

**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 BBB CANADA LTD.**

**SUPPLEMENT TO THE EIGHTH REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**NOVEMBER 30, 2023**

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## 1.0 INTRODUCTION

- 1.1 On February 10, 2023, BBB Canada Ltd. (the “**Applicant**”) was 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**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.2 This report (this “**Supplemental Eighth Report**”) supplements the Eighth Report of the Monitor dated November 14, 2023 (the “**Eighth Report**”). The purpose of this Supplemental Eighth Report is to provide the Court with additional information regarding the transfer of funds held by BBB Canada to an account held by BBBI and, contrary to the terms of the ARIO, subsequent distribution of the Minimum Balance to the Lenders.
- 1.3 This Supplemental Eighth Report should be read in conjunction with the Eighth Report, the Affidavits of Michael Goldberg, Plan Administrator of the Chapter 11 Debtors, sworn November 13 and 30, 2023, and the Affidavit of Kent Percy, Managing Director of AlixPartners, LLP, sworn on November 29, 2023 (the “**Percy Affidavit**”). Capitalized terms used and not defined in this Supplemental Eighth Report have the meanings given to them in the Eighth Report or the Percy Affidavit, as applicable. A copy of the Eighth Report is attached as **Appendix “A”**.

## **2.0 UPDATE REGARDING DISTRIBUTION OF BBB CANADA CASH AND REIMBURSEMENT AGREEMENT**

- 2.1 As described in the Eighth Report, all of the BBB Canada Cash, including the Minimum Balance, was transferred to BBBI's concentration account in the United States due to the closure of BBB Canada's Canadian bank accounts prior to the Plan Implementation Date. The BBB Canada Cash, including the Minimum Balance, was subsequently distributed to the Lenders in accordance with the Chapter 11 Plan but, contrary to the ARIO.
- 2.2 In connection with the Applicant's motion for the proposed Third Stay Extension Order, extending the Stay Period to May 22, 2024, originally returnable on November 17, 2023, the Court issued an endorsement (the "**November 17 Endorsement**") directing the parties involved in the transfer of the BBB Canada Cash to clarify the events surrounding such transfer. Since the November 17 Endorsement, BBB Canada has filed the Percy Affidavit and the Affidavit of Michael Goldberg sworn November 30, 2023 (the "**Supplemental Goldberg Affidavit**"), which provide additional detail regarding both the basis for transferring the BBB Canada Cash to BBBI's concentration account in the United States and the subsequent distribution of the BBB Canada Cash to the Lenders.
- 2.3 As reflected in the Supplemental Goldberg Affidavit and the Percy Affidavit, the distribution of the BBB Canada Cash, including the Minimum Balance, to the Lenders was principally a result of misunderstanding between the Financial Advisor and the Plan Administrator. It was done, as set out in the Supplemental Goldberg Affidavit, without intention to contravene the ARIO or the Monitor's directions. BBB Canada, the Plan Administrator and the Monitor worked diligently to execute the Reimbursement Agreement to ensure that the purposes of the Minimum Cash Balance are achieved in the

circumstances and any potential priority obligations in the CCAA Proceedings are provided for. The Monitor is of the view that the quantum of the Segregated Amount (as defined in the Reimbursement Agreement) is sufficient for these purposes. A copy of the Reimbursement Agreement is attached as **Appendix “B”**.

### **3.0 UPDATE ON THE CASH BALANCE**


- 3.1 The Plan Administrator has confirmed to the Monitor that he has have received and segregated \$2.9 million that would otherwise be distributed to the Lenders and will hold such funds in trust for the benefit of BBB Canada. The Plan Administrator has also explained to the Monitor that the remaining \$100,000 required to be segregated under the Reimbursement Agreement is expected to be received and segregated over the coming week.
- 3.2 Further, as of November 30, 2023, pursuant to the Reimbursement Agreement the Plan Administrator advanced \$100,000 to the Monitor’s counsel as security for the professional fees that have been and are expected to be incurred in connection with the CCAA Proceedings for which the BBB Canada Cash would otherwise have been available.
- 3.3 BBB Canada’s only forecast cash receipts and disbursements through the proposed extension of the Stay Period (May 22, 2024) are professional fees and amounts that may become payable as a result of the CRA Audit and the CRA Assessment Appeal. As explained in the Eighth Report, the Reimbursement Agreement is forecast to provide for sufficient liquidity for any potential priority payables and the cash provided to the Monitor’s counsel is forecast to provide for sufficient liquidity for professional fees.

