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

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 HOLDINGS GP INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.

Applicants

SEVENTH REPORT OF THE MONITOR ALVAREZ & MARSAL CANADA INC.

JULY 29, 2025

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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]

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). A&M, then in its capacity as proposed Monitor, issued a pre-filing Report dated March 7, 2025, to provide the Court with information and, where applicable, its views on the relief sought by the Applicants.

1.3 Since the Initial Order was granted, this Court has heard several motions and granted various Orders, and a significant volume of materials have been filed by interested parties

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

in connection therewith. This Report (the "**Seventh Report**") does not contain a detailed chronology of these proceedings or the various relief granted. Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the "**Prior Reports**") and all endorsements and orders made by the Court, are available on the Monitor's case website at: www.alvarezandmarsal.com/HudsonsBay (the "**Case Website**"), and the Monitor's Sixth Report dated July 14, 2025 (the "**Sixth Report**") contains a more detailed chronology of these proceedings.

FILO Motion

1.4 On July 8, 2025, in connection with a hearing scheduled for July 15, 2025 (the "**July 15 Hearing**"), Restore Capital, LLC, in its capacity as the agent on behalf of various first in last out lenders (in such capacity, the "**FILO Agent**", and such lenders, the "**FILO Lenders**"), served a motion record (the "**FILO Motion**"), including an affidavit sworn by Ian Fredericks of the same date (the "**Fredericks Affidavit**") seeking an Order (the "**Expanded Powers Order**"), among other things:

(a) expanding the powers of the Monitor to allow the Monitor to conduct the affairs and operations of the Applicants for the benefit of all of their stakeholders;

(b) authorizing and directing the Monitor to cause the Applicants to terminate the Central Walk APA and the Central Walk Transaction (each as defined in the Sixth Report);

(c) authorizing and directing the Monitor to cause Hudson's Bay to immediately disclaim all of its remaining leases subject to the Central Walk APA for which a transaction has not closed and that are not subject to any other potential transactions;

(d) directing Hudson's Bay to distribute $6 million to the FILO Agent (the "**Proposed Distribution**") within one day of the date of the Order; and

(e) granting certain related and ancillary relief.

1.5 On July 11, 2025, the FILO Agent served a supplemental motion record in support of the FILO Motion. No further relief was sought therein.

1.6 On July 13, 2025, the Applicants served a responding motion record taking issue with many of the assertions made in the Fredericks Affidavit, and opposing the relief sought on the FILO Motion.

1.7 The Monitor served its Sixth Report on July 14, 2025, among other things, providing its views on the FILO Motion and respectfully recommending that: (a) no relief be granted in respect of the Proposed Distribution; and (b) absent another party forthwith agreeing to fund the costs of pursuing the Central Walk Transaction or another consensual resolution being reached, the Central Walk APA should be terminated and the leases proposed to be acquired therein (the "**Subject Leases**") should be disclaimed.

1.8 As discussed in greater detail below, the FILO Motion was adjourned at the July 15 Hearing, and a schedule has since been set by the Court to hear both the FILO Motion and the Applicants' motion to be filed seeking approval of the Central Walk APA and Central Walk Transaction (the "**Central Walk Approval Motion**") at the same time. In connection therewith, the FILO Agent has filed an amended notice of motion.

July 31 Motion

1.9 On July 25, 2025, the Applicants served a motion record in support of a motion returnable July 31, 2025 (the "**July 31 Motion**"), including the affidavit of Franco Perugini of the same date (the "**Perugini Affidavit**"), seeking the following:

(a) an order (the "**YM Approval and Vesting Order**"), among other things:

(i) approving the Assignment and Assumption of Leases dated as of May 28, 2025, between Hudson's Bay, as assignor, and YM Inc. (Sales) ("**YM**"), as assignee (as amended on June 18, June 25, July 16, 2025 and as may be further amended from time to time, the "**YM Lease Assignment Agreement**");

(ii) approving the transactions contemplated by the YM Lease Assignment Agreement (the "**YM Transactions**");

(iii) vesting the Company's right, title and interest in and to the YM Leases (as defined below), all related rights, benefits and advantages, and any right, title, and interest of the Company in the FF&E and Trade Fixtures in the YM Assigned Premises (each as defined and described in the YM Lease Assignment Agreement), in and to YM, free and clear of all claims and encumbrances; and

(iv) sealing Confidential Appendix "A" to this Report, which contains a summary of the economic terms of the bids received in the Lease Monetization Process for the YM Leases, until closing of the YM Transactions;

(b) an order (the "**IC Approval and Vesting Order**"), among other things:

(i) approving the Assignment and Assumption of Leases dated as of July 23, 2025, between Hudson's Bay, as assignor, Ivanhoe Realties Inc. ("**IC**"), as assignee, and Ivanhoe Cambridge II Inc., as landlord (as amended from time to time, the "**IC Lease Assignment Agreement**");

(ii) approving the transaction contemplated by the IC Lease Assignment Agreement (the "**IC Transaction**"); and

(iii) vesting the Company's right, title and interest in and to the IC Lease (as defined below), all related rights, benefits and advantages, and any right, title and interest of the Company in the FF&E in the IC Assigned Premises (each as defined and described in the IC Lease Assignment Agreement), in and to IC, free and clear of all claims and encumbrances other than permitted encumbrances;

(c) an order (the "**Stay Extension and Activity Approval Order**"), among other things:

(i) extending the Stay Period until and including October 31, 2025; and

(ii) approving the Prior Reports and this Seventh Report and the activities of the Monitor referred to therein.

<u>Purpose of this Report</u>

1.10 The purpose of this Seventh Report is to provide the Court with information and, where applicable, the Monitor's views on:

(a) the scheduling of the FILO Motion and the Central Walk Approval Motion;

(b) recent developments with respect to employee matters, FF&E removal, and signage removal;

(c) the YM Approval and Vesting Order;

(d) the IC Approval and Vesting Order;

(e) the Stay Extension and Activity Approval Order;

(f) the Applicants' cash flow results relative to forecast and the Applicants' updated cash flow forecast;

(g) the activities of the Monitor since its Sixth Report; and

(h) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Seventh Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Seventh 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 Seventh 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 Seventh Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Seventh Report should be read in conjunction with the Perugini Affidavit. Capitalized terms used and not defined in this Seventh Report have the meanings ascribed in the Perugini Affidavit.

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

3.0 UPDATE ON FILO MOTION AND CENTRAL WALK APPROVAL MOTION

3.1 At the July 15 Hearing, the Court adjourned the FILO Motion.

3.2 Counsel to the Applicants advised the Court at the July 15 Hearing that the Applicants intend to bring forward the Central Walk APA for approval at a future date, but were not in a position to do so at that time. The Court observed that the relief sought by the FILO Agent would be practically dispositive of any motion by the Applicants to approve the Central Walk APA. At the conclusion of the hearing, the Court directed counsel to the Monitor to: (a) coordinate discussions among the affected parties to agree upon a schedule for the hearing of the FILO Motion (for termination of the Central Walk APA and other relief) and the motion of the Applicants (for approval of the Central Walk APA) if pursued; and (b) if such a schedule cannot be agreed, contact the Commercial List office to schedule a case conference at which the Court would fix a schedule. A copy of the Court's July 15 endorsement is attached hereto as **Appendix "A"**.

3.3 As discussed in greater detail in the Monitor's Aide Memoire served on July 21, 2025 (which is available on the Case Website), the Monitor served a proposed timetable on the service list on July 18, 2025, and received feedback from certain parties. As no agreement was reached on a timetable, the parties attended a scheduling case conference on July 22, 2025, at which attendance the Court fixed a schedule and indicated that it would hear the FILO Motion and the Central Walk Approval Motion on August 28, and if necessary, August 29, 2025. A copy of the Court's July 22 endorsement is attached hereto as **Appendix "B"**.

3.4 On July 25, 2025, counsel to the FILO Agent served an amended notice of motion on the service list (the "**Amended Notice of Motion**"), amending the relief to be sought by the FILO Agent on the FILO Motion. Among other things, the Amended Notice of Motion amends the relief sought by requesting an Expanded Powers Order that would also:

(a) authorize and direct the Monitor to disclaim the Subject Leases that are not subject to any other potential transaction (the "**Remaining Leases**"), unless the Pathlight Lenders or the Potential Lease Purchaser (as defined in the Sixth Report) agree to bear any rent and other costs associated with the pursuit of the Central Walk Transaction (including, without limitation, any professional fees, Monitor fees and fees of legal counsel) (the "**Central Walk Costs**");

(b) amend paragraph 10 of the Amended and Restated Initial Order to eliminate the requirement that the Applicants pay any rent on any Remaining Leases and directs that no rent on account of the Remaining Leases be paid from any ABL Priority Collateral from the earlier of: (i) notice of disclaimer of any of the Remaining Leases, including for greater certainty, during any period of notice provided for in Section 32(5) of the CCAA; and (ii) the date of any decision of the Court declining to approve the Central Walk Transaction;

(c) require that if the Central Walk Transaction is terminated or not approved, that the Potential Lease Purchaser reimburse to the Applicants any Central Walk Costs incurred from and after July 15, 2025, and that any such amounts be deemed to be ABL Priority Collateral;

(d) require, as a condition of any approval or implementation of the Central Walk Transaction, that a portion of any proceeds from the Central Walk APA equivalent to the Central Walk Costs incurred from and after July 15, 2025 be deemed to be ABL Priority Collateral; and

(e) make such other orders as may be necessary, pursuant to section 11 of the CCAA, to ameliorate any prejudice that would otherwise be occasioned on the FILO Lenders as a result of the pursuit of the Central Walk Transaction.

3.5 A copy of the Amended Notice of Motion has been posted to the Case Website.

3.6 Counsel for the Applicants have confirmed to the Monitor that Ruby Liu Commercial Investment Corp. delivered to the Applicants an updated business plan on July 25, 2025, in accordance with the undertaking given to the Court by Ruby Liu Commercial Investment Corp. The Monitor has not yet received a copy of the updated business plan, but has been advised that the business plan will be filed with the Court in respect of the moving parties' materials on July 29, 2025.

3.7 This Report does not provide further commentary or views of the Monitor in respect of the matters subject to the FILO Motion and the Central Walk Approval Motion. The Monitor will file a further Report providing its views in advance of the hearing of those motions in accordance with the Court-approved schedule.

4.0 OTHER UPDATES

Employee Matters

4.1 On June 3, 2025, this Court granted an Order, which, among other things, declared that the Applicants meet the criteria under section 3.2 of the *Wage Earner Protection Program Regulations* effective June 21, 2025 pursuant to subsections 5(1)(b)(iv) and 5(5) of the Wage Earner Protection Act ("**WEPPA**").

4.2 As discussed in the Monitor's Fourth Report dated May 29, 2025, the amount each employee will receive pursuant to WEPPA depends on their individual circumstances and is based on their entitlement to termination and severance pay under provincial employment standards legislation.

4.3 Since June 21, 2025, the Monitor has continued to work closely with the Applicants, Ursel Phillips Fellows Hopkinson LLP, in its capacity as the Court-appointed representative counsel for certain employees ("**Employee Representative Counsel**") and Service Canada to facilitate the implementation of the Wage Earner Protection Program ("**WEPP**") claims process and to ensure employees are able to access their entitlements in an efficient and timely manner.

4.4 To support this process, an information package (the "**Information Package**") is being finalized and will be mailed to all former employees of the Company in the coming weeks. The Information Package to be received by each employee will include a FAQ document, a proof of claim form, a formal WEPP notice, and a summary of the eligible claims that may be owed to that individual employee. These estimates have been prepared by the Monitor with the assistance of the Company. The Information Package is intended to provide employees with the information necessary to submit their WEPP applications to Service Canada and to facilitate the completion of the Monitor's administrative responsibilities under WEPPA.

4.5 Before Service Canada can process an employee's application, the Monitor must prepare and submit a Trustee Information Form ("**TIF**") for each employee. The Monitor has commenced preparation of the TIFs and will continue this work for the more than 9,000 employees who have been terminated throughout the CCAA Proceedings. The Monitor anticipates that all TIFs will be submitted to Service Canada by September 30, 2025.

4.6 The Monitor has held regular discussions with both Employee Representative Counsel and Service Canada to coordinate the rollout of the WEPP materials and align on process logistics and timing. As part of these discussions, Service Canada has granted an extension of time for employees to apply for WEPP benefits. Employees now have 56 days from September 30, 2025, to submit their applications to Service Canada. Accordingly, the deadline for WEPP applications is now November 25, 2025. This extension is intended to ensure that employees have adequate time to review their eligible claim and complete their applications after receipt of the Information Package.

<u>FF&E Removal</u>

4.7 As further described in the Sixth Report, a significant amount of FF&E remained unsold following the completion of the Court-approved Liquidation Sale, such that a high volume of FF&E remained at stores beyond the effective date of the applicable disclaimer notices.

4.8 Since the date of the Sixth Report, the Applicants, with the assistance of Reflect and the Monitor, and in consultation with the Landlords, have undertaken a phased FF&E removal process across the disclaimed retail locations and have attempted to reduce the costs of FF&E removal relative to initial estimates through: (a) obtaining quotes from contractors assisting with the removal, and in some cases working directly with Landlords; (b) entering into arrangements with bulk acquirors to remove the FF&E for no consideration or cost to the Applicants; and (c) continuing to engage in discussions with Landlords who in some cases have agreed that unsold FF&E can remain in the stores for future tenant use or otherwise.

4.9 FF&E removal and demolition activities have been completed for 23 of the disclaimed stores and is currently underway at another 14 stores. For all remaining stores that are not included in a lease assignment agreement, quotes for the FF&E removal work have been obtained and work is expected to commence shortly.

Signage Removal

4.10 As described in the Affidavit of Michael Culhane sworn on July 13, 2025, in response to demands by the FILO Agent, signage removal was put on pause by the Company while the Company and its lenders discuss this issue further and assess the requirements to remove signage.

5.0 LEASE MONETIZATION PROCESS[2]

5.1 The Prior Reports describe the efforts to solicit bids under the Lease Monetization Process and have provided certain information on the bids received thereunder. In summary:

(a) commencing on March 24, 2025, Oberfeld emailed the Teaser Letter to approximately 60 potentially interested parties, which list was developed by Oberfeld based on its market expertise and its consideration of parties that may have an interest in the Leases with input from the Applicants and the Monitor;

[2] Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Lease Monetization Process approved by this Court pursuant to the Lease Monetization Order dated March 21, 2025.

(b) 31 parties executed an NDA and were provided with access to an electronic data room to conduct due diligence;[3]

(c) on April 3, 2025, Oberfeld emailed a process letter to the Landlords and each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their non-binding LOI submissions;

(d) as of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same location(s) such that there was overlap of locations across multiple LOIs. Also, multiple LOIs described that the interested party would also be making a submission in the SISP, such that the LOI was effectively a subset of a broader bid to be made in the SISP;

(e) as of the Qualified Bid Deadline:

(i) 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;

(ii) no Qualified Bid was submitted for 62 Leases; and

[3] In accordance with the Lease Monetization Process, Landlords were not required to sign an NDA in respect of a bid for any of their own Leases.

(iii) 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.

5.2 The Applicants, in consultation with Oberfeld, the Monitor and the Agents, and with the assistance of their advisors, 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. As described in greater detail in the Monitor's Fifth Report dated June 19, 2025, the Court granted an Order on June 23, 2025 approving the assignment of three leases to Ruby Liu Commercial Investment Corp. pursuant to the Affiliate Lease Assignment Agreement (as defined in the Fifth Report). The two Orders sought by the Applicants approving lease assignments at the July 31 Motion are discussed below.

6.0 YM APPROVAL AND VESTING ORDER

YM Lease Assignment Agreement

6.1 On May 28, 2025, Hudson's Bay entered into the YM Lease Assignment Agreement with YM, for the assignment of up to eight Leases to YM. As discussed further below, the YM Lease Assignment Agreement has been amended from time-to-time such that it now contemplates the assignment of up to the following five Leases:

(a) Halton Hills Shopping Centre Partnership in respect of the Toronto Premium Outlets store in Halton Hills, Ontario (the "**Toronto Premium Outlets Lease**");

(b) Crossiron Mills Holdings Inc. in respect of the CrossIron Mills store in Rocky View, Alberta (the "**CrossIron Lease**");

(c) Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp in respect of the Vaughan Mills store in Vaughan, Ontario (the "**Vaughan Mills Lease**");

(d) The Outlet Collection at Winnipeg Limited and Seasons Retail Corp in respect of the Outlet Collection Winnipeg store in Winnipeg, Manitoba (the "**Outlet Collection Lease**"); and

(e) Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC in respect of the Tanger Outlets premises in Kanata, Ontario (the "**Tanger Outlets Lease**" and collectively with the forgoing, the "**YM Leases**").

6.2 The YM Lease Assignment Agreement was amended several times to extend the deadline for the applicable Landlords to provide consent to the assignment of the relevant Leases to YM (the "**Landlord Waivers**").

6.3 Despite YM's commercially reasonable efforts, Landlord Waivers from the Landlords under the following Leases were not obtained: (a) Pickering Town Center in Pickering, Ontario; (b) Skyview Centre in Edmonton, Alberta; and (c) Midtown Plaza in Saskatoon, Saskatchewan. YM was not prepared to proceed with seeking forced assignment orders in respect of the three Leases and as such, these three Leases have been disclaimed and approval is only being sought for the assignment of the five (5) YM Leases.

6.4 Certain key provisions of the YM Lease Assignment Agreement are summarized in the table below. Terms capitalized in the table below but not otherwise defined therein have the meaning ascribed to them in the YM Lease Assignment Agreement.

<table>
<tr><th colspan="2">SUMMARY OF THE YM LEASE ASSIGNMENT AGREEMENT</th></tr>
<tr><td>Parties</td><td>Hudson’s Bay Company ULC, as Assignor
YM Inc. (Sales), as Assignee</td></tr>
<tr><td>Structure of Agreement</td><td>Subject to the release of the Consideration from escrow and satisfaction of the conditions required to complete the transactions with respect to the Assigned Leases, the Assignor assigns and transfers to the Assignee, as of the Closing Date for each Lease, all of the Assignor’s obligations, rights, title and interest, both at law and at equity, in and to each Assigned Lease, the Assigned Premises and at no additional cost to the Assignee, the FF&E and Trade Fixtures that the Assignor, in its sole and absolute discretion, leaves in the Assigned Premises on the applicable Closing Date, and all related rights, benefits and advantages, including the residue of the term of the Lease, any rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in the Lease (collectively, the “Assigned Interest”, and the assignment of the Assigned Interest by the Assignor to the Assignees is the “Assignment”). Notwithstanding anything to the contrary herein, the Assigned Interest shall not include any intellectual property rights owned by the Assignor or any FF&E, Trade Fixtures, and personal property in the Assigned Premises that are not owned by the Assignor (collectively, the “Excluded Property”).
The Agreement constitutes five separate agreements, being separate agreements for an Assignment in respect of each individual YM Lease being assigned. If the Agreement terminates in respect of any Assignment, it will remain valid and in full force and effect for the other Assignments.</td></tr>
<tr><td>Assigned Leases</td><td>For purposes of the Agreement, the “Assigned Leases” means the Toronto Premium Outlets Lease, the CrossIron Lease, the Vaughan Mills Lease, the Outlet Collection Lease, and the Tanger Outlet Lease.</td></tr>
<tr><td>Consideration and Closing Date</td><td>The aggregate consideration for the assignment of the Assigned Interest is $5,025,000 (the “Consideration”) in which the total Consideration is distributed as follows:
<table>
<tr><th>Shopping Centre</th><th>Consideration</th></tr>
<tr><td>Toronto Premium Outlets</td><td>$175,000</td></tr>
<tr><td>CrossIron Mills</td><td>$550,000</td></tr>
<tr><td>Vaughan Mills</td><td>$2,100,000</td></tr>
<tr><td>Outlet Collection</td><td>$2,100,000</td></tr>
<tr><td>Tanger Outlet</td><td>$100,000</td></tr>
</table>
“Closing Date” means with respect to each Lease, seven (7) Business Days following the day that the Approval and Vesting Order related to such Lease becomes a valid and</td></tr>
</table>

SUMMARY OF THE YM LEASE ASSIGNMENT AGREEMENT	
	enforceable order, provided that in no event shall the Closing Date be later than the Outside Date (September 30, 2025). For greater certainty (and for all purposes of the Agreement), "valid and enforceable" means that the applicable Approval and Vesting Order issued and entered by the Court is not subject to any pending appeal or a stay.
Cure Costs	• The Assignor shall be responsible for any costs which may be necessary to cure any monetary Tenant defaults under any Assigned Lease existing as of the applicable Closing Date for such Assigned Lease and which relate solely to the period prior to the applicable Closing Date for such Assigned Lease. • The Assignee will be responsible for the obligations for any costs related to non-monetary defaults under the Assigned Leases, save and except for any non-monetary default arising by reason of the CCAA Proceedings or the insolvency of the Assignor.

6.5 As of the date of this Report, the applicable Landlords for the YM Leases have provided the Landlord Waivers.

<u>Confidential Bid Summary</u>

6.6 The Monitor has prepared a summary of the bids received under the Lease Monetization Process for the YM Leases (the "**Confidential Bid Summary**"). As demonstrated in the Confidential Bid Summary and discussed further below, the YM Transactions provide for the highest consideration for the YM Leases of any bid received under the Lease Monetization Process and therefore provide the greatest value for the Applicants. The Confidential Bid Summary is attached hereto as **Confidential Appendix "A".**

6.7 The Applicants are seeking to seal the Confidential Bid Summary pending closing of the YM Transactions. The Confidential Bid Summary, among other things, shows the purchase prices offered by the next highest bidders on the YM Leases. If the YM Transactions failed to close and those amounts were publicly disclosed, it would prejudice the Applicants' ability to maximize the value of the YM Leases for the benefit of their stakeholders. The

Monitor is of the view that the limited sealing request is not prejudicial to stakeholders and is appropriate in the circumstances.

Monitor's Recommendation with Respect to the YM Transactions and Related Relief

6.8 The Monitor notes the following with respect to the YM Lease Assignment Agreement and the YM Transactions:

(a) the YM Lease Assignment Agreement is the result of: (i) the thorough Court-approved Lease Monetization Process that was conducted by the Applicants and Oberfeld with the supervision of the Monitor, which canvassed a targeted group of potentially interested parties based on Oberfeld's market expertise and its consideration of parties that may have an interest in the YM Leases, with input from the Applicants and the Monitor; and (ii) significant negotiations among the Applicants, YM, Oberfeld, the Monitor and their respective counsel;

(b) the YM Transactions maximize value for the benefit of the Applicants' stakeholders, as they provide greater value compared to any other bid identified in the Lease Monetization Process for the YM Leases;

(c) the FILO Agent and Pathlight Capital LP, as administrative agent under the Pathlight Credit Agreement (each as defined in the Lease Monetization Process) were consulted and are supportive of the YM Transactions;

(d) the Landlords of the YM Leases have consented to the YM Transactions;

(e) the Monitor is not aware of any opposition to the relief sought and does not believe it will prejudice any stakeholder; and

(f) in light of each of the foregoing, the Monitor is of the view that the YM Transactions, including the consideration being provided by YM, are fair and reasonable in the circumstances.

6.9 Based on the above, the Monitor believes that it is reasonable and appropriate in the circumstances for the YM Lease Assignment Agreement and the YM Transactions to be approved.

6.10 The YM Approval and Vesting Order will facilitate the YM Transactions. The Monitor is therefore of the view that the YM Approval and Vesting Order is reasonable and appropriate in the circumstances and should be approved.

7.0 IC APPROVAL AND VESTING ORDER

IC Lease Assignment Agreement

7.1 On July 23, 2025, Hudson's Bay entered into the IC Lease Assignment Agreement with IC, for the assignment of one Lease located at Metrotown in Burnaby, British Columbia (the "**IC Lease**").

7.2 The bid submitted by IC with respect to the IC Lease is for cash consideration of $20,000. While the consideration payable under the IC Lease Assignment Agreement is nominal, the IC Transaction will result in savings of FF&E removal costs which would be incurred if the IC Lease was disclaimed. In addition, the IC Lease Assignment Agreement provides that IC is responsible for all rent accruing and payable from and after June 15, 2025.

7.3 No other bids were received in the Lease Monetization Process for the IC Lease.

7.4 Certain key provisions of the IC Lease Assignment Agreement are summarized in the table below. Terms capitalized in the table below but not otherwise defined therein have the meaning ascribed to them in the IC Lease Assignment Agreement.

