each of the Stores by no later than June 30, 2025.

### **4.0 UPDATE ON THE LEASE MONETIZATION PROCESS<sup>3</sup>**

4.1 An update on the Lease Monetization Process through the Phase 2 deadline (or Qualified Bid Deadline, being May 1, 2025) was provided in the Third Report. As described in Third

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<sup>3</sup> Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Lease Monetization Process.

Report:

- (a) 12 parties submitted a Qualified Bid (including bids submitted in the SISP that included Leases), bidding on a total of 39 individual Leases. Multiple Qualified Bids included the same location(s) such that there was overlap of locations across multiple bids;
  - (b) no Qualified Bid was submitted for 62 Leases;
  - (c) no “Insider Bid” (as defined in the Insider Protocol) was submitted in either the Lease Monetization Process or the SISP, and the Insiders previously declared that they would not submit a bid in the Lease Monetization Process; and
  - (d) pursuant to the Lease Monetization Process, the Applicants, in consultation with Oberfeld, the Monitor and the Agents, were in the process of assessing the Qualified Bids, including clarifying aspects of same with certain bidders, and working through next steps.
- 4.2 Since the date of the Third Report (May 9, 2025), the Applicants, in consultation with Oberfeld, the Monitor and the Agents, and with the assistance of their advisors, have worked with bidders to clarify aspects of the bids and to enter into definitive agreements suitable for tabling with the Landlords that are counterparties to the applicable Leases.
- 4.3 On May 23, 2025, Hudson’s Bay:
- (a) entered into a definitive agreement (the “**Asset Purchase Agreement**”) pursuant to which it will pursue the assignment of up to 25 Leases in Ontario, Alberta and British Columbia to Ruby Liu Commercial Investment Corp or a permitted assignee thereof

(the “**Potential Lease Purchaser**”), either a corporation indirectly controlled by Ms. Ruby Weihong Liu; and

(b) entered into a separate assignment and assumption agreement (the “**Affiliate Lease Assignment Agreement**”) with Landlords affiliated with the Potential Lease Purchaser for the assignment of three of the Company’s leases in British Columbia (together with the 25 Leases mentioned above, the “**Assigned Leases**”).

4.4 Pursuant to the Asset Purchase Agreement, the assignment of the applicable Assigned Leases to the Potential Lease Purchaser is conditional upon satisfactory receipt of applicable Landlord consents and/or approval of the Court, and certain other terms and conditions, including settlement of the purchase price for the Assigned Leases, set out in the Asset Purchase Agreement and Affiliate Lease Assignment Agreement. There can be no assurances that the conditions to closing will be satisfied, including within applicable deadlines to complete the contemplated transactions.

4.5 Discussions between the Potential Lease Purchaser and the Landlords with Leases included in the Asset Purchase Agreement are to commence the week of June 2, 2025. No relief in respect of the Asset Purchase Agreement or the Affiliate Lease Assignment Agreement is being sought at the June 3 Motion. The Monitor will continue to engage in discussions with the Potential Lease Purchaser, the Company, Oberfeld, the Landlords, and other relevant stakeholders, and will provide its views on any relief sought in connection therewith when such relief is before the Court.



#### Other Potential Lease Transactions

- 4.6 As described above, the Applicants, in consultation with Oberfeld, the Monitor and the Agents, and with the assistance of their advisors, continue to work with certain other bidders to clarify aspects of their bids with the intention to enter definitive agreements suitable for tabling with the Landlords that are counterparties to applicable Leases. Two such definitive agreements have recently been entered, and the Monitor will provide further details when those agreements are before the Court.

#### Notices to Disclaim Leases

- 4.7 To date, the Applicants, with the consent of the Monitor, have issued 59 Notices by Debtor Company to Disclaim or Resiliate an Agreement (each, a “**Lease Disclaimer Notice**”) in respect of Leases for which no bid was received (including various of the Leases to which the JV Entities are a counterparty). The effective dates of the disclaimer of these Leases (being 30 days after the date the relevant Lease Disclaimer Notice was given) range from May 28 to June 22, 2025. To date, no Landlord has applied to Court within the required 15 days of the date of a Lease Disclaimer Notice to oppose a Lease Disclaimer Notice.