Therefore, BBB Canada is forecast to have sufficient liquidity to fund the CCAA Proceedings through the proposed extension of the Stay Period.

3.4 For the reasons outlined above and set out in the Eighth Report, the Monitor remains supportive of the Applicant's proposed Third Stay Extension Order, extending the Stay Period until and including May 22, 2024.

All of which is respectfully submitted to the Court this 30<sup>th</sup> day of November 2023.

**Alvarez & Marsal Canada Inc., in its capacity as  
Monitor of BBB Canada Ltd. and  
Bed Bath & Beyond Canada L.P., and not in its  
personal or corporate capacity**

Per:   
\_\_\_\_\_  
Alan J. Hutchens  
Senior Vice-President

**APPENDIX “A”  
EIGHTH REPORT**

See attached.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
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**EIGHTH REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**NOVEMBER 14, 2023**



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## 1.0 INTRODUCTION

1.1 On February 10, 2023, BBB Canada Ltd. (the “**Applicant**”) was 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**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).

1.2 The Initial Order also extended a stay of proceedings and other benefits, restrictions and protections of the CCAA to Bed Bath & Beyond Canada L.P. (“**BBB LP**”, and together with the Applicant, “**BBB Canada**”). The Applicant is a wholly owned subsidiary of Bed Bath & Beyond Inc. (“**BBBI**”).<sup>1</sup>

1.3 On February 21, 2023, the Court granted the following orders:

- (a) an amended and restated Initial Order (the “**ARIO**”), which, among other things:
  - (i) extended the Stay Period (as defined in the ARIO) and the Landlord Stay to and including May 1, 2023;
  - (ii) approved BBB Canada’s key employee retention plan (the “**KERP**”) and granted a charge over the Property (as defined in the ARIO) in the maximum amount of \$161,000 in favour of the employees entitled to participate in the

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<sup>1</sup> BBBI and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on April 23, 2023 (the “**Chapter 11 Proceedings**”).

KERP as security for the payments to be made in accordance with the KERP;

(iii) increased the amounts of the Administration Charge and the Directors' Charge (each as defined in the ARIO) to \$1.25 million and \$8.25 million, respectively; and

(iv) declared that, pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (the "**WEPP Act**"), BBB Canada meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and that BBB Canada's former employees are eligible to receive payments under and in accordance with the WEPP Act following the termination of their employment; and

(b) an order (the "**Sale Approval Order**"), which approved the Consulting Agreement between the Consultant and BBB LP and the Sale Guidelines (as defined in the Sale Approval Order), and authorized BBB LP, with the assistance of the Consultant, to undertake the Liquidation Sale.

1.4 Since the granting of the ARIO and the Sale Approval Order, the Applicant has sought and obtained several assignment and/or approval and vesting orders in furtherance of the Orderly Wind-down (as defined in the ARIO). Such orders include:

(a) an assignment, approval and vesting order dated April 11, 2023, which, among other things, approved the Omnibus Assignment and Assumption of Leases, FF&E

and Trade Fixtures Agreement dated March 28, 2023, between BBB LP, BBBI and 11607987 Canada Inc., dba DKB Capital (“**DKB Capital**”), and the transactions contemplated therein;