SUMMARY OF THE IC LEASE ASSIGNMENT AGREEMENT	
Parties	• Hudson's Bay Company ULC, as Assignor • Ivanhoe Realties Inc., as Assignee
Structure of Agreement	• Subject to the release of the Consideration from escrow and satisfaction of the conditions required to complete the transactions with respect to the Assigned Leases, the Assignor assigns and transfers to the Assignee, as of the Closing Date all of the Assignor's obligations, rights, title and interest, both at law and at equity, in and to the Assigned Lease, the Assigned Premises and at no additional cost to the Assignee, the FF&E that the Assignor, in its sole and absolute discretion, leaves in the Assigned Premises on the Closing Date, and all related rights, benefits and advantages, including the residue of the term of the Lease, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in the Lease (collectively, the "**Assigned Interest**", and the assignment of the Assigned Interest by the Assignor to the Assignees is the "**Assignment**"). Notwithstanding anything to the contrary herein, the Assigned Interest shall not include any intellectual property rights owned by the Assignor or any FF&E and personal property in the Assigned Premises that are not owned by the Assignor. (collectively, the "**Excluded Property**").
Consideration and Closing Date	• The aggregate consideration for the assignment of the Assigned Interest is $20,000 (the "**Consideration**"). • "**Closing Date**" means with respect to each Lease, one (1) Business Day following the day that the Approval and Vesting Order related to such Lease becomes a valid and enforceable order, provided that in no event shall the Closing Date be later than the Outside Date (August 29, 2025). For greater certainty (and for all purposes of the Agreement), "valid and enforceable" means that the applicable Approval and Vesting Order issued and entered by the Court is not subject to any pending appeal or a stay.
Cure Costs	• No cure costs

7.5 The Landlord under the IC Lease, Ivanhoe Cambridge II Inc., is affiliated with IC.

Monitor's Recommendation with Respect to the IC Transaction and Related Relief

7.6 The Monitor notes the following with respect to the IC Lease Assignment Agreement and the IC Transaction:

(a) the IC Lease Assignment Agreement is the result of a thorough Court-approved Lease Monetization Process that was conducted by the Applicants and Oberfeld with the supervision of the Monitor, which canvassed a targeted group of potentially interested parties based on Oberfeld's market expertise and its consideration of parties that may have an interest in the IC Lease, with input from the Applicants and the Monitor;

(b) the IC Transaction maximizes value for the benefit of the Applicants' stakeholders, as no other bids were received for the IC Lease, and in addition to the consideration received eliminates any requirement for the Applicants to pay rent post June 15; to incur FF&E removal costs and external signage removal (and therefore provides a better result for the Applicants and their stakeholders than a simple disclaimer of the IC Lease);

(c) the FILO Agent and Pathlight Capital LP, as administrative agent under the Pathlight Credit Agreement were consulted and are supportive of the IC Transaction;

(d) the IC Transaction is supported by the affected Landlord, Ivanhoe Cambridge II Inc.;

(e) the Monitor is not aware of any opposition to the relief sought and does not believe it will prejudice any stakeholder; and

(f) in light of each of the foregoing, the Monitor is of the view that the IC Transaction, including the consideration being provided by IC (which includes the savings on rent and FF&E removal), are fair and reasonable in the circumstances.

7.7 Based on the above, the Monitor believes that it is reasonable and appropriate in the circumstances for the IC Lease Assignment Agreement and the IC Transaction to be approved.

7.8 The IC Approval and Vesting Order will facilitate the IC Transaction. The Monitor is therefore of the view that the IC Approval and Vesting Order is reasonable and appropriate in the circumstances and should be approved.

8.0 STAY EXTENSION & ACTIVITY APPROVAL ORDER

8.1 The Initial Order granted a stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and third-party tenants of commercial shopping centres or other properties where premises operated by Hudson's Bay are located (the "**Co-Tenant Stay**") until and including March 17, 2025 (the "**Stay Period**"). At the Comeback Hearing, the Court extended the Stay Period until May 15, 2025, excluding the Co-Tenant Stay. The Stay Period was subsequently extended to July 31, 2025, by Order dated May 13, 2025 (the "**Stay Extension and Distribution Order**").

8.2 On June 3, 2025, the Court granted an Order, among other things, appointing FTI Consulting Canada Inc. (the "**Receiver**") as receiver and manager over RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC

Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc. (collectively, the "**JV Entities**"). On the same date, the Court granted a separate Order, among other things, terminating the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities, and terminating the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.

8.3 The Applicants are seeking an extension of the Stay Period to and including October 31, 2025. Given the Orders granted on June 3, the stay will not apply in favour of the JV Entities.

8.4 The Monitor supports the Applicants' request to extend the Stay Period to October 31, 2025, for the following reasons:

(a) the extension of the Stay Period will:

(i) enable the Applicants to close the YM Transactions and the IC Transaction and continue to attend to various matters for the benefit of their stakeholders as described in further detail in the Perugini Affidavit; and

(ii) allow the FILO Motion and the Central Walk Approval Motion to be heard and the issues therein to be determined by the Court;

(b) the Applicants have acted, and continue to act, in good faith and with due diligence to advance the CCAA Proceedings;

(c) regardless of the relief granted following the FILO Motion and the Central Walk Approval Motion, an extension of the stay of proceedings is required to provide the Applicants with the time and breathing space necessary to attend to and complete various important matters (including developing and conducting the Art Collection Auction; completing WEPPA; completing the removal and the sale of FF&E; attending to various employee and pension related matters, including dealing with the Pension surplus; and completing further distributions (including, as discussed further below, the distributions contemplated to be made to the FILO Agent in the near term)) for the benefit of Applicants' stakeholders;

(d) as shown in the Fifth Updated Cash Flow Forecast, the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period; and

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

8.5 The Applicants also seek approval of this Seventh Report, the Monitor's Prior Reports and the activities of the Monitor described therein.[4] The Monitor's activities described herein and in the Prior Reports were carried out in good faith and prudently and diligently in accordance with its duties under the CCAA and as prescribed by the Orders granted by this Court in these CCAA Proceedings. Copies of the Prior Reports (without appendices) are attached hereto as **Appendices "C" – "I"**.

[4] The Prior Reports consist of: the First Report of the Monitor dated March 16, 2025; the Supplement to the First Report of the Monitor dated March 21, 2025; the Second Report of the Monitor dated April 22, 2025; the Third Report of the Monitor dated May 9, 2025; the Fourth Report of the Monitor dated May 29, 2025; the Fifth Report of the Monitor dated June 19, 2025; and the Sixth Report of the Monitor dated July 14, 2025.

9.0 CASH FLOW RESULTS RELATIVE TO FORECAST[5]

9.1 Actual receipts and disbursements for the period from May 3 to July 18, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast attached as **Appendix "E"** to the Monitor's Third Report dated May 9, 2025, are summarized in the following table:

Cash Flow Variance Report			**$000's**
	Actual	**Budget**	**Variance**
Receipts			
Retail Receipts	340,945	223,486	117,459
Canadian Tire Sale Transaction Proceeds	33,902	--	33,902
Lease Monetization Process Proceeds[6]	--	--	--
Total Receipts	**374,847**	**223,486**	**151,361**
Disbursements			
Concession/Consignment Payments	(127,349)	(60,409)	(66,941)
Payroll & Benefits	(56,174)	(43,358)	(12,816)
Consultant Share of Additional Consultant Goods	(45,587)	(43,126)	(2,462)
Occupancy Costs	(30,834)	(24,691)	(6,143)
Operating Expenses	(26,844)	(27,875)	1,032
Store Closure & Exit Costs	(1,344)	--	(1,344)
Sales Tax Remittances	(49,413)	(39,415)	(9,998)
Consultant Fees & Expenses	(26,467)	(23,478)	(2,989)
Professional Fees	(18,494)	(13,903)	(4,591)
Shared Service Payments	(4,336)	(8,248)	3,912
Inventory Purchases	(214)	(500)	286
Interest Payments & Fees	(6,471)	(7,881)	1,411
Total Disbursements	**(393,528)**	**(292,885)**	**(100,643)**
Net Cash Flow	**(18,680)**	**(69,398)**	**50,718**
Opening Cash Balance	194,276	193,981	295
Net Cash Flow	(18,680)	(69,398)	50,718
FX Adjustment	3,506	--	3,506
Cash Collateralization	(24,372)	(24,576)	204

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

[6] As described in the Sixth Report, the $6 million in proceeds from the Affiliate Lease Assignment Transaction were paid to and are held in trust by the Monitor and are therefore not included in the Company's cash flow variance reporting.

Cash Flow Variance Report			$000's
FILO Credit Facility Paydown	(72,704)	(40,922)	(31,782)
Closing Cash Balance	**82,026**	**59,085**	**22,941**

9.2 Pursuant to paragraph 22(c) of the Court's endorsement dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

9.3 Explanations for many of the key variances during the Reporting Period were provided in the Sixth Report and have not materially changed since that time. These include variances for Retail Receipts, the Canadian Tire Sale Transaction Proceeds, Concession/Consignment Payments, Payroll & Benefits, Consultant Share of Additional Consultant Goods, Sales Tax Remittances, and Consultant Fees & Expenses.

9.4 Explanations for other variances during the Reporting Period are as follows:

(a) the negative variance in occupancy costs of approximately $6.1 million relates primarily to carrying costs for leases that are continuing to be retained in connection with the ongoing Lease Monetization Process, which has extended beyond the timeframe originally contemplated in the Fourth Updated Cash Flow Forecast, in which the vast majority of rent payments were assumed to be discontinued on or around June 15, 2025;

(b) the negative variance in store closure & exit costs of approximately $1.3 million relates to payments made to third-party contractors for the removal of FF&E at certain stores, as noted above;

(c) the negative variance in professional fees of approximately $4.6 million is primarily due to financial and legal advisor fees being higher than forecast;

(d) the positive variance of $3.9 million in shared service payments consists of: (i) a positive timing variance of approximately $2.7 million related to ongoing reconciliations for services incurred during June that remain unpaid, which variance is expected to reverse in future weeks; and (ii) a positive permanent variance of approximately $1.2 million as certain incurred costs were lower than forecast.

(e) the positive FX adjustment relates to a currency conversion adjustment to account for actual foreign exchange rates experienced during the Reporting Period on U.S. dollar denominated disbursements relative to the standard rate utilized by the Company; and

(f) the remaining net positive variance in total disbursements of approximately $2.7 million is primarily due to timing differences in certain operating expenses and interest payments. These positive variances are expected to reverse as the associated disbursements are processed in the normal course.

9.5 As discussed in the Sixth Report, during the Reporting Period and in accordance with the Stay Extension and Distribution Order, the Company has made the following distributions: (a) on May 23, 2025, the ABL Distribution of $24.4 million and the first interim distribution to the FILO Agent of $46.8 million; and (iii) on June 30, 2025, a second interim distribution to the FILO Agent of $25.9 million.

9.6 The principal balance owing to the FILO Lenders under the FILO Credit Facility after accounting for the distributions noted above and excluding the Make-Whole is approximately $64.2 million.

9.7 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately $50.7 million, before considering the distributions to the FILO Agent and the FX adjustment. The closing cash balance as of July 18, 2025, was approximately $82.0 million, as compared to the projected cash balance of $59.1 million.

9.8 In addition, the Monitor is holding $6.0 million in trust (received on June 26, 2025) from the closing of the Affiliate Lease Assignment Agreement. These funds are incremental to the Company's closing cash balance as of July 18, 2025.

10.0 FIFTH UPDATED CASH FLOW FORECAST

10.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated cash flow forecast (the "**Fifth Updated Cash Flow Forecast**") for the 15-week period from July 19 to October 31, 2025 (the "**Cash Flow Period**"). A copy of the Fifth Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "J"**.

10.2 A summary of the Fifth Updated Cash Flow Forecast is provided in the table below:

Fifth Updated Cash Flow Forecast	$000's
	15-Week Period
Receipts	**7,045**
Disbursements	
Payroll & Benefits	(5,005)
Occupancy Costs	(7,404)
Operating Expenses	(12,809)
Store Closure & Exit Costs	(10,863)
Sales Tax Remittances	(4,300)
Consultant Fees & Expenses	(1,280)
Professional Fees	(16,616)
Shared Service Payments	(5,542)
Interest Payments & Fees	(3,097)
Total Disbursements	**(66,914)**
Net Cash Flow	**(59,869)**
Opening Cash Balance	82,026
Net Cash Flow	(59,869)
FILO Credit Facility Paydown	(7,025)
Closing Cash Balance	**15,132**

10.3 The Monitor notes the following with respect to the Fifth Updated Cash Flow Forecast:

(a) receipts relate to gross proceeds in connection with the YM Transactions and IC Transaction noted above. This includes the transfer of $2.0 million of the gross proceeds from the Affiliate Lease Assignment Agreement from the Monitor's trust account (as noted above), representing proceeds related to the Lease where the FILO Lenders have a first-ranking priority charge, and the remaining proceeds from the Affiliate Lease Assignment Agreement will remain in trust with the Monitor pending further Order of the Court;

(b) operating expenses during the cash flow period include ongoing store-level and corporate carrying and wind-down costs, IT-related expenses, utilities and property tax payments made directly to municipalities;

(c) store closure & exit costs relate to: (i) estimated costs to remove FF&E and interior and exterior store signage of approximately $6.0 million and $2.6 million, respectively;[7] and (ii) estimated costs for records storage and destruction of approximately $2.3 million;

(d) Consultant fee & expense payments of $1.3 million relate to the remaining payments owed to the Consultant for Costs incurred in conducting the Liquidation Sale;

(e) shared services payments consist of: (i) cost reimbursement for Saks Global employees that provide support services to Hudson's Bay; and (ii) estimated payments to Saks Global for Hudson's Bay's share of third-party IT costs and related support services. Forecast payments to Saks Global have been revised to reflect the reduced level of support required by Hudson's Bay following the completion of the Liquidation Sale. Hudson's Bay and Saks Global, with the assistance of the Monitor, have worked to determine the level of shared service support necessary to advance workstreams anticipated to generate future recoveries and properly administer remaining aspects of the wind-down; and

(f) pursuant to the Stay Extension and Distribution Order, the Applicants intend to make further distributions to the FILO Agent in the coming weeks using the proceeds from:

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[7] Estimated costs to remove FF&E and interior and exterior store signage do not include potential costs related to the Subject Leases.

(i) the YM Transactions; and (ii) the FILO Lenders' portion of the proceeds from the transaction completed pursuant to the Affiliate Lease Assignment.

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

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

11.0 ACTIVITIES OF THE MONITOR

11.1 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 Prior Reports and below, this has included concerted efforts to 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, the Lease Monetization Process and the SISP.

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

(a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and/or termination of services, and to reconcile and settle outstanding post-filing obligations;

(b) monitoring cash receipts and disbursements, coordinating with management in preparing weekly cash flow variance reporting, and assisting the Applicants in preparing the Fifth Updated Cash Flow Forecast, including consideration of an estimated reserve to fund the remaining costs of the wind-down and CCAA Proceedings thereafter;

(c) communicating with the FILO Lenders and its financial advisor and Pathlight in respect of the Fifth Updated Cash Flow Forecast, ongoing variance reporting, and responding to related information requests and questions;

(d) working with the Applicants and Saks Global on shared services cost allocations, negotiating the level of support necessary to advance workstreams anticipated to generate future recoveries and properly administer remaining aspects of the wind-down, and reviewing/analyzing related supporting information and documentation;

(e) assisting Reflect in conducting the SISP as it pertains to the Art Collection, including participating in discussions and meetings with the auction services provider and other parties in respect of the Art Collection;

(f) assisting Oberfeld in conducting the Lease Monetization Process, including the advancement of the YM Transactions and IC Transaction, reviewing draft lease assignment documentation, and participating in discussions with potential assignees and Landlords;

(g) assisting the Applicants in vacating the stores and assessing and responding to the Applicants' requests for Monitor consents to notices to disclaim such leases;

(h) assisting the Applicants in assessing contracts and agreements to be disclaimed and responding to the Applicants' requests for Monitor consents to notices to disclaim such contracts and agreements;

(i) assisting the Applicants in obtaining quotes from third-party contractors and coordinating removal of FF&E;

(j) working with the Applicants and Employee Representative Counsel to advance employee issues arising during the CCAA Proceedings and liaising with the Applicants, Employee Representative Counsel and Service Canada in relation to the WEPP process;

(k) preparing estimates of eligible employee claims that may be owed to individual employees under WEPP, and preparing the Information Packages which will be sent to former employees in the coming weeks;

(l) working with the Applicants and their counsel to develop a process to address the pension surplus and working to identify a process to appoint potential representative counsel to assist with respect to the Company's pension plan and pension surplus matters;

(m) 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;

(n) posting non-confidential materials filed with the Court to the Case Website; and

(o) with the assistance of Bennett Jones LLP, preparing this Seventh Report.

12.0 CONCLUSIONS AND RECOMMENDATIONS

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

All of which is respectfully submitted to the Court this 29th day of July, 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[8]

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

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

The Bay Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

APPENDIX A
July 15 Endorsement

See attached.

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-25-00738613-00CL **DATE:** July 15, 2025

NO. ON LIST: 1

TITLE OF PROCEEDING: In Re: HUDSON'S BAY COMPANY

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

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For Other:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE OSBORNE:

[1] This hearing date was originally scheduled to address an anticipated motion for relief to be sought by Employee Representative Counsel. That matter will be addressed at a future date to be scheduled.

[2] Today, the FILO Agent brings a motion seeking an order:

a. terminating the Central Walk Asset Purchase Agreement (APA);

b. disclaiming the remaining leases not subject to other agreements unless Pathlight or other affected creditors finance the costs of maintaining those leases during the continuing process;

c. authorizing the distribution to the FILO Agent of $6 million. Not anticipated in the Cash Flow Forecast and realized from the unopposed assignment of three leases to Ruby Liu Commercial Corp. (in locations in which that party was the landlord);

d. expanding the oversight powers of the Court-appointed Monitor (or appointing a Receiver, although that relief was confirmed at the hearing by counsel as not being pursued); and

e. granting other relief in the form of additional oversight and protection. The FILO Agent submits is necessary.

[3] Defined terms in this Endorsement have the meaning given to them in the motion materials unless otherwise stated. A court reporter was present.

[4] The position of the FILO Agent is supported by some of the largest landlords (Cadillac Fairview, Oxford and Ivanhoe Cambridge, among others). It is opposed by the Applicants and Pathlight.

[5] The Monitor recommends, in the circumstances, that the Central Walk APA be terminated and the remaining leases not subject to other agreements be disclaimed, taking into consideration the likely protracted timeline to obtain a final court determination regarding the Central Walk APA, the carrying costs, the significant risk it will not close, and the disputes as between the FILO agent and Pathlight. The Monitor submits that the balance of the relief sought by the FILO Agent should not be granted or, in the case of the proposed additional distribution, should not be granted at least today.

[6] The counterparties to the Central Walk APA are corporations owned and/or controlled by Ms. Ruby Liu (including the principal counterparty, Ruby Liu Commercial Corp.). Counsel with Miller Thomson LLP, who appeared last day on behalf of those parties and had only recently been retained to represent them in this *CCAA* proceeding, appeared today to advise that their retainer had been terminated and that the firm no longer represented those parties.

[7] Ms. Liu appeared in person, accompanied by Ms. Linda Qin, on behalf of the (now unrepresented) Central Walk parties. In the circumstances, and while corporate entities must be represented by counsel, I permitted those parties to address the Court. Ms. Liu spoke in Mandarin and Ms. Qin interpreted for the Court. (Given that the Court was unaware that any party would be self-represented, no official interpreter had been booked). Ms. Qin is also the Chief Operating Officer and Chief Financial Officer of Ruby Liu Commercial Corp.

[8] Through Ms. Qin, Ms. Liu advised that she and her companies were in the process of retaining new counsel and requested an adjournment of the motion.

[9] The principal relief sought by the FILO Agent is the termination of the Central Walk APA to which Ms. Liu's companies are the counterparties. The Applicants advise that it is still their intention to bring forward a motion for the approval of that APA, but that has not been scheduled yet.

[10] As I advised the parties, in my view, the motion should be adjourned, although scheduled according to a timetable to be either agreed by the parties or fixed by the Monitor.

[11] This is an important motion in this proceeding. All parties agreed with my observation that, if granted, it would be practically dispositive of the motion for approval of the APA, since that would have been terminated and the leases disclaimed. The potential realizable value of that APA is significant, and the issue of whether the leases should be assigned is of critical importance to the affected parties.

[12] Moreover, in my view it is appropriate to give Ms. Liu an opportunity, albeit a brief one, to retain new counsel. All parties, as well as the Court would benefit from those parties being represented on such a significant transaction and motion.

[13] Finally, I am alive to the fact that responding motion materials were served by the Applicants only on Sunday (this being Tuesday) and the Sixth Report of the Monitor, with its recommendations, was delivered and uploaded after midnight last night (i.e., less than nine hours before this motion commenced). In the circumstances, this, too, militates in favour of at least some adjournment, in order that affected parties may consider their position.

[14] Against this, I must balance the rights of other stakeholders, including the creditors. The FILO Agent submits that its collateral is being diluted by the ongoing lease occupancy and other costs while Pathlight will be the primary beneficiary of the APA, even if it is ultimately approved since Pathlight has first ranking security in respect of a significant number of the leases proposed to be assigned.

[15] For its part, Pathlight takes the position that lease occupancy and other costs are an inter-creditor issue of allocation that can and should be addressed later. The landlords present today highlighted the fact that this was an important motion for them also, and that they needed an adequate opportunity to prepare materials in respect of any motion to approve the APA.

[16] In my view, an adjournment, albeit not a lengthy one, is appropriate in the circumstances, and will benefit all stakeholders. I have urged Ms. Liu to retain counsel immediately as she has indicated she is in the process of doing. I have recommended that she have any new counsel that may be retained contact counsel for the Applicants, the Monitor and the other stakeholders as soon as possible, and that any new counsel understand in the course of accepting the retainer, the concerns about additional delay.

[17] I also highlighted for Ms. Liu the factors that the Court would consider in a contested motion for the assignment of the leases pursuant to section 11.3 of the *CCAA*, and urged her to ensure that the companies and their new counsel put forward whatever evidence they considered to be appropriate to assist the Court with respect to those factors. Ms. Liu and Ms. Qin understood this.

[18] I have directed counsel to the Court-appointed Monitor to coordinate discussions among the affected parties to agree upon a schedule for the hearing of the motion of the FILO Agent (for termination of the Central Walk APA) and other relief and the motion of the Applicants (for approval of the Central Walk APA) if pursued. If that schedule cannot be agreed, counsel for the Monitor will contact the Commercial List office and schedule a case conference at which I will fix a schedule.

[19] In the interim, and as observed by counsel for the Applicants, my previous orders provide for additional distributions to the FILO Agent with the consent of the Applicants and the Monitor as appropriate.

[20] Finally, at the outset of the hearing, I noted for all parties present that electronic mail communications directly from Ms. Liu and Ms. Qin on behalf of the Central Walk parties had been sent to the Court, and that such unilateral and direct communication was inappropriate. I directed those parties not to make such communications in the future. I observed that it had been my intention today to ask counsel for those parties to address that issue, and also whether, in the circumstances that correspondence (in full or redacted form) ought to be disclosed to stakeholders. However, given that those parties are self-represented today, I will hear from counsel for those parties once retained on this issue as appropriate.

[21] I note that the next scheduled hearing in this matter is July 31, 2025.

Osborne J.

Date: July 15, 2025

APPENDIX B
July 22 Endorsement

See attached.

ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: **CV-25-00738613-00CL** **DATE:** **July 22, 2025**

NO. ON LIST: **1**

TITLE OF PROCEEDING: **In Re: HUDSON'S BAY COMPANY**

BEFORE JUSTICE: **Justice OSBORNE**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Doug Fenton Mike Shakra	Counsel to the Monitor	fentond@bennettjones.com shakram@bennettjones.com

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ENDORSEMENT OF JUSTICE OSBORNE:

1. This case conference was requested to address scheduling of two motions: the motion of the FILO Agent (for an order terminating the Central Walk Asset Purchase Agreement, directing the Monitor to disclaim the leases and other relief); and the motion of the Applicants for approval of the Central Walk APA.

2. The Central Walk parties have now retained counsel who was present in Court today. A Notice of Appearance will be delivered forthwith.

3. Having reviewed the aides memoire filed and considered the submissions of the parties, the following schedule is endorsed:

    a. Applicants' motion record, together with any evidence from Central Walk and other supporting parties, to be delivered by July 29;

    b. all responding materials, including for greater certainty responding materials in respect of both the motion of the FILO Agent and the Applicants, to be delivered no later than 12 PM noon on August 9;

    c. any reply materials to be delivered by August 12;

    d. all examinations, including cross examinations and rule 39.03 examinations if any, to be conducted on August 14, 15 and 18 as necessary according to a schedule agreed upon by the parties acting reasonably, and coordinated by the Monitor;

    e. Monitor's Report to be delivered no later than August 20;

    f. facta of the Applicants and any supporting parties in respect of the Applicants' Motion and facta of the FILO Agent in respect of its motion to be delivered no later than August 21;

    g. facta of responding parties on either or both motions to be delivered no later than August 25;

    h. reply facta, if any, not to exceed five pages in length, to be delivered no later than August 27; and

    i. both motions to be heard on August 28, and if necessary, August 29 commencing at 10 AM at the Courthouse.