### **5.0 UPDATE ON ART AUCTION**

- 5.1 As noted in Third Report, the Applicants and the Auctioneer, in consultation with Reflect and the Monitor, have worked to develop a comprehensive catalogue of the Art Collection, and have taken steps to secure the Art Collection. The Third Report also discussed the “Art Service List” consisting of government entities, public institutions, indigenous stakeholders, and other parties interested in the Art Collection. The Applicants sent a letter

on May 8, 2025, to the Art Service List inviting parties to execute a non-disclosure agreement and access a virtual database created by Reflect to review the Art Collection catalogue. As noted in both the Third Report and the Culhane Affidavit, a significant portion of the Company's documents and records have previously been donated to the Hudson's Bay Company Archives, which forms part of Archives of Manitoba, and the Company donated the majority of its artifact collection, primarily related to the fur trade and Aboriginal culture, to the Manitoba Museum in 1994.

- 5.2 Since the date of the Third Report, efforts to engage with interested stakeholders have continued, and additional parties have been added to the Art Service List so they can receive future materials. The Monitor intends to continue to consult with interested parties, will continue to provide updates in respect of the Art Auction as and when applicable, and will provide its views on any proposed Art Auction Procedures (as defined in the SISP) in connection with a future motion for their approval.

## **6.0 APPROVAL OF CANADIAN TIRE TRANSACTION AND RELATED RELIEF**

### SISP<sup>4</sup>

- 6.1 As discussed in greater detail in the Third Report, pursuant to the SISP, there was significant outreach to potentially interested parties by Reflect, under supervision of the Monitor. The Monitor is of the view that the market for assets available in the SISP was thoroughly canvassed. Among other things, during the course of the SISP:

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<sup>4</sup> Capitalized terms used in this subsection and not otherwise defined have the meanings ascribed in the SISP.

- (a) Reflect sent a Teaser Letter, together with the SISP Approval Order and a draft form of NDA, to approximately 407 potentially interested parties commencing on March 21, 2025, and the Applicants issued a press release in respect of the SISP on the same date;
- (b) 54 parties ultimately executed an NDA and were provided with the Confidential Information Memorandum and access to an electronic data room to conduct due diligence, and certain parties engaged in meetings with certain senior management of Hudson's Bay, Reflect and the Monitor; and
- (c) Reflect sent a process letter to each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their bid submissions on April 3, 2025.

6.2 As of the Bidding Phase Bid Deadline of April 30, 2025, 17 parties had submitted bids. Between that time and the execution of the Canadian Tire APA, the Applicants, in consultation with Reflect and the Monitor, continued to review and evaluate each bid, and Reflect had numerous discussions with bidders regarding aspects of their bids, with a view towards establishing Final Qualified Bids.

6.3 The Applicants, in consultation with Reflect and the Monitor, and in considering the criteria enumerated in paragraph 19 of the SISP, ultimately designated the bid submitted by Canadian Tire as the Successful Bid. As discussed further below, pursuant to the Canadian Tire APA, Canadian Tire has agreed to acquire certain intellectual property from The Bay LP.

Confidential Bid Summary

- 6.4 The Monitor has prepared a summary of the highest-value bids received under the SISP with respect to the intellectual property (the “**Confidential Bid Summary**”). As demonstrated in the Confidential Bid Summary and discussed further below, the Canadian Tire Transaction, among other things, provides for the highest purchase price of any bid received under the SISP and therefore provides the greatest value for the Applicants. The Confidential Bid Summary is attached hereto as **Confidential Appendix “A”**.
- 6.5 The Applicants are seeking to seal the Confidential Bid Summary pending closing of the Canadian Tire Transaction. The Confidential Bid Summary, among other things, shows the purchase prices offered by the four next highest bidders. If the Canadian Tire Transaction failed to close and those purchase prices were publicly disclosed, it would prejudice the Applicants’ ability to maximize value for the benefit of their stakeholders. The key terms of the Canadian Tire APA, and the Monitor’s basis for supporting the approval of same, are described in this Report. The Monitor is therefore of the view that the limited sealing request is not prejudicial to stakeholders and is appropriate in the circumstances.