- (b) an assignment, approval and vesting order dated April 28, 2023, which, among other things, approved the Omnibus Assignment and Assumption of Leases dated April 21, 2023, among BBB LP, BBBI and Canadian Tire Corporation Canada, Limited and the transactions contemplated therein;
- (c) an assignment, approval and vesting order dated April 28, 2023, which, among other things:
  - (i) approved the Omnibus Assignment and Assumption of Leases, FF&E and Trade Fixtures dated April 17, 2023, between BBB LP, BBBI and DKB Capital, and the transactions contemplated therein;
  - (ii) approved the Assignment and Assumption of Lease dated April 21, 2023, among BBB LP, BBBI and Winners Merchants International L.P. (“**Winners**”), and the transactions contemplated therein; and
  - (iii) extended the Stay Period to and including June 27, 2023;<sup>2</sup> and
- (d) an order dated May 15, 2023, which, among other things, approved the transactions contemplated by the:

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<sup>2</sup> The Applicant did not seek to extend the Landlord Stay as part of its motion. As such, the Landlord Stay terminated on May 1, 2023.

- (i) Assignment and Assumption of Lease Agreement dated May 5, 2023, between BBB LP and Winners; and
- (ii) Assignment and Assumption of Lease Agreement dated May 1, 2023, among BBB LP, BBBI and Giant Tiger Stores Limited.

1.5 On June 22, 2023, the Applicant sought and obtained an order (the “**Stay Extension Order**”), which extended the Stay Period up to and including August 22, 2023. The Stay Extension Order was intended to provide BBB Canada with time to implement and seek approval of a procedure for the solicitation, determination and resolution of claims against the current and former directors and officers of BBB Canada (the “**D&O Claims Process**”). The D&O Claims Process was approved pursuant to an order dated July 6, 2023 (the “**D&O Claims Procedure Order**”).

1.6 On August 22, 2023, the Applicant sought and obtained an order (the “**Second Stay Extension Order**”), which extended the stay of proceedings in favour of BBB Canada up to and including November 22, 2023. The Second Stay Extension Order was intended to afford BBB Canada the time and stability necessary to address the sole claim submitted pursuant to the D&O Claims Process and the Canada Revenue Agency’s (the “**CRA**”) then ongoing audit (as discussed below).

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

- (a) the Applicant’s motion for an order (the “**Third Stay Extension Order**”) extending the Stay Period until May 22, 2024;

- (b) the activities of the Monitor since August 18, 2023, being the date of the Seventh Report of the Monitor (the “**Seventh Report**”); and
- (c) the Monitor’s conclusions and recommendations in connection with the foregoing.

## **2.0 TERMS OF REFERENCE AND DISCLAIMER**

- 2.1 In preparing this Eighth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by BBB Canada, as well as BBB Canada’s legal counsel and financial advisors.
- 2.2 Future oriented financial information referred to in this Eighth Report was prepared based on BBB Canada’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Eighth Report should be read in conjunction with the Affidavit of Michael Goldberg, Plan Administrator of the Chapter 11 Debtors, and the sole officer of the Applicant, sworn on November 13, 2023 (the “**Initial Goldberg Affidavit**”), filed in support of the Applicant’s motion for the proposed Third Stay Extension Order.
- 2.4 The prior reports of the Monitor (collectively, the “**Prior Reports**”), and other Court-filed materials in the CCAA Proceedings are available on the Monitor’s case website at [www.alvarezandmarsal.com/BBBCanada](http://www.alvarezandmarsal.com/BBBCanada) (the “**Case Website**”).

2.5 Capitalized terms used and not defined in this Eighth Report have the meanings given to them in the Prior Reports or the Initial Goldberg Affidavit, as applicable.

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

### **3.0 D&O CLAIMS PROCESS UPDATE**

3.1 The D&O Claims Process is described in the Prior Reports.

3.2 As outlined in the Prior Reports and referenced above, one (1) Proof of Claim (as defined in the D&O Claims Procedure Order) was received by BBB Canada on or before the Claims Bar Date (as defined in the D&O Claims Procedure Order) in the amount of \$489,528.95 for outstanding provincial sales tax owing by BBB LP in the Province of British Columbia. Subsequent to filing its Seventh Report, the Monitor worked with BBB Canada to confirm the validity of the claim. The claim was reviewed by BBB Canada and was paid.