4. All parties will ensure that their materials are uploaded to Case Centre by the above noted deadlines.

5. I am advised that the "Outside Date" defined in the Central Walk APA, which is apparently the date by which that transaction is required as a term of the APA to close (which in turn assumes prior Court approval) currently expires on August 7, 2025. The above schedule is made on the basis that the Applicants and the Central Walk counterparties will consent to an extension of the Outside Date to accommodate the above schedule and a reasonable opportunity for the Court to render a decision thereafter. Those parties are seeking instructions in that regard. If the Outside Date is not agreed to be extended, the Monitor may schedule a case conference before me to amend the schedule as appropriate.

6. The Central Walk parties have undertaken to deliver a revised business plan to the Applicants by July 25, and confirmed to the Court that it will be delivered by that date.

7. Counsel for the Central Walk parties is considering their position with respect to whether the correspondence from those parties to the Court on July 11 can be produced in full or whether there are any concerns of privilege attached thereto.

8. Questions of the Monitor will be put and answered in writing.

9. If directions are required with respect to any rule 39.03 examination, a case conference to address that issue only may be scheduled through counsel to the Monitor and the Commercial List office.

Osborne J.

APPENDIX C
First Report of the Monitor dated March 16, 2025

See attached.

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

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

FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

MARCH 16, 2025

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INDEX TO SCHEDULES AND APPENDICES

1.0 INTRODUCTION

1.1 On March 7, 2025 (the "**Filing Date**"), Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), and the other applicants listed on **Schedule "A"**, attached 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"** (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**").

1.3 A copy of the Pre-Filing Report of the Proposed Monitor dated March 7, 2025, prepared by A&M in its capacity as the proposed monitor (the "**Pre-Filing Report**") is attached hereto as **Appendix "A"** (without appendices). The Pre-Filing Report, the Applicants' CCAA application record, and other Court-filed documents and notices in the CCAA Proceedings are available on the Monitor's case website at www.alvarezandmarsal.com/HudsonsBay (the "**Case Website**").

1.4 The Initial Order, among other things:

(a) granted a stay of proceedings in favour of Hudson's Bay Canada (the "**Stay of Proceedings**") for an initial 10-day period to and including March 17, 2025 (the "**Initial Stay Period**");

(b) granted a stay of proceedings for the Initial Stay Period prohibiting the exercise of certain rights or remedies by third-party tenants of commercial properties in which the Applicants operate a store (the "**Co-Tenant Stay**");

(c) staying and suspending any rent payable by Hudson's Bay to the JV, YSS 1, and YSS 2 (each as defined below) other than amounts required to pay the post-filing rent payable by the JV, YSS 1, or YSS 2, as applicable, to its landlord under the JV Head Lease (as defined in the Initial Order) (the "**RioCan-HBC JV Stay**");

(d) subject to the DIP Budget (as defined below), authorized the Applicants to pay certain expenses, whether incurred prior to, on or after the Filing Date, including expenses relating to: (i) employee compensation; and (ii) honouring customer gift cards;

(e) authorized the Applicants, with the consent of the Monitor, to pay amounts owing for goods or services supplied to the Applicants prior to the Filing Date by: (i) logistics or supply chain providers, including amounts payable in respect of customs and duties for goods; (ii) providers of information and technology services; (iii) providers of payment and gift card processing related services; and (iv) other third-party suppliers or service providers, in all cases if such supplier or service provider is, in the opinion of the Applicants in consultation with the Monitor, critical to the business of the Applicants;

(f) authorized the Applicants to take certain actions, including to:

(i) terminate or temporarily lay off any of their employees as they deem appropriate;

(ii) in consultation with the Monitor, engage in discussions with, and solicit proposals from third parties in respect of the liquidation of their inventory, furniture, fixtures and equipment ("**FF&E**");

(iii) in consultation with the Monitor, engage in discussions with, and solicit proposals from, third parties in respect of the sale, transfer or assignment of leases to third parties, in whole or in part (the "**Lease Monetization Process**"); and

(iv) pursue all restructuring options for Hudson's Bay Canada including, without limitation, all avenues of refinancing of their business or property;

(g) approved a $16 million junior debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") provided pursuant to the terms of a term sheet dated March 7, 2025 (the "**DIP Term Sheet**") between certain Hudson's Bay Canada entities (with Hudson's Bay as borrower and certain Hudson's Bay Canada entities as guarantors (collectively, the "**Loan Parties**")) and Restore Capital, LLC ("**Restore**") as "**DIP Agent**" on behalf of certain lenders (the "**DIP Lenders**") and granted a corresponding charge in respect thereof (the "**DIP Lenders' Charge**"); and

(h) granted the Administration Charge and a Directors' Charge (each as defined in the Initial Order) over the property and assets of the Applicants (the "**Property**") in the amounts and relative priority as set out in the Initial Order.

1.5 On March 14, 2025, the Applicants served motion materials returnable March 17, 2025 (the "**Comeback Motion**") seeking the following orders:

(a) an order (the "**Liquidation Sale Approval Order**"), among other things:

(i) approving the consulting agreement dated as of March 14, 2025 (the "**Liquidation Consulting Agreement**") between Hudson's Bay and Hilco Merchant Retail Solutions ULC, a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC ("**Hilco**"), Gordon Brothers Canada ULC ("**Gordon Brothers**"), Tiger Asset Solutions Canada, ULC ("**Tiger**") and GA Capital Solutions Canada, Inc. ("**GA Capital")** (collectively, the "**Liquidation Consultant**");

(ii) approving the proposed sale guidelines (the "**Sale Guidelines**") for the orderly liquidation of inventory and FF&E at each of the Hudson's Bay Canada stores listed in Exhibit "1A" to the Liquidation Consulting Agreement, (the "**Liquidating Stores**"); and

(iii) authorizing the Consultant to undertake a liquidation process in accordance with the terms of the Liquidation Sale Approval Order, the Liquidation Consulting Agreement and the Sale Guidelines.

(b) an order (the "**Lease Monetization Process Order**"), among other things:

(i) approving the consulting agreement (the "**Lease Monetization Consulting Agreement**") between Hudson's Bay and Jones Lang LaSalle Real Estate Services, Inc. ("**JLL**" or the "**Lease Monetization Consultant**") as Broker to assist in marketing store and certain distribution centre leases (collectively, the "**Leases**");

(ii) approving the proposed process to market the Leases (the "**Lease Monetization Process**"); and

(iii) authorizing the Applicants, with the assistance of JLL, to undertake the Lease Monetization Process in accordance with the terms of the Lease Monetization Order, the Lease Monetization Consulting Agreement, and the Lease Monetization Process.

(c) an order (the "**SISP Approval Order**") approving the proposed sale and investment solicitation process ("**SISP**") for the property and business of Hudson's Bay Canada;

(d) an amended and restated Initial Order (the "**ARIO**"), among other things:

(i) extending the Stay of Proceedings, the Co-Tenant Stay, and the RioCan-HBC JV Stay to and including May 15, 2025;

(ii) approving the Applicants' key employee retention plan (the "**KERP**") and granting a charge over the Property in the maximum amount of $3.0 million (the "**KERP Charge**") in favour of the employees entitled to participate in the KERP (the “**Key Employees**”) as security for the payments to be made in accordance with the KERP;

(iii) approving the A&R DIP Agreement (as defined below), between Hudson’s Bay, as borrower, Restore, as DIP Agent, and HCS 102 LLC, Tiger Asset Solutions Canada, ULC, 1903 Partners LLC, and GA Group Solutions, LLC (collectively, the “**DIP Lenders**”), and granting the DIP Agent for the benefit of itself and the DIP Lenders a priority charge over the Loan Parties’ Property (the “**DIP Lenders’ Charge**”);

(iv) approving and ratifying the engagement letter of Reflect Advisors, LLC (“**Reflect**”) and include Reflect as a beneficiary of the Administration Charge; and

(v) increasing the amount of the Directors’ Charge to $49.2 million.

1.6 On March 14, 2025, following service of the Comeback Motion, RioCan Real Estate Investment Trust (“**RioCan**”) served motion materials (the “**RioCan Motion**”) seeking, among other things, an order:

(a) requiring Hudson’s Bay to pay Rio-Can HBC Limited Partnership (the “**JV**”) and its subsidiaries HBC YSS 1 Limited Partnership (“**YSS 1**”), HBC YSS 2 Limited Partnership (“**YSS 2**”) and RioCan-HBC (Ottawa) Limited Partnership (the “**Ottawa LP**”, and collectively, with the JV, YSS 1 and YSS 2, the “**JV Entities**” and each a “**JV Entity**”) any and all obligations owing by Hudson’s Bay to any such parties under the terms of a real property lease;

(b) striking the provision in paragraph 9 of the Initial Order providing for the RioCan-HBC JV Stay;

(c) declaring that any debtor-in-possession financing obtained or to be obtained in the proceedings shall not be approved where the terms of such financing contain a provision similar to the provision of the DIP Term Sheet restricting the payment of rent to the JV Entities.

1.7 Since the filing of the Applicants' motion materials, discussions have continued between the Applicants, the Monitor, and various stakeholders. The Monitor understands that the Applicants may serve materials updating the forms of Order sought in advance of the Comeback Motion.

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

(a) the Comeback Motion;

(b) the RioCan Motion;

(c) the activities of the Monitor since the Filing Date; and

(d) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this First 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 First 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 First 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 First Report was prepared based on the estimates and assumptions of Hudson's Bay Canada. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, the variations could be significant.

2.3 This Report should be read in conjunction with the affidavits of Jennifer Bewley, sworn on March 7, 2025 (the "**Initial Bewley Affidavit**") and March 14, 2025 (the "**Second Bewley Affidavit**") and the RioCan Motion. Capitalized terms used and not defined in this First

Report have the meanings given to them in the Pre-Filing Report, the Initial Bewley Affidavit or the Second Bewley Affidavit, as applicable.

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

3.0 COMMENTS REGARDING DIRECTION OF PROCEEDING

3.1 As described in the Initial Bewley Affidavit, Hudson's Bay Canada was experiencing a significant liquidity crisis and required urgent liquidity to meet near term obligations. As at the Filing Date, Hudson's Bay Canada had over $400 million of outstanding accounts payable (a significant portion of which was over 90 days outstanding), most rent payments were delayed and were being paid within cure periods, and was facing multiple enforcement actions.

3.2 Accordingly, leading up to the Filing Date, the Applicants, with the assistance of Reflect and A&M, and with input from the DIP Lenders' financial advisor, developed a 13-week cash flow forecast which reflected, among other things: (a) the forecast impacts of reducing Hudson's Bay Canada's store count to restructure around a core group of stores, including the liquidation and closure of non-continuing stores; and (b) the forecast impacts of a CCAA filing, including: (i) the cash collateralization of financial products; (ii) acceleration of post-filing rents, merchandise vendor payments, service provider payments and deposits, and gift card redemptions; and (iii) forecast professional fees.

3.3 As the above work advanced, the amount of forecast DIP funding required during the 13-week forecast period increased to in excess of $60 million. As a result, it was becoming less certain that, in the event that a financing or recapitalization transaction could not be obtained to underpin a restructuring and there was a requirement to pivot to a full liquidation at some future date, the DIP Lenders and Revolving/FILO Lenders would be able to recover their loans in full. As such, the parties pivoted to the short-term $16 million initial DIP Facility, which was approved by this Court pursuant to the Initial Order, to provide the required liquidity for the 10-day period through the Comeback Hearing, while continuing to develop the 13-week forecast and other financial projections to attempt to support a restructuring around a core group of stores.

3.4 Concurrently with the above work, Reflect continued its efforts that began prior to the CCAA Proceedings to solicit interest from parties to provide DIP financing.

3.5 During the initial 10-day period, the Company continued its efforts to develop a restructuring plan around a core group of stores and solicit funding that would allow it to continue to advance this process. However, given the urgent need for liquidity and the potential degradation of the Applicants' collateral in the absence of an immediate liquidation, the only financing available to the Company was from the DIP Lenders and Revolving/FILO Lenders, who have advised that they require an immediate commencement of the Liquidation Sale across the entire retail store network.

3.6 Recognizing the devastating consequences a full liquidation will have on many stakeholders, including the more than 9,300 employees, the Applicants intend to continue to attempt to identify restructuring alternatives within a very short time frame while the Liquidation Sale takes place, and seek the Court's approval to conduct a SISP to determine if there is opportunity for: (a) one or more sales of all, substantially all, or certain portions of the Property or the Business; and/or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of Hudson's Bay Canada or its business.

4.0 LIQUIDATION CONSULTING AGREEMENT AND SALE GUIDELINES[1]

4.1 The Applicants are seeking approval of the Liquidation Sale Approval Order that, if granted, will approve the Liquidation Consulting Agreement and authorize the Applicants, with the assistance of the Liquidation Consultant, to undertake the liquidation of inventory and FF&E at the Liquidating Stores (the "**Liquidation Sale**") in accordance with the terms of the Liquidation Sale Approval Order, the Liquidation Consulting Agreement, and the Sale Guidelines.

4.2 If approved, the Liquidation Sale would commence promptly following the granting of the Liquidation Sale Approval Order and conclude by no later than June 15, 2025 (the "**Sale Termination Date**"). The Liquidation Sale is to include all of Hudson's Bay Canada's retail stores. However, in connection with ongoing efforts by the Company and its financial advisor to identify restructuring opportunities (within a very short time frame) for the Hudson's Bay Canada's business and assets (as described below), there is flexibility under the Liquidation Consulting Agreement to remove stores from the Liquidation Sale at any time, subject to a flat fee of $40,000 per removed store until May 1, 2025 and $20,000 thereafter, provided that the number of remaining Liquidating Stores is not less than 25.

[1] The Monitor understands that certain landlords have raised concerns with certain of the terms of the Liquidation Consulting Agreement and the Sale Guidelines, and discussions are ongoing as of the time this Report has been finalized.

4.3 The Initial Order authorized the Applicants to engage in discussions with, and solicit proposals from third parties in respect of the liquidation of their inventory and FF&E.

Selection of the Liquidation Consultant

4.4 Following the granting of the Initial Order, Reflect contacted Hilco regarding its interest in submitting a bid to conduct liquidation sales at closing stores. Hilco advised and later confirmed that affiliates of four of the most prominent North American retail liquidators (Hilco, Gordon Brothers, Tiger and GA Capital) that are part of the lending group in the pre-filing secured FILO Facility would be submitting a joint bid. Reflect contacted a fifth prominent retail liquidator, but that liquidator ultimately declined to submit an independent bid. As such, Hudson's Bay Canada, with the assistance of its legal counsel and Reflect, began negotiations with the proposed Liquidation Consultant that culminated in the Liquidation Consulting Agreement.

Liquidation Consulting Agreement

4.5 Key terms of the Liquidation Consulting Agreement are summarized in the table below. Capitalized terms used in this section of the First Report have the meanings given to them in the Liquidation Consulting Agreement.

Summary of Key Terms of Liquidation Consulting Agreement	
Exclusive Covenant	• The Liquidation Consultant will act as the exclusive Consultant of Hudson's Bay (the "**Merchant**") for the purpose of conducting the Liquidation Sale in accordance with the Sale Guidelines.
Sale Term	• The Liquidation Sale shall commence on the first business day following entry of the Liquidation Sale Approval Order, which shall in no event be later than March 18, 2025, and conclude no later than June 15, 2025.

<table>
<tr><th colspan="2"><u>Summary of Key Terms of Liquidation Consulting Agreement</u></th></tr>
<tr><td>Services Provided by Liquidation Consultant</td><td>

During the Sale Term, the Liquidation Consultant will, in collaboration with the Merchant, among other things:

provide qualified supervisors to oversee the management of the Stores and the Sale;
recommend appropriate advertising, discounts and staffing levels;
oversee display of Merchandise for the Stores;
evaluate sales of Merchandise by category and sales reporting and monitor expenses;
maintain the confidentiality of all proprietary or non-public information regarding the Merchant or their affiliates, the Stores and underlying lease agreements and Concession Agreements, in accordance with the provisions of the confidentiality agreements signed by the Parties;
assist the Merchant in connection with managing and controlling loss prevention and employee relation matters; and
provide such other related services deemed necessary or appropriate by the Merchant and the Liquidation Consultant in consultation with the Monitor.

</td></tr>
<tr><td>Sale of Merchandise and Additional Consultant Goods</td><td>

All sales of Merchandise will be made on behalf of the Merchant and will be “final” with no returns allowed, unless otherwise directed by the Merchant.
The Liquidation Consulting Agreement Provides that, subject to the Liquidation Sale Approval Order, the Liquidation Consultant shall have the right to supplement the Merchandise in the Sale with additional goods procured by the Liquidation Consultant which are of like kind and category and no lesser quality to the Merchandise in the Sale and procured from existing vendors of the Merchant (including goods that had previously been ordered by or on behalf of the Merchant from such vendors), and which are consented to by the Merchant in advance (the “Additional Consultant Goods”), provided, however, that (i) the Additional Consultant Goods sold as part of the sale do not exceed $50 million at cost in the aggregate; and (ii) the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable leases.
The Liquidation Consultant shall pay to Merchant an amount equal to 6.5% of the gross proceeds (excluding sales taxes) from the Sale of Additional Consultant Goods completed during the Sale Term (Additional Consultant Goods Fee), and the Liquidation Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods.
</td></tr>
<tr><td>FF&E</td><td>

The Liquidation Consultant shall undertake to sell all owned furnishings, trade fixtures, equipment, machinery, office supplies, conveyor systems, racking, rolling stock, any vehicles or other modes of transportation, and other personal property, or improvements to real property that are located in the Stores, Distribution Centres but excluding the conveyor system at the Distribution Centre in Scarborough (collectively, the “FF&E”).
The Merchant shall be responsible for all reasonable and documented costs and expenses incurred by the Liquidation Consultant in connection with the sale, removal and disposal of FF&E (defined as the “FF&E Costs”).
The Liquidation Consultant shall have the right to abandon at the facilities any unsold FF&E.
</td></tr>
<tr><td>Consultant Fees & Expenses</td><td>

The Liquidation Consultant will earn a fee equal to 2.0% of the Gross Proceeds of Merchandise sold at the Stores.
The Liquidation Consultant shall earn a base wholesale fee equal to 7.5% of the Gross Proceeds of Merchandise sold through the Consultant’s wholesale channels (the “Wholesale Fee”).
</td></tr>
</table>

Summary of Key Terms of Liquidation Consulting Agreement	
	• The Liquidation Consultant shall be entitled to a commission from the sale of FF&E equal to fifteen percent (15%) of the gross proceeds of the sale of FF&E, net of applicable sales taxes (the "**FF&E Commission**"). • The Merchant shall be responsible for all expenses of the Sale, including all Store operating expenses and all of the Consultant's reasonable and documented out-of-pocket expenses incurred pursuant to the Expense Budget attached as Exhibit "C" to the Liquidation Consulting agreement, which Expense Budget may be modified by mutual agreement of the Parties with the consent of the Monitor. • The Liquidation Consulting Agreement does not contemplate a "net-minimum guarantee" or other floor recovery for the Merchant. • The Parties shall, in consultation with the Monitor, complete a final reconciliation of all amounts payable pursuant to the Consulting Agreement no later than 45 days following the earlier of: (i) the Sale Termination Date for the last Store; and (ii) the date upon which the Liquidation Consulting Agreement is terminated in accordance with its terms.

Sale Guidelines

4.6 The Liquidation Sale Approval Order provides that the Merchant, with the assistance of the Liquidation Consultant, is authorized to conduct the Liquidation Sale in accordance with the Liquidation Consulting Agreement and the Sale Guidelines and to advertise and promote the Liquidation Sale within the Stores in accordance with the Sale Guidelines. The Liquidation Sale Approval Order provides that, in the event of a conflict between the Sale Guidelines and the Liquidation Consulting Agreement, the Sale Guidelines are paramount.

4.7 Key terms of the Sale Guidelines include:

(a) subject to the Liquidation Sale Approval Order, any further Order of the Court, or any written agreement between the Merchant and the applicable landlord as approved by the Liquidation Consultant, the Liquidation Sale shall be conducted in accordance with the terms of the applicable Lease;

(b) the Liquidation Sale shall be conducted so that each Store remains open during its normal hours of operations provided for in its respective Lease, until the respective Sale Termination Date for each store;

(c) the Liquidation Consultant and its agents and representatives shall have the same access rights to the Stores as the Merchant under the terms of the applicable Lease, and the landlords shall have access rights to the Stores as provided for in the applicable Lease;

(d) all signage, banners and other materials used to advertise the Liquidation Sale shall comply with the requirements set forth in the Sale Guidelines;

(e) at the conclusion of the Liquidation Sale in each Store, the Liquidation Consultant shall arrange that the premises for each store are in a "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Liquidation Sale, ordinary wear and tear excepted; and

(f) the Liquidation Consultant may sell the FF&E located in the Stores during the Liquidation Sale, subject to the terms of the Sale Guidelines.

4.8 The Monitor recommends that the Court grant the proposed Liquidation Sale Approval Order, among other things, approving the Liquidation Consulting Agreement and the Sale Guidelines, for the following reasons:

(a) given the large number of stores operated by Hudson's Bay Canada and the complexities of conducting a large-scale store closing process, the services of a group of contractual JV partners consisting of large, experienced liquidation consultants are necessary to undertake a liquidation process that maximizes the value of the Merchandise and FF&E in an efficient and cost-effective manner;

(b) the fee structure in the Liquidation Consulting Agreement incentivizes the Liquidation Consultant to maximize the value of the Merchandise and FF&E for the benefit of all stakeholders;

(c) the Monitor compared the fee structure in the Liquidation Consulting Agreement to agreements approved in other CCAA proceedings and is of the view that the fees and expense reimbursements in the Liquidation Consulting Agreement are reasonable and consistent with those charged by liquidation consultants in similar situations;

(d) the Sale Guidelines are similar to the guidelines approved by this Court in other recent CCAA proceedings involving the liquidation of retail businesses, with appropriate adjustments having regard to the circumstances of Hudson's Bay Canada and the terms of the Liquidation Consulting Agreement; and

(e) the Liquidation Consulting Agreement provides Hudson's Bay with the ability to add or remove stores from the list of Liquidating Stores at any time provided that the number of remaining stores is no less than 25.[2] This is intended to provide some flexibility in the event that a potential transaction emerges in the very near term that preserves a portion of Hudson's Bay Canada's business that is acceptable to the secured lenders and other stakeholders.

[2] The Monitor notes, however, that the A&R DIP Agreement has restrictions with respect to removing stores.

5.0 THE LEASE MONETIZATION PROCESS[3]

5.1 The Initial Order authorized the Applicants to engage in discussions with, and solicit proposals and agreements from, real estate advisors and other Assistants (as defined in the Initial Order) to pursue all avenues and offers for the Lease Monetization Process and return to Court for approval of any such agreement.

5.2 In June 2024, JLL was engaged by the Pathlight Agent to conduct a comprehensive review of each of the Applicants' leases (excluding the distribution centres, Saks and Saks Off 5th store leases) and to provide views on the monetization potential for each of the leases. As such, JLL is familiar with the vast majority of the Applicants' leases and stores and is well positioned to conduct the Lease Monetization Process in a timely and efficient manner.

5.3 Hudson's Bay has entered into a consulting agreement dated March 14, 2025 (the "**Lease Monetization Consulting Agreement**") with JLL. The Monitor was involved in the negotiation of the compensation provided for in the Lease Monetization Consulting Agreement and considers such compensation to be appropriate and reasonable.

5.4 JLL is a retail tenant-focused brokerage and consultancy company based in Vancouver, British Columbia, that provides brokerage and consulting services for North American and international retailers, and has significant experience in the Canadian commercial real estate industry.

[3] The Monitor understands that stakeholders have raised concerns with certain of the terms of the Lease Monetization Process, and discussions are ongoing as of the time this Report has been finalized.

5.5 JLL will act as the broker in the Lease Monetization Process (in such capacity, the "**Broker**"), if approved. Pursuant to the Lease Monetization Consulting Agreement, JLL's compensation is as follows (capitalized terms used in this section of the First Report have the meanings given to them in the Lease Monetization Consulting Agreement):

(a) a monthly working fee of $80,000 plus HST during which the Services are performed by the Lease Monetization Consultant (to a maximum of $240,000 plus HST); and

(b) a success fee per Lease equal to 10% of the net proceeds payable to Hudson's Bay from any such Lease Transaction up to a maximum amount of $175,000 plus HST per Lease monetized upon the successful closing of any Lease Transaction, being any Court-approved sale, transfer or assignment of any Lease.