Canadian Tire APA<sup>5</sup>

- 6.6 The Canadian Tire APA is described in detail in the Culhane Affidavit. Certain key terms of the Canadian Tire APA are summarized in the following table:

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<sup>5</sup> Capitalized terms used in this subsection and not otherwise defined have the meanings given to such terms in the Canadian Tire APA. This chart is provided as a summary only and parties should refer to the Canadian Tire APA for further details regarding the Transaction.

<b>Canadian Tire APA</b>	
<b>Parties</b>	<ul style="list-style-type: none"> <li>The Bay LP as Vendor. Canadian Tire Corporation, Limited as Purchaser.</li> </ul>
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>All Cash Purchase Price payable in full on Closing in the amount of \$30,001,670 (the “<b>Purchase Price</b>”).</li> <li>The Buyer has paid a deposit equal to 10% of the Purchase Price to the Monitor, which will be applied against the Cash Purchase Price at Closing. The balance of the Purchase Price will be paid in cash at Closing.</li> </ul>
<b>Purchased Assets</b>	<ul style="list-style-type: none"> <li>The Purchased Assets include: <ul style="list-style-type: none"> <li>the Assigned Contracts as listed out in Schedule “B” of the Canadian Tire APA;</li> <li>Purchased IP which includes: trademarks, service marks, logos, trade names and corporate names as listed in Schedule “G” of the Canadian Tire APA, copyrights related to the trademarks, domain names, social media account names and other internet-related identifiers listed in Schedule “G”, rights related to “heraldry” as specified in Schedule “G”, and all registrations, applications or reservations related to the above;</li> <li>all Customer Data including personal information of customers transferred to the Purchaser; and</li> <li>all Acquired Rights including claims and causes of action related to the Assigned Contracts and Purchased IP, including rights to damages, restitution, and other legal or equitable relief for past, present, and future infringements or violations.</li> </ul> </li> </ul>
<b>Assumed Liabilities</b>	<ul style="list-style-type: none"> <li>The Purchaser will assume the following liabilities: <ul style="list-style-type: none"> <li>all liabilities related to the Purchased Assets and arising out of events or circumstances that occur after the Closing;</li> <li>all Permitted Encumbrances; and</li> <li>all other obligations and liabilities expressly assumed under the APA.</li> </ul> </li> </ul>
<b>Excluded Assets</b>	<ul style="list-style-type: none"> <li>The Purchased Assets do not include, among other things: <ul style="list-style-type: none"> <li>all rights, covenants, obligations and benefits of the Vendor under the Canadian Tire APA that survive the Closing;</li> <li>any and all assets of the Vendor and its Affiliates other than the Purchased Assets;</li> <li>all Art, Artifacts and Archives and all associated intellectual property and intellectual property rights with those items.</li> </ul> </li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>The Purchaser is not assuming any employees as part of the Canadian Tire Transaction.</li> </ul>
<b>Key Closing Conditions</b>	<ul style="list-style-type: none"> <li>The Approval and Vesting Order shall have been issued and entered.</li> <li>The Assignment Order, to the extent required, to effect the assignment to the Purchaser of any Assigned Contract shall have been issued and entered.</li> <li>During the Interim Period, no Governmental Entity shall have enacted, issued, or promulgated any final or non-appealable Order or Law which has the effect of: (i) making any of the Transactions illegal; or (ii) otherwise prohibiting, preventing or restraining the consummation of any Transaction.</li> <li>The Amended and Restated Initial Order, and the SISP Approval Order shall not have been vacated, set aside or stayed.</li> </ul>
<b>Target Closing Date</b>	<ul style="list-style-type: none"> <li>Three (3) business days following the day on which all of the conditions of the Closing have been satisfied or, to the extent permitted by Law, waived by the applicable Party or Parties and in any event prior to the Outside Date.</li> </ul>
<b>Outside Date</b>	<ul style="list-style-type: none"> <li>July 15, 2025, or such later date as the Parties may mutually agree.</li> </ul>