3.3 The Monitor understands that the CRA completed an audit of BBB Canada's GST/HST returns for the period from March 1, 2021 to February 28, 2023 (the "**CRA Audit**"), and that BBBI retained Deloitte to assist it in responding to the CRA Audit.

3.4 Deloitte submitted to the CRA that based on its review of BBB Canada's books and records, no additional amounts were owing by BBB Canada with respect to the 2021 and 2022 taxation years. The CRA did not accept Deloitte's position, and on November 1, 2023, BBB Canada received an assessment from the CRA advising that BBB Canada owed \$2,084,044.28 on account of unpaid GST/HST (the "**CRA Assessment**").

3.5 BBB Canada has advised the Monitor that it intends to appeal the CRA Assessment (the “**CRA Assessment Appeal**”). Deloitte has advised that a notice of objection for the CRA Assessment Appeal must be filed within 90 days following receipt of the Notice of Assessment. It is expected that Deloitte will assist BBB Canada in connection with the CRA Assessment Appeal.

#### **4.0 DISTRIBUTION OF BBB CANADA CASH**

4.1 Since late March 2023, BBB Canada has maintained a minimum cash balance of approximately \$6 million in its bank accounts (collectively, the “**Canadian Accounts**”). In accordance with paragraph 14 of the ARIO, sweep rights under the Amended Credit Agreement could continue to be exercised by the lenders thereunder (collectively, the “**Lenders**”) with respect to BBB Canada, subject to BBB Canada maintaining a minimum balance of \$6 million in its bank accounts (the “**Minimum Balance**”), unless decreased by BBB Canada with the consent of the Monitor.

4.2 Prior to the Plan Implementation Date in the Chapter 11 Proceedings of September 29, 2023, BBBI’s financial advisor (the “**Financial Advisor**”) notified the Monitor and BBB Canada that it intended to transfer almost all remaining cash in the Canadian Accounts, which in aggregate totaled approximately \$6.1 million on or about September 29, 2023 (the “**BBB Canada Cash**”), to BBBI’s U.S. based accounts. The Monitor and BBB Canada immediately advised the Financial Advisor that the BBB Canada Cash must be held in a segregated bank account in light of the Minimum Balance and other terms of the ARIO.

4.3 As described further in the Initial Goldberg Affidavit, notwithstanding the foregoing, substantially all of the BBB Canada Cash was inadvertently transferred to one of BBBI’s



U.S. concentration accounts, where, unbeknownst to the Monitor and BBB Canada, it was commingled with other funds, and then subsequently distributed to the Lenders (the “**Inadvertent Distribution**”) in accordance with the Chapter 11 Plan. As a result, BBB Canada no longer holds cash in an amount equal to the Minimum Balance.

- 4.4 Upon learning of the Inadvertent Distribution, BBB Canada and the Monitor contacted the Plan Administrator and counsel to the Lenders to remedy the situation. The Lenders advised the Monitor that they were unable to promptly return the BBB Canada Cash to BBB Canada. This prompted the Monitor and BBB Canada to consider alternative solutions with the Plan Administrator and the Lenders.
- 4.5 The Plan Administrator anticipates that the Chapter 11 Debtors will receive at least USD\$3 million in connection with continuing realization efforts in the Chapter 11 Proceedings. To ensure BBB Canada is able to pay any potential priority obligations, including those subject to the Charges (as defined in the ARIO) – which rank in priority to claims of the Lenders – the Plan Administrator has agreed, with the Lenders’ consent, to segregate CAD\$3 million that would otherwise be distributed to the Lenders (the “**Segregated Amount**”) and hold these funds in trust for the benefit of BBB Canada.
- 4.6 BBB Canada and the Plan Administrator, with the Monitor’s support, are in the process of finalizing an agreement (the “**Reimbursement Agreement**”), the terms of which will provide that the Plan Administrator will hold the Segregated Amount separate and apart from all other funds in its possession or under its control in trust for the benefit of BBB Canada and will agree to make applicable distributions or reimbursements therefrom for which the BBB Canada Cash would otherwise have been available. Further, pursuant to

the Reimbursement Agreement the Plan Administrator will advance \$100,000 to the Monitor's counsel following execution of the Reimbursement Agreement as security for the professional fees that have been and are expected to be incurred in connection with the CCAA Proceedings for which the BBB Canada Cash would otherwise have been available.