5.6 In consultation with the Monitor, and taking into consideration the timeline contemplated for the proposed Liquidation Sale of the Liquidating Stores, and the importance of ensuring rent and other carrying costs are not unnecessarily incurred beyond the end of the Sale Term (i.e. June 15, 2025), the Applicants, with the assistance of their legal and financial advisor, and the Broker, in consultation with the Monitor, developed the Lease Monetization Process with the following key dates:

(a) court approval of the Lease Monetization Process and Order by March 17, 2025;

(b) letters of intent ("**LOI**") are to be received not later than 5:00 PM (Toronto time) on or before April 15, 2025 (the "**Phase 1 Bid Deadline**");

(c) qualifying bidders will be required to submit their bids for the sales of Leases and/or real property by May 1, 2025;

(d) binding agreements to be negotiated and entered into by May 15, 2025; and

(e) the Applicants will apply to the Court for an order approving the successful bid(s) by June 17, 2025.

5.7 The Leases contemplated to be sold, transferred, or assigned as part of the Lease Monetization Process are listed in Schedule "C" of the Lease Monetization Consulting Agreement, which includes the Leases held by the JV, without prejudice to any argument that any party may make as to whether the Applicants have the ability to assign or transfer such Leases.

5.8 The Monitor notes that the proposed ARIO provides that no leases may be terminated, repudiated or disclaimed without the prior written consent of the Term Loan Lenders, provided that if the Term Loan Lenders do not consent to the disclaimer of any Lease, the Term Loan Lenders must pay to the Applicants the amount of all rental payments due under such Lease after the date on which the disclaimer would have become effective, and such payment shall be a Protective Advance (as defined in the Pathlight Credit Facility), subject to the terms of the Pathlight Credit Facility.

5.9 The Monitor recommends that this Court approve the Lease Monetization Process and the retention of JLL as the Broker to lead the process. The Monitor considered the following in assessing the reasonableness of the Lease Monetization Process Order:

(a) JLL possesses market-leading expertise and experience in marketing and selling commercial real estate property and is familiar with the Applicants' leases and stores;

(b) the Lease Monetization Process provides sufficient time to ensure potential bidders are able to perform due diligence and prepare and submit their bids; and

(c) in the Monitor's view, the contemplated Lease Monetization Process is commercially reasonable, consistent with sale processes approved by this Court in other CCAA proceedings and has been designed to maximize value through a competitive sale process while also mitigating downside costs and risk for stakeholders by limiting the length of time of the process.

6.0 SALE INVESTMENT AND SOLICITATION PROCESS[4]

6.1 The Monitor expects that there may be material value in the intellectual property of Hudson's Bay Canada. Regardless of whether a comprehensive restructuring solution is achieved, a sale process is required to realize on the intellectual property. Further, as described above, the Applicants intend to continue to attempt to identify restructuring alternatives within a very short time frame. The SISP is therefore intended to solicit interest in, and opportunities for: (a) one or more sales or partial sales of all, substantially all, or certain portions of Hudson's Bay Canada's business or assets; and/or (b) an investment in,

[4] The Monitor understands that stakeholders have raised concerns with certain of the terms of the SISP, and discussions are ongoing as of the time this Report has been finalized.

restructuring, recapitalization, refinancing or other form of reorganization of Hudson's Bay Canada's business.

6.2 Key terms of the SISP include the following:

(a) the SISP solicits bids and proposals for a broad range of transaction alternatives involving the business and assets of Hudson's Bay Canada, whether *en bloc* or any portions thereof;

(b) the SISP shall be conducted by Reflect on behalf of the Applicants, under the supervision of the Monitor;

(c) all parties wishing to have their bids or proposals with respect to the business and assets of Hudson's Bay Canada considered shall participate in the SISP in accordance with the procedures set out therein, including the signing of a non-disclosure agreement;

(d) potential bidders participating in the SISP will have access to an electronic data room and due diligence information;

(e) parties interested in pursuing a transaction (each a "**Potential Bidder**") must submit binding bids ("**Binding Bid**") based upon a template form of transaction document prepared by the Applicants, in consultation with Reflect and the Monitor, on April 15, 2025 (the "**Bidding Phase Bid Deadline**"), which Binding Bid must be accompanied by, among other things, duly executed transaction documents, evidence of a firm, irrevocable commitment for all required funding, and a cash deposit of 10% of the total cash purchase price contemplated by such bid. All deposits will be held by the Monitor;

(f) Binding Bids cannot be conditional upon the outcome of unperformed due diligence and/or obtaining financing and must be irrevocable until the earlier of: (i) approval by the Court; and (ii) 60 days following the Bidding Phase Bid Deadline;

(g) the DIP Lenders and any other secured lender of the Applicants shall not have the right to credit bid their secured debt against the assets secured thereby;

(h) following the Bidding Phase Bid Deadline, if one or more Qualified Bids are received, the Applicants shall consult with Reflect, the Monitor and the DIP Lenders and decide whether one or more Auctions are required which are to take place prior to April 29, 2025;

(i) following any Auction (if required), or evaluation of the Qualified Bids, the Applicants, in consultation with Reflect, the Monitor and the DIP Lenders will decide whether to approve one or more of the Qualified Bids (the "**Successful Bids**"); and

(j) any Successful Bids will be brought forward for Court approval.

6.3 Any sales of the business, assets or leases in connection with the SISP will be on an 'as is, where is' basis, without surviving representations or warranties of any kind except as set forth in the definitive transaction documents. The Applicants shall have no obligation to complete any transaction in connection with the SISP.

6.4 The “Outside Date” of all transactions contemplated by the SISP is June 30, 2025.

6.5 The SISP is intended to operate in parallel with the proposed Liquidation Sale at the Liquidating Stores and the SISP Approval Order provides that the Applicants will seek bids for liquidation of remaining inventory and FF&E not otherwise included in a Successful Bid.

6.6 The Monitor recommends that this Court approve the SISP Approval Order given that, among other things:

(a) the SISP provides flexibility for the Applicants to consider a broad range of potential transactions should any such transaction emerge in the very near term;

(b) in the Monitor’s view, the contemplated SISP process and the procedures therein are commercially reasonable, consistent with procedures approved by this Court, and have been designed to maximize value through a competitive sale process;

(c) although the deadlines under the SISP are compressed, they are a function of the liquidity constraints that the Applicants face; and

(d) the Monitor does not believe the creditors of the Applicants would be materially prejudiced by the SISP.

7.0 DIP FACILITY

7.1 The Initial Order approved DIP financing pursuant to the initial DIP Term Sheet with Restore as DIP Agent, and HCS 102, LLC as DIP Lender.

7.2 The DIP Term Sheet was subsequently amended to add certain additional DIP Lenders.

7.3 The DIP Facility was structured as a senior secured super-priority (subject to the "**Permitted Priority Liens**") interim financing credit facility providing up to a maximum principal amount of $16 million (the "**Interim Borrowings**").

7.4 The DIP Facility was subject to, among other things, further increase subject to agreement from the DIP Agent, the DIP Lenders and the Loan Parties with the approval of the Monitor and this Court at the Comeback Hearing (the "**Increased Facility Amount**").

7.5 Following the granting of the Initial Order, the Applicants continued negotiations with the DIP Lenders and continued to pursue potential alternate providers of DIP Financing.

7.6 Hudson's Bay's financial advisor, Reflect, has advised that in total, 12 potential lenders were solicited to provide DIP financing to the Company prior to the commencement of the CCAA Proceedings, and an additional seven potential lenders were contacted subsequent to the granting of the Initial Order. A DIP term sheet contemplating DIP financing from RioCan was received by the Applicants in the evening of March 14, 2025; however, as discussed further below, the Applicants and the Monitor do not believe that proposal is workable in the circumstances.

7.7 Ultimately, the only proposal for DIP financing that would allow the Applicants to access sufficient funding to continue operations and advance these CCAA Proceedings was the proposal from the DIP Lenders in the form of the Amended and Restated Junior DIP Term Sheet (the "**A&R DIP Agreement**"). As discussed above, although the A&R DIP Agreement requires the Applicants to commence an immediate liquidation process, as described below, the A&R DIP Agreement preserves the ability of the Applicants to solicit interest in a going-concern transaction through the SISP during the course of the

Liquidation Sale. A copy of the executed A&R DIP Agreement, which reflects minor amendments from the draft served by the Applicants on March 14, is attached hereto as **Appendix "B"**.

7.8 Under the A&R DIP Agreement, in addition to the Interim Borrowings, the DIP Lenders have agreed to provide additional financing to Hudson's Bay for the purposes of pursuing and implementing an orderly liquidation of all of Hudson's Bay Canada's retail stores immediately after the issuance of the Liquidation Sale Approval Order.

7.9 Key terms and components of the A&R DIP Agreement include the following:

DIP Facility (capitalized terms have the meanings ascribed thereto in the Amended and Restated Junior DIP Term Sheet)	
Agreement	• Junior DIP Term Sheet dated as of March 17, 2025
Borrowers	• Hudson's Bay Company ULC
Guarantors	• HBC Canada Parent Holdings 2 Inc., HBC Canada Parent Holdings Inc., The Bay Holdings ULC, The Bay Limited Partnership, HBC Bay Holding I Inc., and HBC Bay Holdings II ULC
Agent	• Restore Capital, LLC
Lenders	• Restore Capital, LLC • HCS 102, LLC • Tiger Asset Solutions Canada, ULC • 1903 Partners, LLC • GA Group Solutions, LLC
DIP Facility	• A senior secured, super priority (subject to the Permitted Priority Liens) interim financing credit facility up to a Maximum Principal Amount of $23 million
Interest	• CORRA + 11.5% per annum, compounded monthly and payable monthly in arrears in cash on the last Business Day of each month
Default Rate	• CORRA + 14.5%
Exit Fee	• 3% of the DIP Facility on the Maturity Date
Maturity Date	• The earlier of: (a) the occurrence of any Event of Default which is continuing and has not been cured; (b) the completion of a Permitted Restructuring Transaction; (c) the effective date of any

<table>
<tr><th colspan="2"><u>DIP Facility</u>
(capitalized terms have the meanings ascribed thereto in the Amended and Restated Junior DIP Term Sheet)</th></tr>
<tr><td></td><td>Plan which is proposed and filed with the Court in the CCAA Proceedings; and (d) the Outside Date (June 30, 2025).</td></tr>
<tr><td>Funding Structure/ Advances</td><td>• Within one Business Day of the Comeback Hearing, the DIP Agent shall transfer into the Monitor's Trust Account an amount of $3,000,000 under the DIP Facility (the "Initial Monitor Transfer").
• The Monitor shall be entitled to provide written notice to the DIP Agent requesting a further transfer of $4,000,000 (provided that no individual transfer shall be less than $500,000) under the DIP Facility into the Monitor's Trust Account (the "Subsequent Monitor Transfer").
• The Monitor shall not be entitled to make any requests for Subsequent Monitor Transfers after 4:00p.m. (Toronto time) on April 4, 2025. After this time, the DIP Agent and the DIP Lenders shall have no obligation to make any further Subsequent Monitor Transfers and the total Commitments shall be automatically reduced by the undrawn amount of the DIP Facility effective as at 4:00 p.m. (Toronto time) on April 4, 2025.
• The DIP Facility shall be made available to the Borrower by way of advances from the Monitor's Trust Account which, in the aggregate, shall not exceed the maximum principal balance of $23,000,000. The timing of each advance shall be determined based on the funding needs of the Loan Parties as set forth in the DIP Budget.</td></tr>
<tr><td>Milestones (Schedule "F")</td><td>• The Court shall have issued the ARIO by no later than March 17, 2025.
• By no later than March 17, 2025, the Court shall have issued an order approving the Liquidation Consulting Agreement, the Lease Solicitation Process and the SISP.
• All milestones contemplated by the Lease Solicitation Process and the SISP shall be complied with in all material respects by the Loan Parties.
• By no later than May 9, 2025, the Court shall have issued an order authorizing the Monitor to make a distribution of Surplus Cash in accordance with the Priority Waterfall and such distribution shall be made within two Business Days of the issuance of such order.</td></tr>
<tr><td>Prepayments</td><td>• Provided the Monitor is satisfied that the Loan Parties have sufficient cash reserves to satisfy amounts due under the Priority Payables Reserve, the Borrower may prepay any amounts outstanding under the DIP Facility, in accordance with the Priority Waterfall, at any time prior to the Maturity Date. Subject to Section 23 of the DIP Term Sheet, any amount repaid may not be reborrowed.</td></tr>
<tr><td>DIP Collateral</td><td>• To be secured in Canada by the DIP Lender's Charge (as defined below).</td></tr>
</table>

7.10 The Monitor is of the view that Hudson's Bay Canada has benefited, and will continue to benefit, from the immediate access to interim financing in the amounts provided by the A&R DIP Agreement and supports approval by this Court (including the associated DIP Lenders' Charge outlined below) for several reasons including:

(a) the Applicants do not have sufficient cash on hand to satisfy the obligations that will arise in respect of landlord occupancy costs and other operating costs necessary to effect the Liquidation Sale and to advance the Lease Monetization Process and the SISP;

(b) committed DIP Financing allows Hudson's Bay Canada the breathing room to continue exploring going-concern sale options concurrently while the Liquidation Sale is ongoing with adequate funding to support its operations during the Liquidation Sale term;

(c) the pricing and fees contemplated in the A&R DIP Agreement are substantially the same as those in the Original DIP Term Sheet which were reasonable in the circumstances as outlined in the Pre-Filing Report;

(d) it is reasonable to assume that any potential alternate provider of interim financing to Hudson's Bay Canada would have required a super-priority charge to secure all obligations, which would rank ahead of the security of the pre-filing secured lenders;

(e) the Monitor has been advised by Reflect that the pre-filing secured lenders would have opposed any such super-priority charges, which would have likely significantly delayed the availability of any interim financing, particularly given the uncertainty that the Revolving/FILO Lenders would be able to recover their loans in full in such a circumstance; and

(f) the DIP Facility being provided by the DIP Lenders is the result of extensive negotiations as between the Applicants, the DIP Lenders and their respective advisors, and represents the best DIP Facility that the Applicants could negotiate in the circumstances.

7.11 The quantum of the DIP Facility in a liquidation scenario is significantly less than in a restructuring scenario primarily as a result of, among other things: (i) the timing of cash receipts generated in a full liquidation scenario; (ii) the Applicants are not purchasing new merchandise to replenish inventory levels; (iii) the ABL Lenders have agreed to the cash collateralization of financial products over a period of three weeks as opposed to immediately after the Comeback Hearing; and (iv) the Liquidation Consultant agreed to a payment deferral.

8.0 AMENDED AND RESTATED INITIAL ORDER

<u>DIP Lenders' Charge</u>

8.1 The A&R DIP Agreement contemplates the granting of a Court-ordered charge in favour of the DIP Lenders (the "**DIP Lenders' Charge**").

8.2 The DIP Lenders' Charge is proposed to rank as follows with respect to the Loan Parties' Property:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1st	Administration Charge (to the maximum amount of $2,800,000)	Administration Charge (to the maximum amount of $2,800,000)	Administration Charge (to the maximum amount of $2,800,000)
2nd	KERP Charge (to the maximum amount of $3,000,000)	KERP Charge (to the maximum amount of $3,000,000)	KERP Charge (to the maximum amount of

			$3,000,000)
3rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations)	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations)	Directors' Charge (to the maximum amount of $13,500,000)
4th	Directors' Charge (to the maximum amount of $13,500,000)	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations)	DIP Lenders' Charge
5th	DIP Lenders' Charge	Directors' Charge (to the maximum amount of $13,500,000)	Directors' Charge (to the maximum amount of $35,700,000)
6th	Directors' Charge (to the maximum amount of $35,700,000)	DIP Lenders' Charge	
7th	Term Loan Obligations (Other than Excess Term Loan Obligations)	Directors' Charge (to the maximum amount of $35,700,000)	

Extension of the Stay of Proceedings

8.3 Pursuant to the Initial Order, the Stay of Proceedings in favour of Hudson's Bay Canada continues to and including March 17, 2025, or such later date as this Court may order (the "**Stay Period**").

8.4 The Applicants are seeking an extension of the Stay Period to and including May 15, 2025.

8.5 The Monitor supports the Applicants' request to extend the Stay Period to and including May 15, 2025, for the following reasons:

(a) the extension of the Stay Period will enable Hudson's Bay Canada to commence the orderly liquidation of the Liquidating Stores and commence the Lease Monetization Process and seek Court approval of any sale, assignment or transfer of Leases;

(b) Hudson's Bay Canada has acted, and continues to act, in good faith and with due diligence to advance these CCAA Proceedings;

(c) as provided in the Updated Cash Flow Forecast, Hudson's Bay Canada has sufficient liquidity to operate through the proposed extension of the Stay Period; and

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

Extension of the Co-Tenant Stay

8.6 As set out in the Pre-Filing Report, many retail leases provide that the tenant has certain rights against the landlord upon an anchor tenant's insolvency or upon an anchor tenant ceasing operations. This can include termination rights, rent abatement rights, or other rights and remedies against the landlord. If such a tenant exercised these rights against the landlord, the landlord could potentially have a claim against the anchor tenant, depending on the terms of the applicable leases and the applicable circumstances.

8.7 Such claims have the potential to disturb the *status quo* and could increase the quantum of claims against Hudson's Bay Canada at this critical juncture in the CCAA Proceedings in which Hudson's Bay Canada is attempting to initiate various processes to monetize their assets and business.

8.8 In recognition of this, Courts in prior CCAA proceedings involving anchor retail tenants have exercised their discretion to grant co-tenancy stays under their section 11 jurisdiction to preserve the *status quo* where the benefits of the stay outweigh the deleterious effects on co-tenants.

8.9 In the *Target Canada* CCAA proceedings (*Target Canada Co. (Re)*, 2015 ONSC 303), the CCAA Court granted a co-tenancy stay in the context of the wind-down and liquidation of the business to preserve the *status quo* while the wind-down was underway. The following paragraph sets out the basis upon which the Court exercised its jurisdiction to grant the co-tenancy stay in a wind-down situation:

> In these proceedings, the Target Canada Entities propose, as part of the orderly wind-down of their businesses, to engage a financial advisor and a real estate advisor with a view to implementing a sales process for some or all of its real estate portfolio. The Applicants submit that it is premature to determine whether this process will be successful, whether any leases will be conveyed to third party purchasers for value and whether the Target Canada Entities can successfully develop and implement a plan that their stakeholders, including their landlords, will accept. The Applicants further contend that while this process is being resolved and the orderly wind-down is underway, the Co-Tenancy Stay is required to postpone the contractual rights of these tenants for a finite period. The Applicants contend that any prejudice to the third party tenants' clients is significantly outweighed by the benefits of the Co-Tenancy Stay to all of the stakeholders of the Target Canada Entities during the wind-down period.

8.10 A co-tenancy stay was also granted in the *Nordstrom Canada* CCAA proceedings (*Nordstrom Canada Retail, Inc.*, 2023 ONSC 1422) where the Court indicated that, without a co-tenancy stay, the landlord claims against the applicants could potentially increase, and the exercise of co-tenants' rights could result in a multiplicity of proceedings which would be detrimental to an efficient and orderly wind-down.

8.11 At this early stage of these CCAA Proceedings, the Monitor is of the view that it is appropriate to continue the Co-Tenant Stay to preserve the *status quo*. The Monitor is of the view that in these circumstances, the benefits of the Co-Tenant Stay outweigh any potential prejudice to co-tenants for the following reasons:

(a) the CCAA Proceedings are at an early stage and the Applicants are still working towards monetizing their business and assets, therefore, it is still unclear at this point how the claims of stakeholders will be addressed;

(b) the exercise of co-tenant rights could increase the landlords' claims against Hudson's Bay Canada with potentially detrimental impacts on any restructuring or wind-down, including by impairing value and impacting other available options for the Applicants;

(c) the Co-Tenant Stay is a temporary suspension of rights for a finite period of time that allows any affected co-tenants to seek relief from the Court on notice;

(d) the Monitor has to-date not heard from any co-tenants raising concerns or objections with respect to the Co-Tenant Stay granted in the Initial Order; and

(e) if co-tenants were able to terminate their leases, it could result in a ripple effect causing further job loss and detrimental economic impacts.

8.12 The above reasons have supported the exercise of the Court's jurisdiction under section 11 to grant a co-tenancy stay. The Monitor is of the view that it is reasonable and appropriate for this Court to similarly exercise its jurisdiction in this case to continue the Co-Tenant Stay, to be revisited at the time of the next stay extension request.

<u>Extension of the RioCan-HBC JV Stay and the RioCan Motion</u>

8.13 As part of the ARIO, the Applicants are seeking the extension of the RioCan-HBC JV Stay to and including May 15, 2025.

8.14 This Court's Endorsement dated March 7, 2025 (the "**Endorsement**") issued in connection with the Initial Order noted the following with respect to the RioCan-HBC JV Stay granted by the Court for the Initial Stay Period:

> [57] The proposed stay of the payment of rent by Hudson's Bay JV to the JV Sublandlords (other than any amount necessary to satisfy the amount of rent payable under any head leases), will mitigate any prejudice to the Landlords and is consistent with s.11.01 of the *CCAA*.
>
> [58] A similar approach was endorsed by this Court in *Nordstrom*, where this Court stayed and suspended the payment of certain post-filing amounts arising from subleases between the debtor (as sublessee) and a non-applicant stay party (as sublessor). Basic rent was not stayed, but amounts incurred in constructing, fixturing, and furnishing the premises that would otherwise be due under the subleases were stayed.

8.15 In its Pre-Filing Report, the Monitor (then in its capacity as Proposed Monitor) supported the granting of the RioCan-HBC JV Stay for the Initial Stay Period because, among other things: (i) the RioCan-HBC JV Stay would provide the Applicants with time and stability to assess their restructuring options; and (ii) the RioCan-HBC JV Stay would still require rent to be paid in full to third-party landlords, while staying "rent payments" that the Proposed Monitor believes can be fairly characterized as financing arrangements (the "**JV Payments**").

8.16 RioCan contacted the Company and the Monitor shortly after the Filing Date to indicate its opposition to the RioCan-HBC JV Stay. The Company, the Monitor, RioCan, and their respective counsel engaged in several discussions since the Filing Date; however, the parties have not been able to reach a consensual resolution.

8.17 Both the DIP Term Sheet and the A&R DIP Agreement specifically prohibit the Company from making the JV Payments.

8.18 In the evening of March 14, 2025, shortly before the Applicants' materials were served, RioCan's counsel emailed the Company's counsel and the Monitor's counsel with a proposed DIP term sheet contemplating DIP funding to be provided by RioCan (the "**RioCan DIP**"). RioCan's counsel indicated that the DIP term sheet was provided on a confidential basis, therefore the Monitor does not discuss its terms herein. But the Monitor can advise that it is presently of the view that the RioCan DIP is unworkable on its terms, and that the DIP Credit Facility offered by the DIP Lenders remains the only workable arrangement for the Company.

8.19 The Monitor supports the extension of the RioCan-HBC JV Stay. In particular, the Monitor is of the view that on a balancing of the relative prejudice to the parties involved, the RioCan-HBC JV Stay is appropriate in the circumstances. If the RioCan-HBC JV Stay is not granted, the Applicants will be in default of the terms of their only workable DIP.

8.20 In this case, where the Applicants have asserted that the substance of the arrangement is a financing arrangement, as opposed to a true lease where the debtor is solely paying for use of the property or, in this case, the premises, the Monitor is of the view that payment post-filing would have the effect of paying unsecured amounts in priority to the claims of other unsecured creditors. As such, the Monitor believes the relief sought by the Applicants is necessary and appropriate in the circumstances, and that the relief sought by RioCan should not be granted at the Comeback Hearing.

8.21 The Monitor's view is that if RioCan believes that the JV Payments are true lease payments and therefore are required to be paid as a cost of the CCAA Proceedings, that issue can be litigated following the Comeback Hearing. No distributions are proposed to be approved at the Comeback Hearing, so to the extent RioCan is entitled to be paid, that cash will remain available to be paid from the proceeds of the liquidation.

Key Employee Retention Plan and KERP Charge

8.22 In order to retain the services of the Key Employees whose continued service will be critical to the success of any wind-down or restructuring, the Applicants are seeking approval of the KERP and the KERP Charge to secure the payments that are expected to become due to the Key Employees under the KERP.

8.23 The proposed KERP provides for a one-time lump sum payment to each Key Employee who has been identified by the Applicants, in consultation with the Monitor, as critical to an orderly wind-down. The proposed KERP retention payments are calculated as a percentage of the base salary of the Key Employees to ensure that such payments reflect the individual's level of duties and responsibilities.