Orders sought by the Applicants

- 6.7 The Applicants are seeking two Orders from the Court in connection with the Canadian Tire Transaction: the Approval and Vesting Order and the Assignment Order (if necessary).
- 6.8 Pursuant to the proposed Approval and Vesting Order, Hudson's Bay Canada is seeking the approval of the Canadian Tire APA and the Canadian Tire Transaction, and the vesting of all of the property and assets described in section 2.1 of the Canadian Tire APA (collectively, the "**Purchased Canadian Tire Assets**") in and to Canadian Tire free and clear of all claims and encumbrances, other than certain specified permitted encumbrances. Such vesting shall be effective upon the delivery by the Monitor to Canadian Tire of a certificate confirming that: (a) Canadian Tire has satisfied the purchase price for the Purchased Canadian Tire Assets in accordance with the Canadian Tire APA; and (b) Canadian Tire, Hudson's Bay Canada and the Monitor are satisfied that all closing conditions have been satisfied or waived by the applicable parties.
- 6.9 If necessary, the Applicants are also seeking the Assignment Order to facilitate the assignment of a settlement agreement and a trademark license agreement (collectively, the "**Pendleton Agreements**") between Hudson's Bay and Pendleton Woolen Mills, Inc. ("**Pendleton**"). The Pendleton Agreements provide Pendleton with a perpetual, royalty-free, worldwide non-exclusive trademark license for certain Hudson's Bay marks. Pendleton's consent is not expressly required to assign the Pendleton Agreements, but has been sought as a courtesy by the Applicants.
- 6.10 If the assignment of the Pendleton Agreements is not consented to by June 3, the Applicants intend to seek the Assignment Order, which would approve the assignment of the

Pendleton Agreements, prevent Pendelton from exercising rights or remedies under the Pendleton Agreements by reason of any default arising from these proceedings or the insolvency of the Applicants, and vest in Canadian Tire or its assignee the right, title and interest of The Bay LP in the Pendleton Agreements.

Recommendation with Respect to Canadian Tire Transaction and Related Relief

6.11 The Monitor notes the following with respect to the Canadian Tire APA and the Canadian Tire Transaction:

- (a) the proposed Canadian Tire APA is the result of: (i) the Court-approved SISP that was conducted by Hudson's Bay Canada and Reflect, which canvassed a broad group of potential strategic and financial purchasers; and (ii) significant negotiations among Hudson's Bay Canada, Canadian Tire, Reflect, the Monitor and their respective counsel;
- (b) as described above, the Canadian Tire Transaction contemplates that Canadian Tire will acquire Hudson's Bay Canada's right, title and interest in and to the intellectual property portfolio, including the HBC Stripes and other brand assets, meaning that Hudson's Bay Canada's brand will continue in Canada;
- (c) the Canadian Tire APA provides that the Canadian Tire Transaction proceeds will be delivered to the Monitor on closing, provided that the proposed Approval and Vesting Order is granted;
- (d) the Canadian Tire Transaction maximizes value for the benefit of the Applicants' stakeholders, as it provides greater value compared to any other bid identified in

the SISP for Hudson's Bay Canada's intellectual property portfolio following a thorough canvassing of the market;

- (e) the Monitor is not aware of any monetary defaults under the Pendleton Agreements and Canadian Tire will have no monetary obligations to Pendleton thereunder once the assignment is completed;
- (f) the FILO Agent and Pathlight Capital LP, as administrative agent under the Pathlight Credit Agreement (each as defined in the SISP) were consulted and are supportive of the relief sought;
- (g) the Monitor is not aware of any opposition to the relief sought and does not believe it will prejudice any stakeholder; and
- (h) in light of each of the foregoing, the Monitor is of the view that the Canadian Tire Transaction, including the consideration being provided by Canadian Tire, is fair and reasonable in the circumstances.