## 5.0 CASH FLOW RESULTS RELATIVE TO FORECAST AND UPDATE ON THE CASH BALANCE

5.1 Cash receipts and disbursements for the thirteen (13)-week period August 13, 2023 to November 11, 2023 (the “**Reporting Period**”) are summarized in the table below:

<b>Cash Flow Reporting</b>	
<b>For the period Aug. 13, 2023 to Nov. 11, 2023</b>	
<i>(CAD \$000s, Unaudited)</i>	
	<b>Actual</b>
<b>Interest and Other Income</b>	\$ 165
<b>Disbursements</b>	
Bank Fees	7
Sales Tax Remittances	490
<b>Total Disbursements</b>	<b>496</b>
<b>Net Cash Flow</b>	<b>(331)</b>
Opening Cash Balance	6,862
Net Cash Flow	(331)
Transfer to BBBI	(250)
<b>Cash Balance at Plan Administration Date</b>	<b>\$ 6,281</b>
Inadvertent transfer to BBBI	(6,116)
<b>Ending Cash Balance</b>	<b>\$ 165</b>

5.2 During the Reporting Period, BBB Canada's receipts comprised of interest and other income of approximately \$165,000.

5.3 During the Reporting Period, BBB Canada's disbursements included approximately \$490,000 of Sales Tax Remittances to the Province of British Columbia and \$6,500 of bank

fees. \$250,000 was also swept to BBBI as the funds on hand at that time exceeded the Minimum Balance.

5.4 As discussed above, prior to the Plan Implementation Date, the cash balance was approximately \$6.3 million. \$6.1 million was subsequently transferred to BBBI, resulting in the remaining cash on hand of approximately \$165,000 as of November 11, 2023.

5.5 BBB Canada's only forecast cash receipts and disbursements through the proposed extension of the Stay Period (May 22, 2024) are professional fees (forecast to be less than \$165,000) and amounts that may become payable as a result of the CRA Audit and the CRA Assessment Appeal. As explained above, the Reimbursement Agreement is forecast to provide for sufficient liquidity for any potential priority payables and cash on hand is forecast to provide for sufficient liquidity for professional fees. Therefore, subject to finalization of the Reimbursement Agreement, BBB Canada is forecast to have sufficient liquidity to fund the CCAA Proceedings through the proposed extension of the Stay Period.

## **6.0 EXTENSION OF THE STAY PERIOD**

6.1 The current Stay Period extends to November 22, 2023. BBB Canada is seeking an extension of the Stay Period to and including May 22, 2024.

6.2 The Monitor supports BBB Canada's request to extend the Stay Period to May 22, 2024 for the following reasons:

- (a) the extension of the Stay Period will enable BBB Canada, with the assistance of the Monitor, to complete certain steps necessary for the Orderly Wind-down, including pursuit of the CRA Assessment Appeal;

- (b) BBB Canada has acted, and continues to act, in good faith and with due diligence to advance the Orderly Wind-down and the CCAA Proceedings;
- (c) subject to the finalization of the Reimbursement Agreement, BBB Canada will have sufficient liquidity to fund its anticipated disbursements 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.