8.24 The following table summarizes, on an aggregate basis, the roles of the Key Employees and their expected retention payments under the KERP:

KERP Summary

Position	# of Employees	Retention Range	Estimated Total
Non-Store			
Senior Leadership	10	7.5% - 50%	1,087,750
Other Non-Store	17	5% - 25%	413,880
Total Non-Store	**27**		**1,501,630**
Store-Level			
Store Managers	94	10% - 20%	1,223,586
Total Store	**94**		**1,223,586**
Total	**121**		**2,725,216**

8.25 There are a total of 121 Key Employees across the total employee base of over 9,300 employees. Approximately 78% of the Key Employees are store-level employees.

8.26 The KERP was developed by the Applicants in consultation with the Monitor. A summary of the proposed KERP is attached hereto as **Confidential Appendix "1"**.

8.27 The proposed KERP retention payments will be received at the earlier of: (a) the date on which the liquidation is completed and services are no longer required; or (b) September 30, 2025.

8.28 The Monitor supports the approval of the KERP as: (a) it will provide stability to, and facilitate, an orderly wind-down by encouraging key active employees to remain with Hudson's Bay Canada, as required; (b) the Key Employees are considered to be critical to the execution of the Liquidation Sale and their participation will assist in maximizing realizations for the benefit of stakeholders; and (c) the Monitor, in consultation with certain of Hudson's Bay Canada's executives, have reviewed the Key Employees list and is satisfied that the list is appropriate, not unduly broad and includes the critical employees necessary to advance the Liquidation Sale and the CCAA Proceedings.

8.29 In the proposed ARIO, the Applicants are seeking a KERP Charge over the Property in an amount not to exceed $3.0 million in favour of the Key Employees. The KERP Charge represents the maximum aggregate amount of retention payments payable to the Key Employees under the KERP.

8.30 In light of its support for the KERP, the Monitor is of the view that the KERP Charge is reasonable and appropriate in the circumstances. The KERP Charge will provide certainty to Key Employees that retention payments will be paid in accordance with the terms of the KERP.

Increase/Addition of Beneficiary to Court-ordered Charges in the ARIO

8.31 The ARIO seeks the addition of Reflect as a beneficiary of the Administration Charge and an increase to the quantum of the Directors' Charge (collectively with the KERP Charge, the "**Charges**") over the Property of Hudson's Bay Canada, as described below.

Administration Charge

8.32 The Initial Order granted the Administration Charge in an amount not to exceed $2.8 million in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants. The Applicants are seeking to include Reflect as a beneficiary of the Administration Charge, but are not seeking to increase the quantum of the Administration Charge in the ARIO. The Monitor remains of the view that the Administration Charge is reasonable and necessary in the circumstances.

Directors' Charge

8.33 The Initial Order granted the Directors' Charge in two bifurcated super-priority charges over the Property each in the amount of $13.5 million ($27 million in aggregate) to secure Hudson's Bay Canada's indemnity of their directors and officers, in accordance with the Initial Order, for obligations and liabilities they may incur as directors or officers of Hudson's Bay Canada after commencement of the CCAA Proceedings. For the purposes of the Initial Order, the Directors' Charge was limited to the amount reasonably necessary during the Initial Stay Period.

8.34 In the ARIO, the Applicants are seeking an increase in the amount of the Directors' Charge to $49.2 million. The Monitor assisted the Applicants in the calculation of the Directors' Charge, taking into consideration the amount of the Applicants' vacation pay liabilities, federal and provincial sales tax liabilities, and other potential sources of director and officer liability. The components of the proposed Directors' Charge are as follows:

Proposed D&O Charge	**Methodology**	***$000's***
Sales taxes (HST, GST, PST)	Maximum exposure based on 2 remittance periods	$29,700
Employee wages and source deductions	1 bi-weekly pay period, plus one week	15,200
Accrued vacation pay	Balance at Filing Date, plus accrual through June 2025	2,550
Employee benefits, EHT and other amounts	Estimate of benefits, EHT, WCB (remittance varies)	1,490
Employee termination	Estimate of Saskatchewan employee amounts only	250
Total		**$49,190**

8.35 The Monitor notes that the proposed increase in the Directors' Charge relates primarily to forecast increases in: (a) sales tax collections during the peak of the CCAA Proceedings; and (b) an increase in the exposure period for employee wages and source deductions compared to the 10-day period in the Initial Order. The Monitor is of the view that the proposed increase to the Directors' Charge is required and reasonable in the circumstances having regard to the nature of the Applicants' business, including the significant number of employees and significant sales tax collections as a large-scale retailer.

Priority of Charges in the ARIO

8.36 The proposed ARIO provides that the Charges will have the following priority:

With respect to all Property:

(a) First – Administration Charge (to the maximum amount of $2.8 million);

(b) Second – KERP Charge (to the maximum amount of $3.0 million); and

(c) Third – Directors' Charge (to the maximum amount of $49.2 million).

With respect to the Loan Parties' Property, the priority as outlined in para 8.2 above.

8.37 The proposed ARIO provides that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other Encumbrances (as defined in the ARIO). The Monitor is informed by counsel to Hudson's Bay Canada that each person that has registered a security interest in respect of a Hudson's Bay Canada entity under the applicable *Personal Property Security Act* of Ontario, Alberta or British Columbia has been served with a copy of the Applicant's CCAA application record containing the form of ARIO sought by the Applicants.

Payment of Pre-Filing Obligations

8.38 The proposed ARIO authorizes the Applicants to pay certain pre-filing obligations in accordance with the DIP Term Sheet. The DIP Term Sheet provides that the Loan Parties may not use the proceeds of the DIP Facility to pay Pre-Filing Obligations without the prior written consent of the DIP Agent unless the payment of such Pre-Filing Obligations are specifically identified in the approved DIP Budget and authorized pursuant to the ARIO or any subsequent Court Order.

8.39 At the time of the Initial Order, Hudson's Bay Canada intended to continue its relationship with third-party gift card providers (the "**Gift Cards**") responsible for selling and activating gift cards and to continue honouring outstanding gift cards in the Hudson's Bay Canada's continuing locations. However, because of the unavailability of DIP Financing that would permit the Company to execute on a longer-term restructuring strategy in these CCAA Proceedings, the proposed ARIO provides that pre-filing obligations relating to Gift Cards will be paid or satisfied up to April 6, 2025. Hudson's Bay Canada suspended all third-party sales and activations of new gift cards on March 13, 2025.

<u>Approval of Financial Advisor Agreement</u>

8.40 As part of the ARIO, the Applicants are seeking approval to retain Reflect as financial advisor to Hudson's Bay pursuant to the agreement dated February 14, 2025 (the "**Reflect Engagement Agreement**"). Reflect has assisted the Company in sourcing and negotiating the DIP Facility, developing the SISP, negotiating the Liquidation Consulting Agreement, developing the Lease Monetization Process, and other matters related to the CCAA Proceedings.

8.41 The Monitor notes that between July 18, 2023 and February 1, 2025, Reflect acted as financial Advisor to Pathlight. The Monitor understands that Reflect resigned as Pathlight's financial advisor on or about February 14, 2025 and that Pathlight has consented to Reflect acting as financial advisor to Hudson's Bay.

8.42 For the reasons outlined above, the Monitor is supportive of the relief contemplated by ARIO.

9.0 UPDATED CASH FLOW FORECAST

9.1 Hudson's Bay, with the assistance of Reflect and the Monitor, has prepared an updated and extended cash flow forecast (the "**Updated Cash Flow Forecast**") for the 13-week period from March 7 to June 6, 2025 (the "**Cash Flow Period**"). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") and Management's report on the cash flow statement required by section 10(2)(b) of the CCAA, are attached hereto as **Appendices "C" and "D"**, respectively.

9.2 The Updated Cash Flow Forecast has been prepared on the basis of an orderly wind-down of all retail locations as contemplated in the A&R DIP Agreement. A summary of the Updated Cash Flow Forecast is provided in the table below:

Updated Cash Flow Forecast	**$000's**
	13-Week Period
Receipts	
Retail Receipts	430,155
Other Receipts[5]	34,761
Total Receipts	**464,916**
Disbursements	
Payroll & Benefits	(66,797)
Occupancy Costs	(60,375)
Operating Expenses	(57,184)
Concession/Consignment Payments[5]	(34,472)
Sales Tax Remittances	(32,061)
Liquidation Consultant Fees & Expenses	(21,703)
Professional Fees	(19,682)
Interest Payments	(11,704)
Shared Service Payments	(2,150)
Inventory Purchases	(1,010)
Total Disbursements	**(307,139)**
Net Cash Flow	**157,777**

[5] These line items include Participating Concession Vendors, GB Consignment, and Additional Consultant Goods.

Updated Cash Flow Forecast	$000's
Opening Cash Balance	**5,266**
Net Cash Flow	157,777
Cash Collateralization	(21,197)
DIP Facility Advance	23,000
Closing Cash Balance	**164,845**
Total Senior Debt[6]	**257,564**
DIP Facility Balance	**23,000**

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

(a) retail receipts reflect forecast sales taking into consideration the expected commencement date for the Liquidation Sale, subject to Court approval of the Liquidation Consulting Agreement and Sale Guidelines. Assumptions with respect to the cadence of forecast retail receipts will be updated based on input from the Liquidation Consultant, once engaged;

(b) other receipts reflect gross proceeds from the sale of goods pursuant to: (i) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (ii) Additional Consultant Goods;

(c) payroll and benefits include salaries, wages, remittances, employee benefits and taxes for salaried and part-time employees across the stores, corporate office and distribution centres, as well as payments to Key Employees in accordance with the proposed KERP;

[6] Represents: (i) FILO Credit Facility balance of approximately $137 million, inclusive of a make-whole provision of approximately $28 million which has been asserted by the FILO Lender; and (ii) the Pathlight Credit Facility balance of approximately $92 million.

(d) occupancy costs include third-party rents, property taxes and CAM for the stores, corporate office and distribution centres, while the applicable lease remains in effect;

(e) operating expenses primarily include store-level, corporate and distribution centre operating costs, logistics and supply chain costs, credit card processing fees, insurance and utilities paid directly to municipalities;

(f) concession/consignment payments represent payments to vendors related to the sale of goods pursuant to: (i) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (ii) Additional Consultant Goods;

(g) the Liquidation Consultant fees & expenses include the Liquidation Consultant's commission fee calculated as a percentage of Liquidation Sale receipts and a provision for costs relating to marketing, signage, labour and other expenses;

(h) professional fees include the fees of the Applicants' legal counsel, financial advisor and Lease Monetization Consultant, the Monitor, the Monitor's legal counsel, legal counsel and financial advisors to the DIP Lender and legal counsel to certain other secured creditors;

(i) interest payments relate to the DIP Facility, FILO Credit Facility and Pathlight Credit Facility;

(j) shared service payments relate to cost reimbursement for Saks Global employees that provide support services to Hudson's Bay;

(k) inventory purchases represent estimated disbursements to purchase inventory that is accretive to the Liquidation Sale; and

(l) the Updated Cash Flow Forecast does not include any potential proceeds from the Lease Monetization Process or the SISP.

9.4 The Revolving Facility Lenders have requested that the obligations for their cash products be cash collateralized. Through negotiations, and only in an orderly wind-down scenario, these parties were amenable for the cash collateralization of these products to occur over a three-week period in an effort to reduce the Company's cash requirements and a substantial increase to the DIP Facility requirements in the first week of the Updated Cash Flow Forecast.

9.5 On March 14, 2025, occupancy rent was paid to Hudson's Bay Canada's various landlords covering the period from March 7-15. Subject to this Court's approval of the DIP Facility, Hudson's Bay Canada intends to pay rent for the period from March 16-31 no later than March 19, as has been discussed with counsel for certain of the landlords.

9.6 Provided the A&R DIP Agreement is approved by this Court, based on the Updated Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity throughout the Cash Flow Period.

9.7 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (a) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (b) as at the date of this First Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the

Applicants or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

10.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

10.1 Since the Filing Date, the primary activities of the Monitor and its counsel, Bennett Jones LLP, have included the following:

(a) activating the Case Website and coordinating the posting of Court-filed documents to the website;

(b) assisting Hudson's Bay Canada in implementing accounting cut-off measures to ensure proper determination of pre- and post-filing obligations and liabilities as of the Filing Date;

(c) extensive discussions with the DIP Agent, DIP Lenders and their financial advisor with respect to liquidity and iterations of the cash flow forecast, the DIP Budget, the A&R DIP Agreement, and the conduct and cash flow impacts of the Sale;

(d) assisting in the preparation of the Updated Cash Flow Forecast;

(e) monitoring cash receipts and disbursements, and coordinating with management to prepare for weekly cash flow variance reporting;

(f) assisting in discussions and negotiations with key service providers to minimize disruption to store and distribution centre operations;

(g) assisting in communicating with vendors regarding purchase orders to be fulfilled or cancelled, and inventory in transit to be delivered or retrieved;

(h) assisting in the review and negotiation of the Liquidation Consulting Agreement and Sale Guidelines;

(i) assisting with the development of the SISP and the Lease Monetization Process;

(j) responding to numerous stakeholder inquiries regarding the CCAA Proceedings;

(k) assisting in the review and negotiation of the Lease Monetization Consultant Agreement;

(l) completing the noticing requirements pursuant to paragraph 46 of the Initial Order, including:

  (i) arranging for publication of notice of the CCAA Proceedings, in the prescribed form, in *The Globe and Mail* (National Edition) on March 12, 2025;

  (ii) arranging for notice of the CCAA Proceedings, in the prescribed manner, to be mailed on March 11, 2025, to all known creditors having a claim against the Applicants of more than $1,000; and

  (iii) preparing a list of creditors (other than individuals) and posting it to the Case Website within five days of the Filing Date;

(m) activating the Monitor's toll-free number and email account for the CCAA Proceedings, and responding to creditor and other inquiries received through those and other contact points;

(n) preparing Forms 1 and 2, and completing and uploading the forms and other documents to the Office of the Superintendent of Bankruptcy's CCAA Online Filing System; and

(o) preparing this First Report with the assistance of counsel.

11.0 CONCLUSIONS AND RECOMMENDATIONS

11.1 For the reasons set out in this First Report, the Monitor respectfully recommends that: (i) the Court grant the relief to be sought by the Applicants; and (ii) the Court not grant the relief sought in the RioCan Motion at the Comeback Hearing.

All of which is respectfully submitted to the Court this 16th day of March, 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: AJHutchens
Alan J. Hutchens
Senior Vice-President

Per: ______________________
Greg A. Karpel
Senior Vice-President

APPENDIX D
Supplement to the First Report of the Monitor dated March 21, 2025

See attached.

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

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

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

MARCH 21, 2025

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1.0 INTRODUCTION

1.1 On March 7, 2025 (the "**Filing Date**"), Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), and the other applicants listed on **Schedule "A"**, attached 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"** (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**").

1.3 On March 16, 2025, the Monitor issued its first report (the "**First Report**") in connection with the Comeback Motion and the RioCan Motion (each as defined below), both of which were to be heard on March 17, 2025 (the "**March 17 Hearing**").

1.4 As discussed further below, the Court granted certain interim relief at the March 17 Hearing, 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 in the Comeback Motion to March 21, 2025 (the "**March 21 Hearing**").

1.5 On March 21, 2025, the Applicants served an affidavit (the "**Third Bewley Affidavit**") setting out revised relief to be sought at the March 21 Hearing.

1.6 This report (the "**Supplemental Report**") is a supplement to the First Report and should be read in conjunction with the First Report, the Third Bewley Affidavit and the materials filed in connection with the Comeback Motion and the RioCan Motion. A copy of the First Report (without appendices) is attached hereto as **Appendix "A"**. Materials filed in these CCAA Proceedings, including the reports of the Monitor, are available on the Monitor's case website at www.alvarezandmarsal.com/HudsonsBay (the "**Case Website**").

1.7 The purpose of this Supplemental Report is to provide this Court with information, and where applicable, the Monitor's views, on:

(a) events that have occurred in these CCAA Proceedings following the First Report;

(b) the relief that the Monitor understands the Applicants will seek at the March 21 Hearing; 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental Report was prepared based on the estimates and assumptions of Hudson's Bay Canada. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, the variations could be significant.

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

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

3.0 UPDATES FOLLOWING THE FIRST REPORT

3.1 The relief sought in the Comeback Motion and the RioCan Motion, and the Monitor's views regarding same, are described in detail in the First Report and are not repeated herein.

3.2 On March 16, 2025, after the issuance of the First Report, certain lenders to the JV Entities (the "**JV Lenders**") served materials, among other things, opposing the RioCan-HBC JV Stay and requesting certain revisions to the forms of Order sought by the Applicants. Counsel to certain employees also served an aide memoire in advance of the March 17 Hearing.

3.3 At the March 17 Hearing, the Court heard submissions (including certain objections to the relief sought by the Applicants) on behalf of several parties, including the Applicants, the DIP Lenders, RioCan, the JV Lenders, various landlords of the Applicants, and the Monitor. At the conclusion of the March 17 Hearing, the Court extended the stay of proceedings pending further order of the Court, effective immediately, and directed that the KERP be sealed on a temporary basis. The Court otherwise reserved its decision on the motions, and directed: (i) the principal stakeholders with the key objections to engage immediately in good faith discussions with the Applicants, and with the active facilitation of the Monitor, to see if the parties could resolve some of the issues at least on an interim basis; and (ii) that the Monitor report to the Court on the progress of those discussions by no later than 2:00pm on March 18.

3.4 Shortly before that deadline, the Monitor advised the Court by email that progress with respect to the resolution of various issues was being made and that discussions were ongoing as of that time. The Monitor requested that the Court grant an extension of time to allow those discussions to continue. Shortly thereafter, the Court issued an endorsement, among other things, (i) directing that the hearing of the motions resume on March 19, 2025 at 2:00pm (the "**March 19 Hearing**"); (ii) ordering that the stay of proceedings continue until that time; and (iii) otherwise memorializing its ruling from the bench at the March 17 Hearing. The March 18 Endorsement is attached hereto as **Appendix "B"**.

3.5 At the March 19 Hearing, the Applicants advised that good faith discussions were continuing between the parties. In the interim, the Applicants sought an order (the "**Amended Initial Order**"), among other things:

(a) extending the stay of proceedings to March 21, 2025;

(b) increasing the quantum of the Directors' Charge to $49.2 million;

(c) providing for the priority of the charges granted to date on the same basis as contemplated by the proposed ARIO;

(d) approving the engagement of Reflect and providing that Reflect shall have the benefit of the Administration Charge; and

(e) sealing the summary of the KERP appended to the First Report (which as noted above was sealed by the Court at the March 17 Hearing).

3.6 The Court granted the Amended Initial Order and issued an endorsement in connection therewith on March 20, 2025 (the “**March 20 Endorsement**”). The March 20 Endorsement provided that the remaining relief from the Comeback Motion would be adjourned to March 21, 2025. Copies of the Amended Initial Order and the March 20 Endorsement are attached hereto as Appendices “**C**” and “**D**”, respectively.

3.7 On March 21, 2025, the Applicants served the Third Bewley Affidavit, which described the revised relief that the Applicants are seeking at the March 21 Hearing. The Applicants are continuing to seek forms of ARIO, Lease Monetization Order, Liquidation Sale Approval Order, and SISP Order. The Monitor notes the following revisions to the forms of Order sought at the March 17 Hearing:

(a) the revised ARIO 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;

(ii) approve the Restructuring Support Agreement (in substantially the form appended to the Third Bewley Affidavit) to be entered into between the Loan Parties, the ABL Agent, FILO Agent, and the Term Loan Agent (the “**Restructuring Support Agreement**”);

(iii) amend the stay of the JV Rent such that Hudson’s Bay shall not pay rent or other amounts to RioCan-Hudson’s Bay JV, YSS 1, YSS 2, or RioCan-Hudson’s Bay Ottawa LP under any Lease (collectively, the “**JV Leases**”, and “**JV Lease**” means any of them) in excess of an aggregate amount of

$7,000,000 (plus applicable sales tax) in any calendar month (the "**JV Monthly Cap**"), which shall be payable on the same terms as all other Leases as provided for in the ARIO, provided that (a) to the extent any JV Lease is disclaimed or terminated, the JV Monthly Cap shall automatically be reduced by an amount equal to the pro rata amount attributable to such JV Lease based on the rent and other amounts payable under such JV Lease relative to all the other JV Leases, (b) rent payable under the Leases for Georgian Mall and Oakville Place shall not be subject to the JV Monthly Cap, and the Loan Parties shall be permitted to pay such rent in accordance with the terms of such Leases in effect as at the commencement of the CCAA Proceedings, (c) the JV Monthly Cap for March 2025 shall be reduced by the aggregate amount paid by the Loan Parties under the JV Leases for the period of March 1, 2025 to and including March 7, 2025, and (d) any amounts due and payable under any JV Lease during the CCAA Proceedings not permitted to be paid under that paragraph shall (A) accrue with interest at the same rate as the DIP Facility and (B) be secured by the JV Rent Charge (as defined below); and

(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 (the "**JV Rent Charge**"); and (v) authorize Hudson's Bay to enter into the continuous premium installment contract (the "**Financing Agreement**") with Imperial PFS Payments Canada, ULC ("**IPFS**"), pursuant to which IPFS will provide financing to the Company to purchase one or more property insurance policies;

(b) the revised Lease Monetization Order 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 below) between Hudson's Bay and Oberfeld Snowcap Inc. ("**Oberfeld**") pursuant to which Oberfeld, rather than JLL, will be the Broker responsible for assisting in the marketing of Leases;

(c) the revised Liquidation Sale Approval Order would, among other things, (i) approve a revised liquidation consulting agreement (the "**Amended Liquidation Consulting Agreement**"), among other things, which allowed for the removal of the Applicants' stores from the Liquidation Sale[1]; and (ii) approve a revised Sale Guidelines incorporating certain amendments negotiated with key stakeholders; and

(d) the revised SISP Order would, among other things, approve a revised SISP incorporating certain amendments negotiated with key stakeholders.

3.8 The Third Bewley Affidavit appends the forms of Order and related documents for which approval is sought, and where applicable, includes redlines to the materials appended to the Applicants' original motion record served in connection with the Comeback Motion.

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[1] The stores that will not be immediately included in the Liquidation Sale are 176 Yonge Street, Toronto, ON; Yorkdale Shopping Center, Toronto, ON; Hillcrest Mall, Richmond Hill, ON; Downtown, Montreal, QC; Carrefour Laval, Laval, QC; and Pointe-Claire, QC. Pursuant to the Restructuring Support Agreement, in the event that the Loan Parties have not received a firm commitment in respect of a Permitted Restructuring Transaction (as defined therein) in connection with such excluded stores on or before April 4, 2025, then such excluded stores shall be included in the liquidation starting April 5, 2025.

4.0 RELIEF TO BE SOUGHT BY THE APPLICANTS AT THE MARCH 21 HEARING

4.1 The final forms of the materials that the Applicants seek approval of at the March 21 Hearing have been heavily negotiated between the Applicants, several major landlords, RioCan, the JV Lenders, the DIP Lenders, the ABL Lenders, the FILO Lenders, and the Term Loan Lenders, with the oversight of the Monitor. The Monitor is of the view that the relief sought by the Applicants is reasonable and appropriate in the circumstances, including (where applicable) for the reasons provided in the First Report. The Monitor's specific views on material changes in the relief to be sought by the Applicants are set out below.

Repayment of DIP Facility

4.2 As discussed in further detail below and shown in the cash flow variance report, sales of inventory since March 7 have been significantly higher than anticipated. As described in greater detail in the Second Updated Cash Flow Forecast (as defined below), the Applicants no longer require further DIP financing to commence the Liquidation Sale, Lease Monetization, and SISP. Further, the Applicants have sufficient funding to repay the outstanding DIP Obligations.

4.3 The Monitor understands that the Applicants intend to repay the DIP Obligations in the near term. The revised ARIO contemplates that the DIP Charge will be automatically discharged once the DIP Lenders confirm receipt of the full DIP Obligations. Given that the DIP Facility is no longer needed in connection with these CCAA Proceedings, the Monitor supports the relief sought by the Applicants to eliminate the interest expense associated therewith.

Approval of Restructuring Support Agreement

4.4 The Restructuring Support Agreement will allow the Company to continue to use its cash (which is subject to the security of the secured lenders party thereto, among others). The Monitor believes that the Restructuring Support Agreement will be constructive as the parties work together to advance these CCAA Proceedings in an orderly manner. The representations and warranties, covenants and other protections in favour of the ABL Lenders, FILO Lenders, and Term Loan Lenders are substantially similar to what was included in the DIP Term Sheet, which, as set out in the Pre-Filing Report, the Proposed Monitor (as it then was) was in favour of approving. The Monitor believes that the approval of the form of Restructuring Support Agreement is appropriate in the circumstances and will not materially prejudice any stakeholder.