6.12 Based on the above, the Monitor believes that it is reasonable and appropriate in the circumstances for the Canadian Tire APA and the Canadian Tire Transaction to be approved.

6.13 The Approval and Vesting Order and the Assignment Order (if no consent is received from Pendleton) will facilitate the Canadian Tire Transaction. The Monitor is therefore of the



view that the Approval and Vesting Order and the Assignment Order are reasonable and appropriate in the circumstances and should be approved.

## **7.0 WEPPA DECLARATION**

- 7.1 Subsection 5(1) of WEPPA provides that an individual is eligible to receive payment under the Wage Earner Protection Program if, among other things: (a) the individual's employment is ended for a reason prescribed by regulation; (b) the individual is owed eligible wages by a former employer; (c) the former employer is subject to proceedings under the CCAA; and (d) a court determines under subsection 5(5) of WEPPA that the criteria prescribed by regulation are met.
- 7.2 Section 3.2 of the WEPP Regulation provides that the Court "may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations".
- 7.3 As previously discussed, no going-concern bid was received for the business of the Applicants, and as such, the Applicants have been in the process of liquidating their inventory pursuant to the Liquidation Sale and otherwise winding down their business while the SISP and Lease Monetization Process have continued. As described in the Culhane Affidavit, by June 1, 2025, the Applicants will have terminated approximately 89% of their 9,364 employees, and expect to terminate approximately 899 further employees on or around June 15, 2025. The balance of the retained employees will assist with further wind-up functions in these CCAA Proceedings.

7.4 In order to assist eligible terminated employees of the Applicants in accessing payments in respect of eligible wages under WEPPA (to a maximum amount of \$8,844.22) in a timely manner following their termination, the Applicants are seeking the WEPPA Declaration. As noted above, the WEPPA Declaration is not effective on the date of the Order, but will take effect on June 21, 2025. Certain employees who will be terminated on June 1, 2025 may not receive their final payroll amounts until June 20, 2025. The WEPPA Declaration takes effect thereafter to simplify the process and generally maximize WEPP eligible amounts for eligible former employees.

7.5 In light of the foregoing, the Monitor supports the Applicants' request for the WEPPA Declaration. If the WEPPA Declaration is made, Employee Representative Counsel and the Monitor will work to identify all employees that may be eligible for payments under the WEPPA and assist eligible employees in making submissions to Service Canada at the appropriate time. The Monitor has already contacted Service Canada to commence discussions in connection therewith.

## **8.0 RIOCAN RECEIVERSHIP APPLICATION**

8.1 The purpose of this section is to provide the Monitor's views on the impact on the Applicants and their stakeholders of the relief sought by RioCan in the RioCan Receivership Application. The basis for the RioCan Receivership Application, and the terms on which the Receiver would be appointed, are discussed in detail in the affidavit of Dennis Blasutti sworn on May 29, 2025 in connection therewith, and are not repeated herein.