## **7.0 ACTIVITIES OF THE MONITOR**

7.1 Since the date of the Seventh Report, the Monitor has, among other things:

- (a) in consultation with BBB Canada, reviewed the single Proof of Claim received pursuant to the D&O Claims Process and assisted with the diligence required to confirm the validity of such claim;
- (b) reviewed correspondence with the CRA and discussed next steps regarding the CRA Audit with Deloitte and BBBI;
- (c) addressed the Inadvertent Distribution with BBB Canada, the Plan Administrator and the Lenders;
- (d) with the assistance of Bennett Jones LLP, counsel to the Monitor, prepared the Reimbursement Agreement, in consultation with BBB Canada, the Plan Administrator and their respective counsel;

- (e) responded to inquiries from BBB Canada's landlords, employees, and vendors, and their respective counsel;
- (f) coordinated the posting of Court-filed documents to the Case Website; and
- (g) with the assistance of counsel, prepared this Eighth Report.

## **8.0 CONCLUSIONS AND RECOMMENDATIONS**

8.1 For the reasons set out in this Eighth Report, the Monitor is of the view that the relief requested by the Applicant is reasonable and appropriate in the circumstances. Accordingly, the Monitor respectfully recommends that the Court approve the proposed Third Stay Extension Order.

All of which is respectfully submitted to the Court this 14<sup>th</sup> day of November 2023.

**Alvarez & Marsal Canada Inc., in its capacity as  
Monitor of BBB Canada Ltd. and  
Bed Bath & Beyond Canada L.P., and not in its  
personal or corporate capacity**

Per: 

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Alan J. Hutchens  
Senior Vice-President

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

Court File No.: CV-23-00694493-00CL

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BBB  
CANADA LTD.**

Applicant

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

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**EIGHTH REPORT OF THE MONITOR**

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solely in its capacity as the Court-appointed  
Monitor and not in its personal or corporate  
capacity

**APPENDIX “B”  
REIMBURSEMENT AGREEMENT**

See attached.

## **REIMBURSEMENT AGREEMENT**

**THIS REIMBURSEMENT AGREEMENT** (this "**Agreement**") is made as of the 16<sup>th</sup> day of November, 2023

**BETWEEN:**

**BBB CANADA LTD. ("BBB Canada") and BED BATH & BEYOND  
CANADA L.P. ("BBB LP" and together with BBB Canada, the "BBB Entities")**

- and -

**MICHAEL I. GOLDBERG.**, on behalf of Bed Bath & Beyond Inc. and its affiliated debtors (collectively, the "**US Debtors**") in their proceedings under chapter 11 of title 11 of the United States Code (the "**Chapter 11 Proceedings**"), solely in his capacity as Plan Administrator of the US Debtors (the "**Plan Administrator**")

**WHEREAS:**

- A. On February 10, 2023, the BBB Entities 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 "**Canadian Court**"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (in such capacity, the "**Monitor**") in the CCAA proceedings (the "**CCAA Proceedings**");
- B. On February 21, 2023, the Canadian Court granted an amended and restated Initial Order (the "**ARIO**"). Pursuant to paragraph 14 of the ARIO, sweep rights under the Amended Credit Agreement<sup>1</sup> may continue to be exercised with respect to the BBB Entities, provided that, among other things, effective as of March 27, 2023, the BBB Entities were to continue to hold cash in the amount of no less than \$6,000,000 (the "**Minimum Balance**") unless decreased by the BBB Entities with the consent of the Monitor;

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<sup>1</sup> As defined in the Affidavit of Holly Etlin sworn February 9, 2023.