Treatment of JV Payments

4.5 As discussed in greater detail in the Second Updated Cash Flow Forecast, subject to the approval of the Restructuring Support Agreement, Hudson's Bay is expected to have sufficient liquidity to pay the monthly aggregate amount of $7,000,000, plus applicable taxes, in respect of the JV Rent. This amount is intended to approximate the rent payable under the head leases, as well as the monthly debt servicing requirements and administrative expenses incurred in the ordinary course payable under the applicable Leases related to the premises leases by the JV Entities to Hudson's Bay. In connection with the partial payment of the JV Rent, the Applicants are seeking approval of the JV Rent Charge in favour of the JV Entities to secure any post-filing rent not paid by the Company to the JV Entities. The Monitor understands that RioCan and the JV Lenders do not oppose this relief.

4.6 The priority of the Charges in the ARIO is therefore proposed to be as follows:

With respect to all Property other than the Loan Parties' Property:

First – Administration Charge (to the maximum amount of $2,800,000);

Second – KERP Charge (to the maximum amount of $3,000,000);

Third – Directors' Charge (to the maximum amount of $13,500,000);

Fourth – JV Rent Charge; and

Fifth – Directors' Charge (to the maximum amount of $35,700,000).

With respect to the Loan Parties' Property, subject in all cases to the priority waterfall set out in the Restructuring Support Agreement, as amongst themselves, as follows:

Priority Ranking	**ABL Priority Collateral**	**Pathlight Priority Collateral**	**Other Collateral (as defined in the Restructuring Support Agreement)**
1st	Administration Charge (to the maximum amount of $2,800,000).	Administration Charge (to the maximum amount of $2,800,000).	Administration Charge (to the maximum amount of $2,800,000).
2nd	KERP Charge (to the maximum amount of $3,000,000).	KERP Charge (to the maximum amount of $3,000,000).	KERP Charge (to the maximum amount of $3,000,000).
3rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of $13,500,000).
4th	Directors' Charge (to the maximum amount of $13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit	JV Rent Charge.

		Facility (other than Excess ABL Obligations).	
5th	JV Rent Charge.	Directors' Charge (to the maximum amount of $13,500,000).	Directors' Charge (to the maximum amount of $35,700,000).
6th	Directors' Charge (to the maximum amount of $35,700,000).	JV Rent Charge.	
7th	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of $35,700,000).	

4.7 The Monitor supports the resolution of the dispute between HBC and RioCan on this basis. As detailed further in the Second Updated Cash Flow Forecast, the Applicants are projected to have sufficient cash on a go-forward basis to pay the JV Rent contemplated to be paid in the ARIO. The JV Rent Charge is only what is necessary to cover unpaid amounts that would otherwise have been paid to the RioCan-HBC JV in the ordinary course, and is consented to by the other material secured creditors party to the Restructuring Support Agreement. The Monitor therefore believes the relief sought by the Applicants in this regard is appropriate and will not materially prejudice any creditor.

Financing Agreement

4.8 The Monitor understands that Hudson's Bay currently owes approximately $5,400,000 under its property insurance policy, which is due in full the week of March 24, 2025. The Financing Agreement will provide Hudson's Bay with additional liquidity by allowing it to finance its property insurance policies whereby $1,600,000 would be paid initially, followed by monthly installments of $431,000. The Monitor believes that the additional liquidity will be helpful for the Applicants, and believes the relief sought is reasonable and appropriate in the circumstances.

<u>Retention of Oberfeld</u>

4.9 As discussed in the First Report, the Applicants intended to retain JLL as the Broker for the Lease Monetization Process. The Monitor noted therein that JLL had previously been engaged by the Pathlight Agent to conduct a comprehensive review of the Applicants' leases (excluding the distribution centres, Saks and Saks Off 5th store leases) and to provide views on the monetization potential for each of the leases in June 2024 (the "**June 2024 Review**").

4.10 In the early morning of March 17, 2025, JLL informed the Applicants that it would no longer be in a position to market certain of the leases. By the end of the day on March 17, JLL advised the Monitor that it would not serve as Broker under the Lease Monetization Process.

4.11 After it was confirmed that JLL would not serve as Broker, the Applicants, the Monitor and Reflect immediately began to consider suitable replacement firms to serve as Broker, and Reflect contacted several firms in connection therewith.

4.12 The Applicants ultimately entered into a consulting services agreement with Oberfeld dated March 20, 2025 (the "**Oberfeld Consulting Services Agreement**"). Oberfeld is a real estate advisory firm with significant experience in the retail industry. The Oberfeld Consulting Services Agreement is on substantially the same terms as the prior JLL Consulting Services Agreement.

4.13 The Monitor supports the approval of the Oberfeld Consulting Services Agreement.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Actual receipts and disbursements for the period from March 8, 2025 to March 14, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "C" to the First Report, are summarized in the following table:

Cash Flow Variance Report			**$000's**
	Actual	**Budget**	**Variance**
Receipts	**20,966**	**13,596**	**7,370**
Disbursements			
Payroll & Benefits	(6,513)	(6,908)	395
Occupancy Costs	(4,066)	(6,948)	2,882
Operating Expenses	(679)	(5,071)	4,392
Concession/Consignment Payments	(165)	(425)	260
Sales Tax Remittances	-	-	-
Liquidation Consultant Fees & Expenses	-	-	-
Professional Fees	(3,214)	(3,211)	(3)
Interest Payments & Fees	(979)	(962)	(18)
Shared Service Payments	-	-	-
Inventory Purchases	(526)	(505)	(21)
Total Disbursements	**(16,142)**	**(24,030)**	**7,888**
Net Cash Flow	**4,824**	**(10,433)**	**15,257**
Opening Cash Balance	5,208	5,266	(58)
Net Cash Flow	4,824	(10,433)	15,257
Cash Collateralization	-	-	-
DIP Facility Advance	11,000	11,000	-
Closing Cash Balance	**21,032**	**5,832**	**15,200**

5.2 Explanations for material variances during the Reporting Period are as follows:

(a) positive variance in total receipts of approximately $7.4 million as sales were significantly higher than forecast. The forecast sales during the pre-liquidation period were estimated utilizing historical sales data for similar periods in prior years and did not account for increased sales and foot traffic prior to the start of the Liquidation Sale;

(b) the positive permanent variance in occupancy costs of approximately $2.9 million is primarily attributable to payments of third-party rents, property taxes and CAM being lower than forecast as certain payments covering the occupancy period had been paid prior to the Filing Date;

(c) the positive variance in operating expenses of $4.4 million is a timing difference that is expected to reverse in future weeks; and

(d) the components of the remaining net positive variance in total disbursements of approximately $613,000 are primarily timing differences that are expected to reverse in future weeks.

5.3 During the Reporting Period, the Company experienced a positive net cash flow variance of approximately $15.3 million.

5.4 The closing cash balance as of March 14, 2025, was approximately $21.0 million, as compared to the projected cash balance of $5.8 million.

6.0 SECOND UPDATED CASH FLOW FORECAST

6.1 Hudson's Bay, with the assistance of Reflect and the Monitor, has prepared an updated cash flow forecast (the "**Second Updated Cash Flow Forecast**") for the 13-week period from March 15 to June 13, 2025 (the "**Cash Flow Period**"). A copy of the Second Updated

Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "E"**.

6.2 A summary of the Second Updated Cash Flow Forecast is provided in the table below:

Second Updated Cash Flow Forecast	**$000's**
	13-Week Period
Receipts	
Retail Receipts	438,330
Other Receipts[2]	50,689
Total Receipts	**489,019**
Disbursements	
Payroll & Benefits	(62,062)
Occupancy Costs	(73,171)
Operating Expenses	(61,095)
Concession/Consignment Payments[1]	(34,265)
Sales Tax Remittances	(32,656)
Liquidation Consultant Fees & Expenses	(26,161)
Professional Fees	(18,460)
Interest Payments & Fees	(10,571)
Shared Service Payments	(2,150)
Inventory Purchases	(1,010)
Total Disbursements	**(321,600)**
Net Cash Flow	**167,420**
Opening Cash Balance	21,032
Net Cash Flow	167,420
Cash Collateralization	(21,031)
DIP Facility Repayment	(11,000)
Closing Cash Balance	**156,420**
Total Senior Debt[3]	**257,279**
DIP Facility Balance	**--**

[2] These line items include Participating Concession Vendors, GB Consignment, and Additional Consultant Goods.

[3] Represents: (i) FILO Credit Facility balance of approximately $137 million, inclusive of a make-whole provision of approximately $28 million which has been asserted by the FILO Lender; and (ii) the Pathlight Credit Facility balance of approximately $92 million.

6.3 As noted above, Hudson's Bay had a cash balance of approximately $21 million as of March 14, 2025, which combined with the forecast net cash flows in the initial weeks of the Cash Flow Period, is projected to be sufficient to repay the outstanding DIP Facility balance in full, with no future DIP Facility funding required.

6.4 The Second Updated Cash Flow Forecast should be read in conjunction with the summary of assumptions as referred to in Appendix "C" of the First Report. The Monitor notes the following with respect to the Second Updated Cash Flow Forecast:

(a) retail receipts reflect forecast sales taking into consideration increased sales experienced since the Filing Date and the revised commencement date for the Liquidation Sale, subject to Court approval of the Liquidation Consulting Agreement and Sale Guidelines;

(b) other receipts reflect gross proceeds from the sale of goods pursuant to: (i) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (ii) Additional Consultant Goods;

(c) disbursements include payroll, occupancy costs, operating expenses, concession/consignment payments, sales tax remittances, liquidation fees and expenses, professional fees, interest payments, shared service payments and inventory purchases;

(d) occupancy costs include third-party rents, property taxes and CAM for the stores, corporate office and distribution centres, while the applicable lease remains in effect. The Monitor notes that forecast occupancy costs have been revised to include a monthly aggregate payment of $7 million, plus any applicable taxes, in respect of occupation rent owing under the terms of the RioCan-HBC JV leases (10 JV stores);

(e) inventory purchases represent estimated disbursements to purchase inventory that is expected to be accretive to the Liquidation Sale;

(f) the Company forecasts that it will have sufficient liquidity to repay the DIP Facility in the second week of the forecast; and

(g) the Revolving Credit Facility Lenders have requested that the obligations for their cash products be cash collateralized. The Company forecasts that it will have sufficient liquidity to cash collateralize these cash products in the second week of the forecast.

6.5 On March 19, 2025, the Company paid rents to its landlords for the period March 16 to 31, 2025.

6.6 Provided the Liquidation Sale pursuant to the Amended Liquidation Consulting Agreement and the Sale Guidelines is approved by this Court, based on the Second Updated Cash Flow Forecast, the Monitor is of the view that the Applicants will have sufficient liquidity throughout the Cash Flow Period, without a need for further DIP financing.

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

7.0 CONCLUSIONS AND RECOMMENDATIONS

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

All of which is respectfully submitted to the Court this 21st day of March, 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

APPENDIX E
Second Report of the Monitor dated April 22, 2025

See attached.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

APRIL 22, 2025

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1.0 INTRODUCTION

1.1 On March 7, 2025 (the "**Filing Date**"), Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), and the other applicants listed on **Schedule "A"** hereto (together, the "**Applicants**"), were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to an initial order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule "A"** hereto (together with HBC Holdings LP, the "**Non-Applicant Stay Parties**"). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as "**Hudson's Bay Canada**".

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). A&M, then in its capacity as proposed Monitor, issued a pre-filing Report dated March 7, 2025, to provide the Court with information, and where applicable, its views on the relief sought by the Applicants.

1.3 The Applicants' served a motion record on March 14, 2025, in support of a comeback motion (the "**Comeback Motion**") for:

(a) an amended and restated Initial Order (the "**ARIO**");

(b) an order (the "**Lease Monetization Process Order**"), among other things, approving a process to market Hudson's Bay Canada's leases (the "**Lease Monetization**

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

(c) an order (the "**Liquidation Sale Approval Order**"), among other things, approving the Liquidation Consulting Agreement and Sale Guidelines for the orderly liquidation of inventory and FF&E at each of the Stores (as such terms are defined in the Liquidation Sale Approval Order); and

(d) an order (the "**SISP Order**"), among other things, approving a sale and investment solicitation process in respect of the Applicants' business and property (the "**SISP**").

1.4 The Monitor issued its first Report to the Court on March 16, 2025 (the "**First Report**") to provide information and the Monitor's views in respect of the relief sought at the Comeback Motion (the "**Comeback Relief**").

1.5 Certain parties filed materials in opposition to the Comeback Relief. The Court ultimately granted certain interim relief on March 17, 2025, and further interim relief following an attendance on March 19, 2025 (the "**March 19 Hearing**"). At the March 19 Hearing, the Court adjourned the remainder of the Comeback Relief to March 21, 2025 (the "**March 21 Hearing**").

1.6 On March 21, 2025, the Applicants served a motion record, including an affidavit sworn by Jennifer Bewley, the chief financial officer of Hudson's Bay (the "**Third Bewley Affidavit**") setting out revised relief to be sought at the March 21 Hearing. The Applicants sought amended forms of the ARIO, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

(a) a revised 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) amending the stay of the JV Rent (as defined in the ARIO) and granting a related charge in favour of the JV Parties (as defined in the ARIO);

(iv) granting a priority charge over the Applicants' Property in favour of RioCan-Hudson's Bay JV, YSS1, YSS 2, or RioCan-Hudson's Bay Ottawa LP, to secure any rent not paid by the Company after March 7, 2025, to RioCan-Hudson's Bay JV, YSS1, YSS 2, or RioCan-Hudson's Bay Ottawa LP; and

(v) authorizing Hudson's Bay to enter into the continuous premium installment contract with Imperial PFS Payments Canada, ULC ("**IPFS**"), pursuant to which IPFS would provide financing to the Company to purchase one or more property insurance policies;

(b) a revised Lease Monetization Order which would, among other things: (i) approve a Lease Monetization Process incorporating certain amendments negotiated with relevant stakeholders; and (ii) approve the Oberfeld Consulting Agreement (as defined therein) between Hudson's Bay and Oberfeld Snowcap Inc. ("**Oberfeld**") pursuant to which Oberfeld, rather than the previously proposed broker, would be the broker responsible for assisting in the marketing of leases;

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

(d) a revised SISP Order which would, among other things, approve a revised SISP incorporating certain amendments negotiated with key stakeholders.

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

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

(a) the Court declined to continue the co-tenancy stay; and

(b) the Court declined to approve the Restructuring Support Agreement and deferred the hearing of that relief to March 26, 2025 (the "**March 26 Hearing**").

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

1.9 Following the March 26 Hearing, the Court issued an endorsement (the "**March 29 Endorsement**") pursuant to which it, among other things, declined to approve the Restructuring Support Agreement and provided certain directions to the Monitor with respect to future reporting. Copies of the March 26 Endorsement and the March 29 Endorsement are attached hereto as **Appendices "A"** and **"B",** respectively.

1.10 On April 17, 2025, the Applicants served a motion record (including affidavits of the same date sworn by Jennifer Bewley (the "**Fourth Bewley Affidavit**") and Adam Zalev (the "**Zalev Affidavit**") of Reflect Advisors, LLC in its capacity as the financial advisor to the Company (the "**Financial Advisor**") in respect of a motion returnable April 24, 2025 (the "**April 24 Motion**"). As set out in greater detail therein, the Applicants are seeking:

(a) an order (the "**Employee Representative Counsel Order**"), among other things: (i) appointing Ursel Philips Fellows Hopkinson LLP ("**Ursel Philips**") as representative counsel ("**Employee Representative Counsel**") to represent the interests of all Represented Employees (as defined below) in the CCAA Proceedings or related insolvency proceedings; and (ii) amending the Administration Charge granted in the Initial Order to include proposed Employee Representative Counsel, as security for its professional fees and disbursements, to a maximum of $100,000; and

(b) an order (the "**Art Auction Order**"), among other things, approving: (i) amendments to the SISP and SISP Order to remove the Company's art and artifact collection (collectively, the "**Art Collection**") from the Property (as defined in the SISP) available for sale pursuant to the SISP; (ii) the vesting of sales of the Art Collection to Successful Art Bidders free and clear of all Claims (each as defined in the Art

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

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

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

(a) the Employee Representative Counsel Order and the Art Auction Order sought by the Applicants;

(b) the protocol implemented by the Monitor to address potential "insider bids" in the Lease Monetization Process and the SISP;

(c) the status of the Lease Monetization Process and the non-binding letters of intent received as of the Phase 1 Bid Deadline (as defined in the Lease Monetization Process);

(d) the review of security granted by certain of the Applicants that has been undertaken to date by the Monitor's counsel;

(e) cash flow results relative to forecast and the Company's updated cash flow forecast;

(f) the activities of the Monitor since the date of the Supplemental Report; and

(g) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

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

(a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (the "**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information; and

(b) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Second Report was prepared based on the estimates and assumptions of Hudson's Bay Canada. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, the variations could be significant.

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

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

3.0 EMPLOYEE REPRESENTATIVE COUNSEL

Background on Employees

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

3.2 The Monitor understands that the Company sponsors three supplementary executive retirement plans ("**SERPs**") under which a total of 304 employees and former employees participated. Some of the accrued SERP benefits are intended to be pre-funded through a trust and some of the accrued SERP benefits are not intended to be pre-funded but rather are paid from general revenue. Some of the pre-funded components are under-funded and the trust funds are insufficient to pay the accrued benefits. For those SERPs or portions thereof that have a trust, the trustee, Royal Trust Corporation of Canada, will determine the distribution of the assets (with advice from an actuary).

3.3 The Monitor further understands that Hudson's Bay also offered: (a) post retirement benefits ("**PRBs**") in the form of health and dental benefits that were paid by the Company from general revenue and administered by an insurer on both an administrative services only and a refund accounting basis and life insurance policies to approximately 2,000 retirees; and (b) long term disability benefits that are paid by the Company from general revenue and administered by an insurer on an administrative services only basis to approximately 183 employees, 93 of whom are still currently employed with the Company.

3.4 Historically, the Company had been the legal administrator (the "**Pension Administrator**") for the Pension Plan, which is a combination defined benefit and defined contribution pension plan registered under the *Pension Benefits Act* (Ontario). The Pension Plan is continuing, and no steps have been taken to commence a wind-up thereof. The Pension Plan is currently more than fully funded relative to the accrued pension benefit liabilities thereunder. The Monitor understands that the required contributions to the Pension Plan are being made when due.

3.5 On April 3, 2025, the Financial Services Regulatory Authority of Ontario ("**FSRA**") advised Hudson's Bay that pursuant to its authority under the *Pension Benefits Act* (Ontario) (section 8(1.1) and the General Regulations (section 65.2)), FSRA was appointing Telus Health (Canada) Ltd. to act as the independent third-party Pension Administrator in respect of the Pension Plan, effective April 3, 2025. FSRA has confirmed that the appointment of a Pension Administrator does not result in an automatic winding-up of the Pension Plan.

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

(a) terminated the employment of approximately 272 corporate employees;

(b) for all 304 SERP beneficiaries, as applicable: (i) terminated SERP benefit payments from general revenue; and (ii) notified the trustee that any SERP trust is automatically terminated in accordance with the terms of the trust agreement and that Hudson's Bay will not make any further contributions to or payments in respect of any trust;

(c) terminated salary continuation arrangements for employees terminated prior to the commencement of the CCAA Proceedings; and

(d) provided notice of termination to PRB recipients notifying them that their PRBs will be terminated effective April 30, 2025.

3.7 Current and former employees of the Applicants are a key stakeholder group in these CCAA Proceedings and have faced significant uncertainty since the commencement of the CCAA Proceedings, and like many stakeholders, will continue to face challenges as the CCAA Proceedings continue. The Monitor and the Company have therefore considered a variety of potential measures that may assist current and former employees with respect to the potential impacts of the CCAA Proceedings.[2]

Appointment of Employee Representative Counsel

3.8 The Company and the Monitor believe it is appropriate for representative counsel to be appointed to represent the interests of current and former employees with continuing entitlements from the Applicants, including retirees of the Applicants, who are not represented by a union, or were not represented by a union at the time of their separation from employment (the "**Current and Former Employees**"), or any person claiming an interest under or on behalf of a current or former employee of the Applicants including beneficiaries and surviving spouses, but excluding directors and officers of the Applicants (collectively, the "**Represented Employees**").

3.9 On April 7, 2025, counsel for the Applicants, in consultation with the Monitor, issued a letter (in the form appended to the Fourth Bewley Affidavit) to five law firms soliciting proposals from those firms to act as Employee Representative Counsel.

3.10 Each firm was asked to submit a proposal to counsel for the Company and the Monitor by April 10, 2025, at 5:00pm. On April 10, 2025, the Company received an additional inquiry from a sixth law firm – after consulting with its counsel and the Monitor, the Company issued the same form of request for proposal to that firm with a deadline of April 11, 2025,

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

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

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

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

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

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

(b) advising and supporting the Represented Employees in respect of employment or other workplace matters;

(c) filing claims in any claims process;

(d) advising the Represented Employees in respect of matters involving other post-employment benefit entitlements;

(e) participating on behalf of the Represented Employees with the settlement or compromise of any rights, entitlements or claims of the Represented Employees; and

(f) participating in and assisting with, on behalf of the Represented Employees, claims filed under the *Wage Earner Protection Program Act* if such relief is later granted by the Court (collectively, the "**Purpose**").

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

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

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

3.16 If appointed, the Monitor understands that Ursel Phillips will: (a) establish a toll-free dedicated phone line and dedicated email address through which the Company's employees can obtain information about the CCAA Proceedings; and (b) post information relevant for the Represented Employees on its website.

3.17 The Applicants are seeking the appointment of Employee Representative Counsel to ensure the Represented Employees have the opportunity to meaningfully, collectively and affordably participate in the CCAA Proceedings.

3.18 The Monitor supports the appointment of Employee Representative Counsel and believes the Employee Representative Counsel Order is appropriate in the circumstances. Employee Representative Counsel will help reduce costs and streamline the CCAA Proceedings by serving as a single point of contact between the Represented Employees, the Company, the Monitor, and the Court – the relief sought is therefore not just in the best interests of the Represented Employees, but the Company's stakeholders more broadly.

3.19 The Monitor believes that it is appropriate for Employee Representative Counsel's reasonable fees to be funded by the Company, and for Employee Representative Counsel to share in the Administration Charge (which the Applicants do not seek to increase). Ursel Phillips is experienced employee representative counsel and the Monitor believes it has the expertise and resources required to effectively fulfil the proposed Purpose.

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

4.0 ART AUCTION[3]

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

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

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

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

4.3 As a result, the Financial Advisor notified Qualified Bidders that, subject to Court approval, an auction for the Art Collection (the "**Art Auction**") will take place and requested that all Qualified Bidders: (a) not include the Art Collection as a component of their Final Qualified Bid in the SISP; and (b) indicate in a separate non-binding letter, whether they have an interest in participating in the Art Auction.

4.4 The Applicants are therefore seeking approval of the Art Auction Order, which would amend the SISP by: (a) removing the Art Collection from the definition of "Property" thereunder; (b) requesting that bidders interested in the Art Collection submit non-binding letters of interest by April 30, 2025[4]; and (c) providing that the Company, the Financial Advisor, and the Monitor shall develop procedures governing the Art Auction, which procedures shall be communicated to all potential bidders by no later than 15 days before the Art Auction.

4.5 The proposed Art Auction Order provides for the vesting of sales of the Art Collection to Successful Art Bidders free and clear of all Claims, subject to the delivery of an executed bill of sale or receipt. Given the nature of the Art Auction and the possibility of a significant number of individual sales of the Art Collection (which could number in the hundreds), the Monitor is of the view that the vesting of sales of the Art Collection in this manner is

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

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

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

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

5.0 INSIDER PROTOCOL

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

5.2 The Monitor prepared such a protocol with such additional procedures, and on April 10, 2025, counsel to the Monitor served the protocol (the "**Insider Protocol**") on the service list in the CCAA Proceedings. The Monitor posted the Insider Protocol on its website shortly thereafter. The purpose of the Insider Protocol is to ensure integrity and fairness in the SISP and/or the Lease Monetization Process in the event an "Insider Bid" (as defined in the Insider Protocol) is made. A copy of the Insider Protocol is attached hereto as **Appendix "C"**.

5.3 Shortly after the Insider Protocol was served, counsel to certain of the Company's landlords contacted the Monitor to express various concerns with the Insider Protocol. The Monitor and its counsel engaged in discussions with the landlords' counsel, and the Monitor agreed to make certain amendments to the Insider Protocol, including principally to: (a) ensure that the list of "Affected Management" that may not receive certain information remains static, subject to the Monitor's consent; (b) add the concept of "Interested Bidder" to capture bidders in the Lease Monetization Process; and (c) ensure the Monitor has consented to discussions between Potential Sponsors (as defined therein), bidders and Affected Management. The Monitor understands that its revisions did not satisfy the concerns of counsel to certain of the Company's landlords, but the Monitor believes the revised Insider Protocol (the "**Revised Insider Protocol**") is appropriate in the circumstances and has been implemented.

5.4 A copy of the Revised Insider Protocol is attached hereto as **Appendix "D",** and a redline to the Insider Protocol is attached hereto as **Appendix "E"**.