- 8.2 RioCan has discussed the relief sought with the Applicants and the Monitor, and the Monitor understands that RioCan has sought the consent of the Applicants to lift the Stay of Proceedings to allow RioCan to bring the RioCan Receivership Application. The Monitor does not oppose the appointment of the Receiver, and subject to the Applicants providing their consent, intends to consent to the lifting of the Stay of Proceedings for that purpose.
- 8.3 The Monitor understands that the various secured lenders and landlords of the JV Entities have been consulted. As noted above, the respective bid deadlines under the SISP and the Lease Monetization Process have passed and no bids were received in respect of the leases to which the JV Entities were a party, nor was any offer made for the business or assets of the JV Entities.
- 8.4 The Applicants have issued Lease Disclaimer Notices in respect of seven of the leases to which the JV Entities are party. In consultation with RioCan and the Monitor, the Applicants agreed to defer issuing Lease Disclaimer Notices for the remaining leases (five subleases) to allow the Receiver, if so appointed, to maximize the value of the head leases for such properties, on the condition that the Applicants shall have no further obligations in respect of those leases as of June 16, 2025.
- 8.5 As such, the Monitor is of the view that the Stay of Proceedings in respect of the JV Entities granted in these CCAA Proceedings need not continue, as it no longer benefits the Applicants or their stakeholders.

## 9.0 CASH FLOW RESULTS RELATIVE TO FORECAST<sup>6</sup>

9.1 Actual receipts and disbursements for the period from May 3 to May 23, 2025 (the “Reporting Period”), as compared to the cash flow forecast attached as Appendix “E” to the Third Report, are summarized in the following table:

Cash Flow Variance Report			\$000's
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Receipts</b>	<b>224,117</b>	<b>161,915</b>	<b>62,202</b>
<b>Disbursements</b>			
Concession/Consignment Payments	(57,391)	(36,759)	(20,632)
Payroll & Benefits	(22,597)	(23,303)	706
Liquidator Share of Additional Consultant Goods	(16,264)	(14,670)	(1,595)
Occupancy Costs	(8,756)	(8,602)	(154)
Operating Expenses	(11,770)	(17,598)	5,828
Sales Tax Remittances	(18,576)	(18,295)	(281)
Liquidation Consultant Fees & Expenses	(3,038)	(13,156)	10,117
Professional Fees	(6,174)	(6,247)	73
Shared Service Payments	(1,728)	(3,520)	1,792
Inventory Purchases	(214)	(500)	286
Interest Payments & Fees	(4,637)	(4,050)	(587)
<b>Total Disbursements</b>	<b>(151,145)</b>	<b>(146,698)</b>	<b>(4,447)</b>
<b>Net Cash Flow</b>	<b>72,972</b>	<b>15,217</b>	<b>57,755</b>
<b>Opening Cash Balance</b>	<b>194,276</b>	<b>193,981</b>	<b>295</b>
Net Cash Flow	72,972	15,217	57,755
Cash Collateralization	(24,372)	(24,576)	204
FILO Credit Facility Paydown	(46,776)	(40,922)	(5,854)
<b>Closing Cash Balance</b>	<b>196,100</b>	<b>143,701</b>	<b>52,399</b>

9.2 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

<sup>6</sup> Capitalized terms used in this section and in section 12 and not otherwise defined have the meanings ascribed in the First Report.

Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

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

- (a) the positive variance in retail receipts of approximately \$62.2 million is primarily due to higher than forecast sales of Participating Concession Vendors consignment goods, which were partially offset by a corresponding negative variance of approximately \$20.6 million in disbursements to Participating Concession Vendors for consignment goods sold. The material difference between these two amounts is primarily timing as payments to Participating Concession Vendors for their share of the related sales can generally lag by up to two weeks; and
- (b) the remaining net positive variance in total disbursements of approximately \$15.9 million is primarily due to timing differences in disbursement items such as Operating Expenses, Liquidator Consultant Fees and Shared Services, much of which is due to the timing of invoices and related reconciliations. It is anticipated that much of this variance will reverse as disbursements are caught up.