- C. The Minimum Balance remained subject to, among other things, the Administration Charge and the Directors' Charge (each as defined in the ARIO and together, the "**Charges**"), each of which rank in priority to all claims of the Lenders;
- D. On April 23, 2023, the US Debtors commenced the Chapter 11 Proceedings in the United States Bankruptcy Court for the District of New Jersey (the "**US Court**");
- E. Pursuant to a Plan Administrator Agreement effective October 1, 2023, the Plan Administrator was appointed to observe and perform the duties and obligations imposed upon the Plan Administrator under a Second Amended Joint Chapter 11 Plan of Bed Bath & Beyond, Inc. and its Debtor Affiliates;
- F. On or around October 1, 2023, approximately \$6,100,000 constituting the Minimum Balance belonging to the BBB Entities (the "**BBB Canada Cash**") was transferred to a U.S. operating account and subsequently distributed to the agent and the lenders (collectively, the "**Lenders**") in error, without the knowledge or consent of the BBB Entities or the Monitor. The Lenders were also unaware of the error. In any event, the BBB Entities no longer hold cash in an amount equal to the Minimum Balance contrary to the terms of the ARIO;
- G. The BBB Entities and their current and former directors and officers may have certain priority obligations owing to creditors and the beneficiaries of the Charges that would have been paid from the BBB Canada Cash; and
- H. The Plan Administrator has agreed to segregate and hold in trust for the benefit of the BBB Entities \$3,000,000 as such funds become available (the "**Segregated Amount**").

**IN CONSIDERATION** of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties, the parties hereby agree as follows:

1. In this Agreement, "**Prior Claim**" means: (i) any claim by, or an amount payable, allocable or distributable for any amounts secured by the Directors' Charge or the Administration Charge; (ii) any claim by, allocable or distributable to the Monitor for any amount with respect to which the Monitor is entitled to be indemnified or otherwise reimbursed by any of the BBB Entities and/or from the Property (as defined in the ARIO) in priority to the claims of the Lenders under the Amended and Restated Credit Agreement; and (iii) any claim the Canadian Court determines should be paid in priority to any claim of the Lenders, or should otherwise be satisfied in whole or in part by, the BBB Canada Cash.
2. The Plan Administrator shall hold the Segregated Amount separate and apart from all other funds in its possession or under its control in trust for the benefit of the BBB Entities in accordance with the terms of this Agreement and acknowledges and agrees that such Segregated

Amount shall constitute Property to which the Administration Charge and the Directors' Charge shall attach.

3. Subject to the terms of this Agreement, the Plan Administrator, on behalf of himself and the US Debtors, hereby irrevocably and unconditionally agrees, to pay or repay to the BBB Entities, the Monitor on behalf of the BBB Entities or any officer of the Canadian Court appointed in respect of the BBB Entities (each, a "**Court Officer**") (such person being herein referred to as the "**Repayment Party**"), all or any portion of the Segregated Amount in an amount equal to any Prior Claim or Prior Claims as determined by the Repayment Party in its sole and absolute discretion or as otherwise ordered by the Court (the "**Repayment Amount**") within five (5) business days of demand by the applicable Repayment Party by wire transfer of immediately available funds. Any Repayment Amount paid by the Plan Administrator shall be used exclusively for payment of such Prior Claim or Prior Claims and for no other purpose. For greater certainty, nothing in this Agreement is intended to eliminate or supercede any commitment by the BBB Entities to provide notice to the Agent and Lenders prior to paying any Prior Claim.
4. Although the Repayment Party may determine the amount of any Prior Claim(s), the obligation of the Plan Administrator to pay or repay the Repayment Amount as determined by the Repayment Party in its sole and absolute discretion is absolute and not subject to set-off, counterclaim, reduction or recoupment by the Plan Administrator. The liability of the Plan Administrator to reimburse the Repayment Party under this Agreement in respect of any Prior Claim(s) shall be limited to the Segregated Amount. From and after the Effective Date, the Minimum Balance shall equal the Segregated Amount less any funds disbursed by the Plan Administrator in accordance with this Reimbursement Amount.
5. On the Effective Date (as defined below), the Plan Administrator shall also pay to the Monitor's counsel \$100,000 for professional fees that have been incurred and are to be incurred in connection with the CCAA Proceedings that are secured by the Administration Charge and would have otherwise been satisfied from the BBB Canada Cash in accordance with the terms of the ARIO by wire transfer of immediately available funds.
6. The Plan Administrator has all of the requisite authority to enter into this Agreement on behalf of itself and the US Debtors and does not require any other authority or approval to enter into this Agreement, including approval of the US Court or the Lenders.
7. The parties hereto, the Monitor or any Court Officer may seek advice and directions from the Canadian Court at any time regarding performance of the terms of this Agreement and may disclose this Agreement to the Canadian Court and the parties in interest in the CCAA Proceedings.
8. This Agreement need not be executed by the BBB Entities to be binding on and enure to the benefit of the BBB Entities.
9. All notices, consents, waivers and other communications under this Agreement must be in writing and shall be deemed to have been duly given when: (i) delivered by hand (with written