6.0 UPDATE ON THE LEASE MONETIZATION PROCESS[5]

6.1 Commencing on March 24, 2025, Oberfeld emailed the Teaser Letter to approximately 60 potentially interested parties. The list of potentially interested parties was developed by Oberfeld based on its market expertise and its consideration of parties that may have an interest in the Leases, with input from the Applicants and the Monitor. Parties that contacted Oberfeld or the Monitor directly to express interest in one or more Leases were also provided with the Teaser Letter and NDA.

6.2 31 parties executed an NDA and were provided with access to an electronic data room to conduct due diligence. In accordance with the Lease Monetization Process, Landlords were not required to sign an NDA in respect of a bid for any of their own Leases.

6.3 On April 3, 2025, Oberfeld emailed a process letter to the Landlords and each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their non-binding LOI submissions.

6.4 Pursuant to Section 27 of the Lease Monetization Process, the Monitor is required to deliver an update to the Court at the conclusion of Phase 1. The Monitor's update in this regard follows below.

6.5 As of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same location(s) such that there was overlap of locations across multiple LOIs. Also,

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

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

6.6 In addition, in the days immediately following the Phase 1 Bid Deadline, one non-Landlord submitted an LOI expressing interest in one Lease. Oberfeld, the Applicants and the Monitor are considering the merits of this LOI.

6.7 No LOI was submitted for 36 Leases. The Applicants, Oberfeld and the Monitor are considering whether Leases for locations where no LOIs were submitted should be disclaimed and the timing for same, taking into consideration the ongoing SISP and the anticipated timing for closure of stores.

6.8 Pursuant to the Lease Monetization Process, the Applicants,[6] in consultation with Oberfeld, the Monitor, and the Agents, are in the process of assessing certain of the LOIs to determine if they are Qualified LOIs. Restore Capital, LLC (as the agent under the FILO Credit Facility) has irrevocably confirmed in writing to the Applicants and the Monitor that it would not be bidding in the Lease Monetization Process, but has reserved its rights to bid in the SISP. As a result, Restore Capital, LLC will only be consulted in the Lease Monetization Process on bids where there is no interest that may overlap with the SISP. Pathlight Capital LP (as agent under the Pathlight Credit Facility) and Bank of America, N.A. (as the agent under the ABL Credit Facility) have not provided any declaration in

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

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

7.0 SECURITY REVIEW

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

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

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

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

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

(a) that each security document granted by the ABL Debtors to the ABL Agent in respect of the ABL Credit Agreement constitutes a legal, valid and binding obligation of each of the ABL Debtors party thereto, enforceable against such ABL Debtors in accordance with the terms thereof, and where applicable (and with the exception of certain "equitable mortgages"[7]), perfected by registration in the applicable provinces to the extent capable under applicable law;

(b) that certain leasehold mortgages (with the exception of certain "equitable leasehold mortgages"[8]) have been registered against title to the real property referred to therein

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

[8] Only with respect to the "equitable leasehold mortgages" governed by the laws of the Province of Manitoba.

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

(c) that the deeds of hypothec, governed by the laws of the Province of Quebec, create in favour of the ABL Agent, as hypothecary representative, a valid movable hypothec;

(d) that each security document granted by the Pathlight Debtors to the Pathlight Agent pursuant to the Pathlight Credit Facility (with the exception of certain "equitable leasehold mortgages"[9]) constitutes a legal, valid and binding obligation of each of the Pathlight Debtors party thereto, enforceable against such Pathlight Debtors in accordance with the terms thereof, and where applicable (and with the exception of certain "equitable mortgages" [10]), perfected by registration in the applicable provinces to the extent capable under applicable law;

(e) that certain leasehold mortgages (with the exception of certain "equitable leasehold mortgages") have been registered against title to the real property referred to therein in the land registry or title office applicable thereto; and that certain leasehold mortgages constitute a fixed and specific (or valid, as applicable) mortgage and charge in favour of the Pathlight Agent of the leasehold interest of the applicable debtor thereunder; and

[9] Only with respect to the "equitable leasehold mortgages" governed by the laws of the Province of Québec.

[10] The Pathlight Opinion notes that various of the mortgages granted in favour of the Pathlight Agent are unregistered "equitable mortgages".

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

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

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

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST[11]

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

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

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

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

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

(a) the positive variance in retail receipts of approximately $9.6 million is due to higher than forecast gross retail receipts resulting from increased foot traffic in stores and increased website traffic, and the continued sale of Participating Concession Vendors consignment goods (which resulted in increased vendor payments as described in note (e) below), which was partially offset by higher than forecast gift card redemptions. The positive variance is expected to reverse in future weeks as actual sales have recently slowed relative to forecast;

(b) the negative variance in other receipts of approximately $12.6 million is a result of forecast sales of $15.1 million not being achieved due to a delay in the receipt of Additional Consultant Goods which are to be sold at the liquidating stores, partially offset by the collection of other non-operating receipts of $2.5 million. The negative variance is expected to reverse in future weeks as Additional Consultant Goods are sold in the liquidating stores;

(c) the negative variance in occupancy costs of approximately $2.8 million consists of a negative permanent variance attributable to the required payment of the JV Monthly Cap for March which was not contemplated at the time the forecast was prepared;

(d) the positive variance in operating expenses of approximately $31.4 million consists of: (i) a positive permanent variance of approximately $17.0 million as a result of lower than forecast disbursements in respect of critical vendor deposits, credit card processing fees and store operating expenses; and (ii) a positive timing variance of approximately $14.4 million which is expected to reverse in future weeks;

(e) the negative variance in concession/consignment payments of approximately $15.0 million is comprised of: (i) a permanent negative variance of $25.6 million as a result of higher than forecast disbursements to Participating Concession Vendors and the GB Consignment vendor as a result of sales of these goods being higher than forecast; partially offset by (ii) a positive timing variance of $10.6 million as disbursements forecast to be paid to the liquidators' for their share of the corresponding sale of Additional Consultant Goods which have been delayed as described in (b) above;

(f) the positive variance in sales tax remittances of approximately $5.1 million is a permanent difference resulting from the March 2025 sales tax remittances being lower than forecast;

(g) the positive variance in interest payments and fees of approximately $3.5 million relates to interest payments on the FILO Credit Facility and Pathlight Credit Facility that were not paid as a result of the Court declining to approve the Restructuring Support Agreement (under the Restructuring Support Agreement, interest obligations on the FILO Credit Facility and Pathlight Credit Facility were permitted to be paid as they became due);

(h) the remaining net positive variance in total disbursements of approximately $10.9 million consists of timing differences that are expected to reverse in future weeks; and

(i) the negative variance in cash collateralization of $21.0 million relates to cash product obligations owed to the Revolving Facility Lenders that were not paid as a result of the Court declining to approve the Restructuring Support Agreement (under the Restructuring Support Agreement, cash collateralization of all L/C Obligations was permitted within three weeks of March 21, 2025).

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

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

9.0 THIRD UPDATED CASH FLOW FORECAST

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

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

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

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

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

(b) concession/consignment payments represent payments to vendors related to the sale of goods pursuant to existing agreements with Participating Concession Vendors and the GB Consignment goods;

(c) payroll and benefits include salaries, wages, remittances, employee benefits and taxes for salaried and part-time employees across the stores, corporate office and distribution centres, as well as payments to Key Employees in accordance with the KERP approved by this Court;

(d) liquidator share of augment sales represents payments related to the sale of Additional Consultant Goods;

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

(f) operating expenses primarily include store-level, corporate and distribution centre operating costs, logistics and supply chain costs, credit card processing fees, IT costs, insurance and utilities paid directly to municipalities;

(g) the Liquidation Consultant fees & expenses include: (i) the Liquidation Consultant's commission fee calculated as a percentage of Liquidation Sale receipts; and (ii) a provision for costs relating to marketing, signage, labour and other expenses[12];

(h) professional fees include the fees of the Applicants' legal counsel, the Financial Advisor, Oberfeld, the Monitor, the Monitor's legal counsel, and Employee Representative Counsel;

(i) shared services payments consist of: (i) cost reimbursement for Saks Global employees that provide support services to Hudson's Bay; and (ii) estimated payments to Saks Global for Hudson's Bay's share of third-party IT costs. Since the Filing Date, Hudson's Bay Canada and Saks Global, with the assistance of the Monitor, have worked to develop a process to settle shared service costs incurred post-filing. The Monitor notes that this process is still ongoing and forecast payments are expected to decrease in accordance with projected requirements as the Liquidation Sale is completed; and

(j) inventory purchases represent estimated disbursements to purchase inventory that is expected to be accretive to the Liquidation Sale.

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

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

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

10.0 ACTIVITIES OF THE MONITOR

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

(a) continuing to assist the Applicants in implementing accounting cut-off measures to ensure proper determination of pre- and post-filing obligations and liabilities as of the Filing Date; continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and to minimize disruptions to operations at the stores and distribution centres;

(b) assisting in preparing updated cash flow forecasts, including the Third Updated Cash Flow Forecast appended hereto; monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting;

(c) liaising with Hilco Merchant Retail Solutions ULC and the Applicants on many aspects of the Liquidation Sale; participating in discussions with the Applicants and licensee, consignee and concession vendors with respect to their participation in the Liquidation Sale or wind-down of their relationship with the Applicants;

(d) working with the Applicants and Saks Global on shared services cost allocations and reviewing/analyzing related supporting information and documentation;

(e) with the assistance of Bennett Jones, reviewing SERP, PRB and Pension documentation, and working with the Applicants and their legal counsel on next steps and communications with current and former employees; liaising with the Applicants and their legal counsel on the solicitation of proposals from prospective Employee Representative Counsel and reviewing/discussing the proposal submissions;

(f) with the assistance of Bennett Jones, developing and implementing the Insider Protocol for the Lease Monetization Process and SISP;

(g) supervising Oberfeld in conducting the Lease Monetization Process, including reviewing proposals received for the Phase 1 Bid Deadline and discussing same/next steps with Oberfeld;

(h) supervising Reflect in conducting the SISP, including participating in discussions and meetings with potential bidders and potential auction services providers in respect of the Art Collection;

(i) responding to a high volume of enquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or email account established for the case by the Monitor;

(j) posting non-confidential materials filed with the Court, credit agreements and security documentation to the Case Website and a supplementary data room (as applicable); and

(k) with the assistance Bennett Jones, preparing this Second Report.

11.0 CONCLUSIONS AND RECOMMENDATIONS

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

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

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

Per: ______________________________
Alan J. Hutchens
Senior Vice-President

Per: ______________________________
Greg A. Karpel
Senior Vice-President

APPENDIX F
Third Report of the Monitor dated May 9, 2025

See attached.

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

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

THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

MAY 9, 2025

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1.0 INTRODUCTION

1.1 On March 7, 2025 (the "**Filing Date**"), Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), and the other applicants listed on **Schedule "A"** hereto (together, the "**Applicants**"), were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to an initial order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). The stay of proceedings and other protections and authorizations in the Initial Order were also extended to HBC Holdings LP and the other non-Applicant entities listed on **Schedule "A"** hereto (together with HBC Holdings LP, the "**Non-Applicant Stay Parties**"). Together, the Applicants and the Non-Applicant Stay Parties are referred to herein as "**Hudson's Bay Canada**".

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). A&M, then in its capacity as proposed Monitor, issued a pre-filing Report dated March 7, 2025, to provide the Court with information and where applicable its views on the relief sought by the Applicants.

<u>Comeback Motion</u>

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 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 The Monitor issued its first report to the Court on March 16, 2025 (the "**First Report**") to provide information and the Monitor's views in respect of the relief sought at the Comeback Motion (the "**Comeback Relief**").

1.5 Certain parties filed materials in opposition to the Comeback Relief. The Court ultimately granted certain interim relief on March 17, 2025, and further interim relief following an attendance on March 19, 2025 (the "**March 19 Hearing**"). At the March 19 Hearing, the Court adjourned the remainder of the Comeback Relief to March 21, 2025 (the "**March 21 Hearing**").

1.6 On March 21, 2025, the Applicants served a motion record, including an affidavit sworn by Jennifer Bewley, the Chief Financial Officer of Hudson's Bay (the "**Third Bewley**

Affidavit") setting out revised relief to be sought at the March 21 Hearing. The Applicants sought amended forms of the ARIO, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

(a) a revised 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.

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

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

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

(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**").

1.9 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

1.10 On April 17, 2025, the Applicants served a motion record in respect of a motion returnable April 24, 2025 (the "**April 24 Motion**"). As set out in greater detail therein, 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 artifact collection (collectively, the "**Art Collection**") from the Property (as defined in the SISP) available for sale pursuant to the SISP; (ii) the vesting of 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.[2]

1.11 The Monitor issued a report (the "**Second Report**") dated April 22, 2025 in connection with the April 24 Motion.

1.12 On April 23, Koskie Minsky LLP ("**KM**"), on behalf of three former employees of Hudson's Bay, served a cross-motion record opposing the appointment of Ursel Phillips as Employee Representative Counsel and seeking the appointment of The Honourable Douglas Cunningham to conduct an evaluation process and select representative counsel.

1.13 At the conclusion of the hearing on April 24, the Court:

(a) dismissed the Applicants' motion and KM's 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 artifacts.

1.14 The Court's reasons for decision issued in connection with the April 24 Motion are attached hereto as **Appendix "A"**, and the A&R SISP Order granted by the Court is attached hereto as **Appendix "B"**.

[2] 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 the Art Collection.

1.15 As discussed in greater detail below, on May 5, 2025, the Court issued an endorsement accepting the recommendation of the ITP appointing Ursel Phillips as Employee Representative Counsel.

Motion for Stay Extension and Distribution Order

1.16 On May 7, 2025, the Applicants served a motion record, including an affidavit sworn by Jennifer Bewley of the same date (the "**Fifth Bewley Affidavit**"), seeking an Order (the "**Stay Extension and Distribution Order**"), among other things:

(a) extending the Stay Period (as defined below) 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 below).

1.17 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.

Purpose of this Report

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

(a) the appointment of Ursel Phillips as Employee Representative Counsel;

(b) the status of the Liquidation Sale, the Lease Monetization Process, the SISP, and the Art Auction;

(c) a further review of security granted by certain of the Applicants that has been undertaken to date by the Monitor's counsel;

(d) recent correspondence served on the service list by Toronto Hydro;

(e) the Stay Extension and Distribution Order sought by the Applicants;

(f) cash flow results relative to forecast and the Company's updated cash flow forecast;

(g) the activities of the Monitor since the date of the Second Report; and

(h) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third 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 Third 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 Third 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 Third 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 Third Report should be read in conjunction with the Fifth Bewley Affidavit. Capitalized terms used and not defined in this Third Report have the meanings ascribed in the Fifth Bewley Affidavit.

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

3.0 APPOINTMENT OF EMPLOYEE REPRESENTATIVE COUNSEL

3.1 As noted above, at the conclusion of the hearing on April 24, the Court appointed the Honourable Herman Wilton-Siegel as ITP to evaluate representative counsel proposals and to make a recommendation to the Court.

3.2 Shortly thereafter, on April 24, the Monitor, through its counsel, contacted each of the law firms that had previously submitted proposals to serve as Employee Representative

Counsel to update them of this development, and to confirm whether each firm remained interested in the role and wanted to be considered by the ITP. All five firms confirmed that they wanted to participate in this process.

3.3 The Monitor provided the ITP with the proposals originally submitted to the Applicants prior to the April 24 Motion, as well as certain other information requested by the ITP. In accordance with the directions provided to the Monitor by the Court at the end of the April 24 Motion, the Monitor and its counsel also met with the ITP on April 25. The ITP did not meet with any representatives of the Applicants, including its counsel.

3.4 The Monitor understands that the ITP conducted in-person interviews with representatives from all of the candidates on April 29, 2025. Each of the firms was provided with a list of questions from the ITP in advance of the interviews. The Monitor and its counsel did not attend the interviews and did not have any substantive discussions with the ITP following the interviews.

3.5 On May 5, 2025, the ITP issued a report to the Court (the "**ITP Report**") setting out its recommendation that Ursel Phillips be appointed as Employee Representative Counsel for the active and former non-unionized employees of Hudson's Bay and certain of its affiliates. The Court accepted this recommendation and appointed Ursel Phillips as Employee Representative Counsel pursuant to an endorsement of the same date (the "**May 5 Endorsement**"). The May 5 Endorsement, which appended the ITP Report, is attached hereto as **Appendix "C"**.

3.6 After the issuance of its endorsement, counsel for the Monitor provided the Court with a proposed form of the Employee Representative Counsel Order, which was signed and released by the Court on May 7, 2025. Pursuant to the Employee Representative Counsel Order, Employee Representative Counsel will represent the current and former employees with continuing entitlements from the Applicants or any of them as at the date of the Initial Order, and retirees of the Applicants, who are not represented by a union, or were not represented by a union at the time of their separation from employment, or any person claiming an interest under or on behalf of a current or former employee of the Applicants including beneficiaries and surviving spouses but excluding directors and officers of the Applicants (collectively, the "**Represented Employees**") in these CCAA Proceedings or related insolvency proceedings in respect of the Applicants ("**Insolvency Proceedings**"). Employee Representative Counsel's mandate includes:

(a) representing the Represented Employees in the Insolvency Proceedings;

(b) communicating with the Applicants, the Monitor and other stakeholders on behalf of the Represented Employees generally, and in respect of future motions and orders to be sought in the Insolvency Proceedings;

(c) advising the Represented Employees in respect of employment or other workplace matters arising within the Insolvency Proceedings;

(d) filing claims in any claims process that may be approved within the Insolvency Proceedings;

(e) advising the Represented Employees in respect of matters involving their other post-employment benefits entitlements;

(f) participating on behalf of the Represented Employees with the settlement or compromise of any rights, entitlements or claims of the Represented Employees; and

(g) participating in and assisting with, on behalf of the Represented Employees, claims filed under the *Wage Earner Protection Program Act*, if applicable.

3.7 A copy of the Employee Representative Counsel Order is attached hereto as **Appendix "D"**.

3.8 The Monitor has engaged in preliminary discussions and meetings with Employee Representative Counsel and will continue to engage with Employee Representative Counsel as appropriate throughout these CCAA Proceedings.

4.0 UPDATE ON THE LIQUIDATION SALE

4.1 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.

4.2 As discussed in the affidavit of Adam Zalev sworn April 23, 2025, six stores were initially excluded from the Liquidation Sale with the intent of attracting a potential going concern bid oriented around continued operations from those six locations (the "**Six Store Model**").[3] However, in the weeks following the commencement of the Liquidation Sale, the Company, in consultation with Reflect and the Monitor, concluded that the exclusion

[3] The following stores were initially excluded form the Liquidation Sale under the Six Store Model: 176 Yonge Street, Toronto, ON; Yorkdale Shopping Center, Toronto, ON; Hillcrest Mall, Richmond Hill, ON; Downtown, Montreal, QB; Carrefour Laval, Laval, QB; and Point-Claire, QB (collectively, the "**Excluded Stores**").

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. Therefore, at the April 24, 2025 hearing, the Court was advised that the Excluded Stores were being included in the Liquidation Sale effective April 25, 2025.

4.3 As described in the initial affidavit of Jennifer Bewley sworn March 7, 2025 (the "**First Bewley Affidavit**"), there were 13 stores operating across Canada under a license agreement as "Saks OFF 5th". Given their smaller size, the Liquidation Sale at most of these stores was expected to conclude faster than at the Hudson's Bay stores. The Applicants are in the process of completing the Liquidation Sale in these stores and exiting certain of these locations. Nine of the Saks OFF 5th stores closed on or about April 27, 2025, and the remaining four stores are anticipated to close on or prior to June 1, 2025.

4.4 To date, the Applicants, in consultation with the Monitor, have issued four notices to disclaim related to the Saks OFF 5th stores[4] for which no bids were received pursuant to the Lease Monetization Process.

4.5 As of the date of this Report, approximately 90% of the inventory that was located in the Distribution Centres or that was in transit to the Distribution Centres as of the Filing Date has been delivered to the Stores for inclusion in the Liquidation Sale. The Monitor understands that the remaining inventory (excluding a small amount of inventory related

[4] Notices to disclaim the leases were issued for following Saks OFF 5th locations: Park Royal Shopping Centre, Vancouver, BC; Place Ste-Foy, Ste. Foy, QC; Outlet Collection at Niagara, Niagara On-the-Lake, ON; and Queensway, Toronto, ON.

to ‘big-ticket’ furniture) is forecast to be delivered to the Stores by approximately May 16, 2025.

4.6 The Liquidation Sale at all of the Hudson’s Bay stores and the three other 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, the Merchant is required to vacate each of the Stores by no later than June 30, 2025.

5.0 UPDATE ON THE LEASE MONETIZATION PROCESS[5]

5.1 An update on the Lease Monetization Process through the Phase 1 Bid Deadline (April 15, 2025) was provided in the Second Report. As described in the Second Report:

(a) as of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same location(s) such that there was overlap of locations across multiple LOIs. Also, multiple LOIs described that the interested party would also be making a submission in the SISP, such that the LOI was effectively a subset of a broader bid to be made in the SISP; and

(b) no LOI was submitted for 36 Leases.

5.2 Pursuant to the Lease Monetization Process, the Applicants, in consultation with the Broker and the Monitor, determined that there was a reasonable prospect of Obtaining a Qualified

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

Bid and as such, the Lease Monetization Process was continued. Each party that submitted an LOI was invited to participate in Phase 2.

5.3 The Phase 2 deadline (or Qualified Bid Deadline) for submission of binding bids to be considered for the sales of Leases was May 1, 2025, which aligned with the Bid Deadline under the SISP of April 30, 2025.

5.4 As of the Qualified Bid Deadline:

(a) 12 parties had 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; and

(b) no Qualified Bid was submitted for 62 Leases.

5.5 No “Insider Bid” (as defined in the Insider Protocol) was submitted under either of the Lease Monetization Process or the SISP, and the Insiders have declared that they will not submit a bid under the Lease Monetization Process. Accordingly, the Revised Insider Protocol is no longer relevant.

5.6 Pursuant to the Lease Monetization Process, the Applicants, in consultation with Oberfeld, the Monitor and the Agents, are in the process of assessing the Qualified Bids, including clarifying aspects of same with certain bidders, and working through next steps.

5.7 As described in the Second Report, Restore Capital, LLC (as the agent under the FILO Credit Facility, the “**FILO Agent**”) had previously irrevocably confirmed in writing to the Applicants and the Monitor that it would not be bidding in the Lease Monetization Process, but had reserved its rights to bid in the SISP. The FILO Agent has since also confirmed to the Applicants and the Monitor that it would not be bidding in the SISP, but reserved its rights to bid in the Art Auction. As a result, the FILO Agent will be consulted in the Lease Monetization Process and the SISP. Pathlight Capital LP (as agent under the Pathlight Credit Facility) and Bank of America, N.A. (as the agent under the ABL Credit Facility) have not provided any declaration in respect of the Lease Monetization Process or the SISP and as such, will not be consulted by the Monitor in connection therewith unless and until such a declaration is provided. The Monitor has also communicated with certain Landlords in connection with their respective interests in the Lease Monetization Process in accordance with paragraph 37 of the Lease Monetization Process, which provides that the Applicants, the Monitor and the Broker will communicate with the relevant landlord parties from time to time as appropriate.

6.0 UPDATE ON THE SISP[6]

6.1 Commencing on March 21, 2025, Reflect sent a Teaser Letter, together with the SISP Approval Order and a draft form of NDA, to approximately 407 potentially interested parties. The list of potentially interested parties was developed by Reflect based on its market expertise and its consideration of parties that may have an interest in bidding for a sale of, or an investment in, all or a portion of the Business or Property relating to the Applicants' Business, with input from the Applicants and the Monitor. Parties that contacted Reflect or the Monitor directly to express interest were also provided with the

[6] Capitalized terms used but not otherwise defined in this section have the meanings ascribed in the Sale and Investor Solicitation Process.

Teaser Letter, SISP Approval Order and NDA. On March 21, 2025, the Applicants also issued a press release with respect to the launch of the SISP.

6.2 54 parties executed an NDA and were provided with the Confidential Information Memorandum and access to an electronic data room to conduct due diligence. In addition, five parties participated in meetings with certain of Hudson's Bay's senior management, the Financial Advisor and the Monitor during the week of April 14, 2025.

6.3 On April 3, 2025, the 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.

6.4 As of the Bidding Phase Bid Deadline of April 30, 2025, 17 parties had submitted bids. Certain of these parties had also submitted bids under the Lease Monetization Process. Since that time, the Applicants, in consultation with Reflect and the Monitor, have continued to review and evaluate each bid, and Reflect has had numerous discussions with bidders on aspects of their bids, with a view towards establishing Final Qualified Bids. This process remains ongoing.