9.4 During the Reporting Period, in accordance with the Stay Extension and Distributions Order:

- (a) approximately \$24.4 million was paid to the ABL Agent to repay or cash collateralize, as applicable, the Revolving Obligations including the Cash Management Services obligations, the Bank Products obligations, and 104% of the sum of the L/C Obligations (in each case, as defined in the Amended ABL Credit Agreement), owing

to the ABL Agent pursuant to the Amended ABL Credit Agreement (the “**ABL Distribution**”); and

- (b) concurrent with the completion of the ABL Distribution, approximately \$46.8 million was paid to the FILO Agent to partially repay the FILO Obligations (as defined in the Amended ABL Credit Agreement) (the “**FILO Distribution**”) owing to the FILO Lenders pursuant to the Amended ABL Credit Agreement, excluding the Make-Whole.<sup>7</sup>

9.5 It is anticipated that further distributions to the FILO Agent will be made in the coming weeks, subject to reserving sufficient funds for the Court-ordered Charges currently in place and for potential uncertainties in forecast disbursements following a re-casting of the Fourth Updated Cash Flow Forecast subsequent to the conclusion of the Liquidation Sale.

9.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$57.8 million.

9.7 The closing cash balance as of May 23, 2025, was approximately \$196.1 million, as compared to the projected cash balance of \$143.7 million.

## **10.0 ACTIVITIES OF THE MONITOR**

10.1 Since the granting of the Initial Order on March 7, 2025, the Monitor has worked closely with the Applicants to assist in stabilizing its business and operations. As summarized in the First, Second and Third Reports and below, this has included concerted efforts to

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<sup>7</sup> As described in the Third Report, the FILO Credit Facility includes a make-whole provision of approximately \$28 million which has been asserted by the FILO Agent (the “Make-Whole”).

address urgent operational and logistical issues essential to the orderly liquidation of inventory and FF&E at each of the stores, extensive communications with stakeholders, as well as assisting with other activities essential to the Liquidation Sale, Lease Monetization Process and the SISP.

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

- (a) 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) monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting; assisting the Applicants, the ABL Agent and the FILO Agent in reconciling and facilitating the ABL Distribution and the FILO Distribution;
- (c) liaising with Hilco Merchant Retail Solutions ULC (“**Hilco**”) and the Applicants on many aspects of the Liquidation Sale; participating in daily videoconference meetings with management, Hilco and Reflect regarding the progression of the Liquidation Sale and related matters;
- (d) working with the Applicants and Saks Global on shared services cost allocations and reviewing/analyzing related supporting information and documentation;
- (e) assisting 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; reviewing and providing feedback to Reflect and Hudson's Bay Canada regarding the bids and expressions of interest received through the SISP; working with the Applicants and their advisors in finalizing the Canadian Tire APA;

- (f) assisting Oberfeld in conducting the Lease Monetization Process, including reviewing lease assignment proposals received and working with the Applicants and their advisors in preparing related sale and assignment agreements for finalizing with bidders;
- (g) assisting the Applicants in coordinating Store closures and assessing and responding to the Applicants' requests for Monitor consents to notices to disclaim contracts, leases and agreements;
- (h) assisting the Applicants in assessing their employee requirements as the Liquidation Sale advances, including administering and calculating entitlements under the KERP;
- (i) working with the Applicants and Employee Representative Counsel in distributing notices to all Represented Employees advising them of the ability to opt out of representation by Employee Representative Counsel; liaising with Employee Representative Counsel and the Applicants to advance employee issues arising during the CCAA Proceedings;




- (j) working with the Applicants and counsel to RioCan to develop a go-forward path for the HBC-RioCan joint venture, culminating in the proposed RioCan Receivership Order;
- (k) 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;
- (l) posting non-confidential materials filed with the Court to the Case Website; and
- (m) with the assistance of Bennett Jones, preparing this Fourth Report.


## **11.0 CONCLUSIONS AND RECOMMENDATIONS**

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

All of which is respectfully submitted to the Court this 29<sup>th</sup> day of May, 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

**Confidential Appendix “A”**

**Confidential Bid Summary**

[Intentionally omitted – filed with Court subject to sealing request]

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

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

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**FOURTH REPORT OF THE MONITOR**

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as Monitor and not in its personal or corporate capacity