confirmation of receipt); (ii) sent by email (with read receipt requested, with the receiving party being obligated to respond affirmatively to any read receipt requests delivered by the other party); (iii) received by the addressee, if sent by a delivery service (prepaid, receipt requested); or (iv) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to the appropriate addresses and representatives (if applicable) set forth below (or to such other addresses and representatives as a party may designate by notice to the other parties):

In the case of the BBB Entities:

C/O  
Osler, Hoskin & Harcourt LLP  
First Canadian Place, 100 King St W  
Suite 6200, Toronto, ON M5X 1B8  
Attention: David Rosenblat  
Email: [drosenblat@osler.com](mailto:drosenblat@osler.com)

with a copy to the Monitor:

Alvarez & Marsal Canada Inc.  
200 Bay Street, Suite 2900  
Toronto ON M5J 2J1  
Attention: Al Hutchens / Nate Fennema  
Email: [ahutchens@alvarezandmarsal.com](mailto:ahutchens@alvarezandmarsal.com) / [nfennema@alvarezandmarsal.com](mailto:nfennema@alvarezandmarsal.com)

and the Monitor's counsel:

Bennett Jones LLP  
First Canadian Place, 100 King St W  
Suite 6200, Toronto, ON M5X 1A4  
Attention: Mike Shakra / Josh Foster  
Email: [shakram@bennettjones.com](mailto:shakram@bennettjones.com) / [fosterj@bennettjones.com](mailto:fosterj@bennettjones.com)

In the case of the Plan Administrator:

Michael I. Goldberg  
201 E Las Olas Blvd Suite 1800,  
Fort Lauderdale, FL 33301 USA

Email: [michael.goldberg@akerman.com](mailto:michael.goldberg@akerman.com)

with a copy to:

Pachulski Stang Ziehl & Jones LLP  
780 3rd Avenue #34  
New York, N.Y. 10017  
Attention: Bradford Sandler  
Email: bsandler@pszjlaw.com

Any notice of other communication shall be deemed conclusively to have been given and received, if delivered or transmitted by electronic mail, on the day on which it was delivered or transmitted.

10. This Agreement shall be effective as of the date first written above (the "**Effective Date**") and shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Ontario applicable hereto. The Canadian Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder and any and all claims relating to the foregoing shall be filed and maintained only in the Canadian Court, and the parties hereby consent and submit to the exclusive jurisdiction and venue of the Canadian Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding.

11. This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

12. Upon execution of this Agreement by the parties, it will be binding upon and enure to the benefit of the BBB Entities, the Plan Administrator and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any party without the prior written consent of the other party and the Monitor or a Court Officer, as applicable.

13. Each party shall, from time to time, and at all times after the Effective Date, at the request of any other party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent of this Agreement.

***[Signature Page Follows]***

**DATED** as of the date first written above.

**MICHAEL I GOLDBERG**, in his capacity as Plan Administrator

Per:  \_\_\_\_\_ c/s

**Acknowledged by ALVAREZ & MARSAL CANADA INC.,  
solely in its capacity as Court-appointed Monitor and not in  
its personal or corporate capacity**

Per:  \_\_\_\_\_ c/s

Name: Alan J. Hutchens

Title: Senior Vice President

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

Court File No.: CV-23-00694493-00CL

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BBB  
CANADA LTD.**

Applicant

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

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**SUPPLEMENT TO THE EIGHTH  
REPORT OF THE MONITOR**

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solely in its capacity as the Court-appointed  
Monitor and not in its personal or corporate  
capacity