6.5 Pursuant to the SISP, if one or more Final Qualified Bids is received:

(a) the Applicants, in consultation with Reflect, the Monitor and the Agents, shall determine if one or more Auctions are required. If required, the Auctions will be held on or about May 16, 2025, in accordance with the terms of the SISP; or

(b) the Applicants, exercising their reasonable business judgement and following consultation with Reflect, the Monitor, and the Agents, may select the most favourable Final Qualified Bid(s) and negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought.

7.0 UPDATE ON THE ART AUCTION

7.1 Since the Court granted the A&R SISP Order, the Applicants and the Auctioneer, in consultation with Reflect and the Monitor, have been working to develop a comprehensive catalogue of the Art Collection, secure the Art Collection, and develop the Art Auction Procedures (as defined in the A&R SISP Order). No relief is being sought with respect to the Art Collection on this motion, and the Applicants will need to return to Court to seek approval of Art Auction Procedures before any of the Art Collection can be sold.

7.2 While this process continues, the Company, Reflect, and the Monitor have engaged in many discussions with various parties that have expressed an interest in the Art Collection, including governmental entities, not-for-profit organizations, First Nations and other indigenous groups. Certain parties have been provided with access to view certain of the Art Collection. Further, on May 8, 2025, counsel to the Applicants sent a letter to all parties that have expressed interest in the Art Collection and a number of additional government agencies informing them of the virtual database cataloguing the items in that collection and informing them that the catalogue can be viewed upon execution of a non-disclosure agreement. The Applicants, Reflect and the Monitor are also working proactively with interested parties to identify any other groups that may have an interest in the Art Collection.

7.3 The Monitor intends to continue to engage in discussions with interested stakeholders and appreciates that the potential of Hudson's Bay holding items of historical and cultural significance has generated broad interest. In that regard, the Monitor notes that much of Hudson's Bay's art and artifacts were donated to the Archives of Manitoba in 1993 – as such, many items with historical and cultural significance had been donated and were out of the Company's possession well prior to these CCAA Proceedings.

7.4 The Monitor will continue to keep the Court apprised of its discussions with stakeholders with respect to the Art Collection, will continue to assess related issues as they arise with respect to items of historical and cultural significance, and will provide its view on the proposed Art Auction Procedures when the Applicants return to Court to approve them.

8.0 SECURITY REVIEW

8.1 As set out in greater detail in the Second Report, the Monitor's independent counsel, Bennett Jones LLP ("**Bennett Jones**") and local agents had previously delivered the ABL Opinion and the Pathlight Opinion to the Monitor.[7] As of the date of the Second Report, Bennett Jones was still in the process of reviewing the security granted by certain of the Applicants to 2171948 Ontario Inc. ("**217 Ontario**"), as lender under an amended and restated term loan credit agreement dated as of December 23, 2024, between Hudson's Bay, as borrower, various Hudson's Bay Canada entities, as guarantors and pledgor unrestricted subsidiaries (and collectively with Hudson's Bay, the "**Cadillac Debtors**"), and 217 Ontario (the "**Cadillac Credit Facility**").

8.2 Subject to customary qualifications and assumptions set out therein, Bennett Jones and its local provincial agents have provided written opinions to the Monitor in respect of the

[7] The Monitor has been advised by Pathlight Capital LP that the total principal amount owing under the Pathlight Credit Facility was understated by $3 million in the initial affidavit of Jennifer Bewley sworn on March 7, 2025.

security granted to 217 Ontario pursuant to the Cadillac Credit Facility (the "**Cadillac Opinion**"), including, without limitation:

(a) that each security document granted by the Cadillac Debtors to 217 Ontario pursuant to the Cadillac Credit Facility (with the exception of certain "equitable leasehold mortgages")[8] constitutes a legal, valid and binding obligation of each of the Cadillac Debtors party thereto, enforceable against such Cadillac Debtors in accordance with the terms thereof, and where applicable (with the exception of certain "equitable mortgages")[9], perfected by registration in the applicable provinces to the extent capable under applicable law;

(b) that certain leasehold mortgages (with the exception of certain "equitable leasehold mortgages") have been registered against title to the real property referred to therein in the land registry or title office applicable thereto; and that certain leasehold mortgages constitute a fixed and specific (or valid, as applicable) mortgage and charge in favour of 217 Ontario of the leasehold interest of the applicable debtor thereunder; and

(c) that the deed of hypothec, governed by the laws of the Province of Quebec, creates in favour of 217 Ontario, as hypothecary representative, a valid movable hypothec.

8.3 As it did with the ABL Opinion and the Pathlight Opinion, the Monitor is prepared to make the Cadillac Opinion available upon request to stakeholders in the CCAA Proceedings

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[8] Only with respect to the "equitable leasehold mortgages" governed by the laws of the Province of Québec.

[9] The Cadillac Opinion notes that various of the mortgages granted in favour of 217 Ontario are unregistered "equitable mortgages".

upon the execution of a non-reliance letter in a form acceptable to the Monitor and Bennett Jones.

9.0 TORONTO HYDRO

9.1 On May 8, 2025, Toronto Hydro delivered a letter (the "**Toronto Hydro Letter**") to the service list in these CCAA Proceedings addressed to counsel to the Applicants, the Monitor and counsel to the Monitor. In that letter, Toronto Hydro stated that certain post-filing payments are late or have not been paid by various Applicants. Despite suggestions to the contrary, the Monitor has been in frequent communication with Toronto Hydro since early in these CCAA Proceedings. The purpose of this section is to provide further background on the issues raised by Toronto Hydro in the Toronto Hydro Letter.

9.2 As noted in the correspondence appended to the Toronto Hydro Letter, counsel to the Applicants, the Monitor, and counsel to the Monitor were informed by Toronto Hydro in emails dated May 2 and May 5 of the non-payment of certain electricity bills and security deposits. The Monitor informed Toronto Hydro in multiple emails that the Monitor was not previously aware of the unpaid invoices, that the issue appeared to be with the third-party administrator, retained by Hudson's Bay to review and aggregate certain utility bills, and that the Monitor was working with the third-party administrator and Hudson's Bay to ensure all amounts were paid.

9.3 The Monitor requested that Toronto Hydro directly forward a copy of the relevant invoices on May 5. After those invoices were received from Toronto Hydro, the Monitor provided confirmation later that day that the payments set out in each of the invoices directly provided by Toronto Hydro had been processed.

9.4 On May 7, Toronto Hydro indicated to the Monitor by email that payment had not been made in respect of certain security deposits. Minutes after that email was received, the Monitor replied to Toronto Hydro indicating that it had paid all amounts set out in the invoices provided by Toronto Hydro on May 5, and requesting that Toronto Hydro directly forward any unpaid deposit invoices. The Monitor did not receive a response to this inquiry, and only learned after service of the Toronto Hydro Letter on the service list that Toronto Hydro did not receive this email, likely due to an issue with Toronto Hydro's server being unable to receive files of a certain size.

9.5 The Monitor has now been provided with the relevant invoices directly, and the payments have been processed by the Company as of the time of this Report. Toronto Hydro has confirmed to the service list that it has withdrawn the Toronto Hydro Letter, and assuming the payments are appropriately processed, it will not proceed to bring a motion on May 13.

9.6 The Monitor and counsel to the Applicants have engaged constructively with Toronto Hydro, have responded to inquiries in a timely manner, have worked in good faith to facilitate the necessary payments, and will continue to do so going forward.

10.0 EXTENSION OF THE STAY OF PROCEEDINGS

10.1 The Initial Order granted a stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and third-party tenants of commercial shopping centres or other properties where premises operated by Hudson's Bay are located (the "**Co-Tenant Stay**") until and including March 17, 2025 (the "**Stay Period**"). At the Comeback Hearing, the Court extended the Stay Period until May 15, 2025, excluding the Co-Tenant Stay.

10.2 The Applicants are seeking an extension of the Stay Period to and including July 31, 2025. The extension of the Stay Period would include the stay of proceedings in favour of the Non-Applicant Stay Parties until at least the bids received in the Lease Monetization Process and the SISP have been reviewed and considered and a determination has been made by the Applicants, in consultation with the Monitor, as to whether it is necessary or appropriate to continue the stay of proceedings against the Non-Applicant Stay Parties.

10.3 The Monitor supports the Applicants' request to extend the Stay Period to July 31, 2025 for the following reasons:

(a) the extension of the Stay Period will enable the Applicants to complete the Liquidation Sale, and continue to advance the Lease Monetization Process, the SISP, and potentially the Art Auction in order to maximize value for the benefit of Hudson's Bay Canada and its stakeholders;

(b) the Applicants have acted, and continue to act, in good faith and with due diligence to advance the CCAA Proceedings;

(c) as shown in the Fourth Updated Cash Flow Forecast, the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period;

(d) until the bids received in the Lease Monetization Process and the SISP have been fully reviewed and considered, the continuation of the stay to the Non-Applicant Stay Parties remains appropriate in the Monitor's view; and

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

11.0 DISTRIBUTIONS TO THE ABL AGENT AND THE FILO AGENT

Background on Proposed Distributions

11.1 As set out in greater detail in the First Bewley Affidavit, Hudson's Bay, as borrower, is party to a second amended and restated credit agreement dated December 23, 2024 (the "**Amended ABL Agreement**") with the Bank of America, N.A. as administrative agent and collateral agent (the "**ABL Agent**") on behalf of various lenders party thereto (the "**ABL Lenders**") and the FILO Agent on behalf of various lenders (the "**FILO Lenders**"). As of the Filing Date, the Amended ABL Agreement provided for the following:

(a) the "**Revolving Credit Facility**", being a revolving credit facility with availability up to a maximum principal amount of $200,000,000, with availability in CAD and USD, provided by certain of the ABL Lenders, subject to the Borrowing Base of the Loan Parties (as defined in the Amended ABL Credit Agreement); and

(b) the "**FILO Credit Facility**", being a term loan credit facility of up to a maximum principal amount of $151,347,000.

11.2 The amount outstanding under the Revolving Credit Facility and related bank products as of the date hereof is approximately $24.6 million, which principally relate to P-Card purchases ($12.2 million), issued letters of credit ($11.7 million), an overdraft facility ($3.3 million), net of a restricted cash balance of $2.6 million. As per the Applicants' books and records, the amount outstanding under the FILO Credit Facility is approximately $140 million, excluding a make-whole provision of approximately $28 million which has been asserted by the FILO Agent (the "**Make-Whole**"). The Monitor is continuing to review the

Make-Whole and will provide its views as to whether any amounts should be distributed in connection therewith in a future Report to this Court, assuming there are funds to distribute in respect of the Make-Whole in the future.

11.3 Pursuant to the Stay Extension and Distribution Order, the Applicants are seeking authorization to make the following distributions:

(a) to the ABL Agent, from cash held by the Applicants in an aggregate amount necessary 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) subject to the prior or concurrent completion of the ABL Distribution, to the FILO Agent from time to time from cash held by the Applicants in such amounts and at such times as are acceptable to the Applicants and the Monitor to repay the FILO Obligations (as defined in the Amended ABL Credit Agreement) owing to the FILO Lenders pursuant to the Amended ABL Credit Agreement, excluding the Make-Whole (the "**FILO Distribution**", and together with the ABL Distribution, the "**Distributions**").

11.4 Although the Stay Extension and Distribution Order will authorize the Applicants to make distributions to the FILO Agent to satisfy all amounts owing to it (excluding the Make-Whole), as discussed further below, the Monitor expects that the initial distribution to the

FILO Agent will be in the range of $40 to 46 million, plus amounts outstanding for accrued interest and fees.

Basis for Proposed Distributions

11.5 The ABL Lenders and the FILO Lenders have been in contact with the Applicants and the Monitor throughout these CCAA Proceedings to request that distributions be made. The Monitor believes that the Distributions are appropriate in the circumstances.

11.6 As set out in greater detail in the Second Report, the Monitor's independent counsel, Bennett Jones and its local agents have reviewed the Amended ABL Credit Agreement and the related security documents and delivered the ABL Opinion to the Monitor that, with the exception of certain equitable leasehold mortgages: (a) each of the security documents constitutes a legal, valid and binding obligation of each of the debtor parties thereto, enforceable against such debtors in accordance with the terms thereof; and (b) each of the security documents has been perfected by registration in the applicable provinces to the extent capable under applicable law.[10] The assets secured under the Amended ABL Credit Facility are working capital assets, and the ABL Lenders and FILO Lenders have priority over those assets.

11.7 The Monitor is of the view that the Distributions will not prejudice any stakeholder, and in fact will benefit stakeholders generally. Until repayment is made, interest continues to accrue on the Revolving Obligations and the FILO Obligations; the Distributions will

[10] The Monitor has provided a copy of the ABL Opinion to all stakeholders who have requested same and signed a non-reliance letter satisfactory to the Monitor.

reduce the Applicants' debt burden by reducing interest expense associated therewith, which benefits all of the Applicants' stakeholders.

11.8 In assessing an appropriate amount for the Distributions, the Monitor considered the Court-ordered Charges currently in place, plus a reasonable reserve to account for potential uncertainties associated with both forecast receipts and forecast disbursements in the Fourth Updated Cash Flow Forecast. As shown in the Fourth Updated Cash Flow Forecast, which assumes that the ABL Distribution (in the amount of $24.6 million) and the FILO Distribution (in the amount of $40.9 million) have been made, the Applicants' forecast cash position at the end of the Forecast Period is approximately $53.3 million, which the Monitor considers to be a reasonable and sufficient amount for this stage of the CCAA Proceedings (and bearing in mind that potential additional proceeds from the Lease Monetization Process and SISP are currently excluded from the forecast).

11.9 Based on the above, the Monitor is supportive of the relief sought by the Applicants and believes that the Distributions are appropriate in the circumstances.

<u>Neiman Marcus Transaction</u>

11.10 As detailed in the First Bewley Affidavit, in December 2024, Saks Global Enterprises LLC ("**Saks Global**"), a sister company and affiliate of Hudson's Bay, acquired the retailer Neiman Marcus in what was referred to in the First Bewley Affidavit as the "**Neiman Marcus Transaction**". As part of the Neiman Marcus Transaction, Hudson's Bay's Canadian business became separately financed with its own standalone credit facilities.

11.11 Certain stakeholders have raised concerns with the Monitor with respect to the Neiman Marcus Transaction generally, including with respect to paydowns received by certain secured creditors in connection therewith. Given the Amended ABL Agreement was entered into in the broader context of the Neiman Marcus Transaction, the Monitor wishes to provide the following further information to the Court in connection with the Applicants' motion to approve the Distributions. The Monitor has only conducted a limited review of the Neiman Marcus Transaction to date, with the sole purpose of considering the impact of that transaction, if any, on the Distributions.

11.12 The Monitor understands that immediately following completion of the Neiman Marcus Transaction, the Canadian business had approximately $1.36 billion (in principal) less secured debt than immediately prior. Certain of the secured debt of the Canadian business that was repaid in connection with the Neiman Marcus Transaction was guaranteed by certain U.S. entities or was debt in respect of which certain of the U.S. entities were co-borrowers. This reduction of debt was funded by proceeds raised by Saks Global through a separate financing process in the U.S.

11.13 Prior to the Neiman Marcus Transaction, the Revolving Facility consisted of a separate Canadian tranche and a U.S. tranche. All amounts outstanding under the two tranches were paid down upon closing of the Neiman Marcus Transaction, and the new Revolving Facility was established under the Amended ABL Credit Facility. As noted above, the Neiman Marcus Transaction had a net deleveraging impact on the Canadian business. The Bank of America, N.A., as ABL Agent, was party to the original iteration of the Amended ABL Credit Facility (i.e., the original credit facility) dated February 5, 2016. As noted above, the amounts to be repaid through the ABL Distribution principally relate to P-Card purchases, issued letters of credit, and an overdraft facility administered by the Royal Bank of Canada.

11.14 Further, the Monitor has confirmed that the FILO Lenders were "new-money lenders" that had advanced fresh capital. It has also been confirmed to the Monitor by the FILO Agent that none of the FILO Lenders are lenders to Saks Global in the U.S. (nor have they been since the Neiman Marcus Transaction).

11.15 As such, the Monitor is not aware of any information in connection with the Neiman Marcus Transaction to change its view that the Distributions currently being sought are appropriate in the circumstances.

12.0 CASH FLOW RESULTS RELATIVE TO FORECAST[11]

12.1 Actual receipts and disbursements for the period from April 19 to May 2, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "F" to the Second Report, are summarized in the following table:

[11] Capitalized terms used in this section and in section 12 and not otherwise defined have the meanings ascribed in the First Report.

Cash Flow Variance Report			$000's
	Actual	Budget	Variance
Receipts	**129,495**	**92,728**	**36,767**
Disbursements			
Concession/Consignment Payments	(14,404)	(12,750)	(1,654)
Payroll & Benefits	(8,923)	(7,669)	(1,254)
Liquidator Share of Additional Consultant Goods	(45)	(1,744)	1,699
Occupancy Costs	(16,278)	(16,367)	88
Operating Expenses	(8,181)	(14,693)	6,512
Sales Tax Remittances	(473)	(18,825)	18,352
Liquidation Consultant Fees & Expenses	(6,441)	(12,152)	5,711
Professional Fees	(2,587)	(2,890)	303
Shared Service Payments	(465)	(2,442)	1,977
Inventory Purchases	(135)	(2,000)	1,865
Interest Payments & Fees	-	-	-
Total Disbursements	**(57,933)**	**(91,533)**	**33,600**
Net Cash Flow	**71,562**	**1,195**	**70,367**
Opening Cash Balance	**122,419**	**122,482**	**(63)**
Net Cash Flow	71,562	1,195	70,367
Cash Collateralization	-	-	-
Closing Cash Balance	**193,981**	**123,676**	**70,305**

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

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

(a) the positive variance in retail receipts of approximately $36.8 million is due to higher than forecast gross retail receipts following the announcement that the previously excluded six stores would be included in the Liquidation Sale as of April

25. The positive variance is expected to partially reverse in future weeks as the Liquidation Sale is completed;

(b) the negative variance in concession/consignment payments of approximately $1.7 million is considered a permanent negative variance as a result of higher than forecast disbursements to Participating Concession Vendors which is a function of higher than forecast sales of Participating Concession Vendor goods;

(c) the negative variance in payroll and benefits of approximately $1.3 million consists of: (i) a permanent negative variance of approximately $700,000 related to administrative support services provided by an affiliate based in India that were higher than forecast; and (ii) other payroll timing variances of approximately $600,000;

(d) the cumulative positive variance in Liquidator share of augment sales and liquidation consultant fees and expenses of approximately $7.4 million is a timing variance that is expected to reverse in future weeks as invoices issued by the Liquidator are paid;

(e) the positive variance in sales tax remittances is a timing variance related to the payment of sales tax for March 2025 that will reverse in the week ending May 9;

(f) the positive variance in inventory purchases of approximately $1.9 million consists of: (i) a positive permanent variance of approximately $1.4 million; and (ii) a positive timing variance of approximately $500,000 which is expected to reverse in future weeks; and

(g) the remaining net positive variance in total disbursements of approximately $8.5 million consists of timing differences that are expected to reverse in future weeks.

12.4 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately $70.4 million.

12.5 The closing cash balance as of May 2, 2025, was approximately $194.0 million, as compared to the projected cash balance of $123.7 million.

13.0 FOURTH UPDATED CASH FLOW FORECAST

13.1 Hudson's Bay, with the assistance of the Monitor, has prepared an updated cash flow forecast (the "**Fourth Updated Cash Flow Forecast**") for the 13-week period from May 3 to August 1, 2025 (the "**Cash Flow Period**"). A copy of the Fourth Updated Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") is attached hereto as **Appendix "E"**.

13.2 A summary of the Fourth Updated Cash Flow Forecast is provided in the table below:

Fourth Updated Cash Flow Forecast	**$000's**
	13-Week Period
Receipts	**223,486**
Disbursements	
Concession/Consignment Payments	(60,409)
Payroll & Benefits	(44,310)
Liquidator Share of Additional Consultant Goods	(43,126)
Occupancy Costs	(24,691)
Operating Expenses	(28,376)
Sales Tax Remittances	(39,415)
Liquidation Consultant Fees & Expenses	(23,478)
Professional Fees	(15,296)
Shared Service Payments	(9,680)
Inventory Purchases	(500)
Interest Payments & Fees	(9,398)
Total Disbursements	**(298,678)**
Net Cash Flow	**(75,191)**
Opening Cash Balance	**193,981**
Net Cash Flow	(75,191)
Cash Collateralization	(24,576)
FILO Credit Facility Paydown	(40,922)
Closing Cash Balance	**53,292**

13.3 The Monitor notes the following with respect to the Fourth Updated Cash Flow Forecast:

(a) receipts reflect the estimated proceeds from the Liquidation Sale (including FF&E sales) based on an updated sales plan prepared by the Liquidator, inclusive of HST, as well as gross proceeds from the sale of goods pursuant to: (i) existing agreements with Participating Concession Vendors and the GB Consignment goods; and (ii) Additional Consultant Goods of approximately $40.1 million;

(b) interest payments and fees relate to payments owing to the FILO Lenders for: (i) accrued and unpaid interest; and (ii) forecast interest owing for the period May 1 to August 1;

(c) cash collateralization disbursements represent the proposed ABL Distribution described in 11.3(a) above; and

(d) FILO Credit Facility paydown represents the proposed FILO Distribution described in 11.3(b) above.

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

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

14.0 ACTIVITIES OF THE MONITOR

14.1 Since the date of the Second 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) assisting in preparing updated cash flow forecasts, including the Fourth Updated Cash Flow Forecast appended hereto;

(c) monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting;

(d) 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;

(e) working with the Applicants and Saks Global on shared services cost allocations and reviewing/analyzing related supporting information and documentation;

(f) supervising Oberfeld in conducting the Lease Monetization Process, including reviewing proposals received for the Phase 2 Bid Deadline and discussing same/next steps with Oberfeld;

(g) supervising Reflect in conducting the SISP, including participating in discussions and meetings with potential bidders and potential auction services providers in respect of the Art Collection; reviewing and providing feedback to Reflect and Hudson's Bay Canada regarding the bids and expressions of interest received through the SISP;

(h) 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;

(i) responding to a high volume of enquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or email account established for the case by the Monitor;

(j) posting non-confidential materials filed with the Court to the Case Website; and

(k) with the assistance of Bennett Jones, preparing this Third Report.

15.0 CONCLUSIONS AND RECOMMENDATIONS

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

All of which is respectfully submitted to the Court this 9th 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

APPENDIX G
Fourth Report of the Monitor dated May 29, 2025

See attached.

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

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

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Schedule A – Other Applicants and Non-Applicant Stay Parties

****

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

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.

<u>Comeback Motion</u>

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 ARIO, 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**"),[1] the Court ultimately granted the Orders in substantially the form sought by the Applicants, subject to the following:

(a) the Court declined to continue the Co-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**").

[1] 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.[2]

[2] 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.

<u>June 3 Hearing</u>

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.

<u>Purpose of this Report</u>

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[3]

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

[3] 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[4]

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:

[4] 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[5]

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:

[5] 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.

Canadian Tire APA	
Parties	• The Bay LP as Vendor. Canadian Tire Corporation, Limited as Purchaser.
Purchase Price	• All Cash Purchase Price payable in full on Closing in the amount of $30,001,670 (the "**Purchase Price**"). • 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.
Purchased Assets	• The Purchased Assets include: o the Assigned Contracts as listed out in Schedule "B" of the Canadian Tire APA; o 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; o all Customer Data including personal information of customers transferred to the Purchaser; and o 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.
Assumed Liabilities	• The Purchaser will assume the following liabilities: o all liabilities related to the Purchased Assets and arising out of events or circumstances that occur after the Closing; o all Permitted Encumbrances; and o all other obligations and liabilities expressly assumed under the APA.
Excluded Assets	• The Purchased Assets do not include, among other things: o all rights, covenants, obligations and benefits of the Vendor under the Canadian Tire APA that survive the Closing; o any and all assets of the Vendor and its Affiliates other than the Purchased Assets; o all Art, Artifacts and Archives and all associated intellectual property and intellectual property rights with those items.
Employees	• The Purchaser is not assuming any employees as part of the Canadian Tire Transaction.
Key Closing Conditions	• The Approval and Vesting Order shall have been issued and entered. • The Assignment Order, to the extent required, to effect the assignment to the Purchaser of any Assigned Contract shall have been issued and entered. • 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. • The Amended and Restated Initial Order, and the SISP Approval Order shall not have been vacated, set aside or stayed.
Target Closing Date	• 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.
Outside Date	• July 15, 2025, or such later date as the Parties may mutually agree.

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[6]

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**
	Actual	**Budget**	**Variance**
Receipts	**224,117**	**161,915**	**62,202**
Disbursements			
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)
Total Disbursements	**(151,145)**	**(146,698)**	**(4,447)**
Net Cash Flow	**72,972**	**15,217**	**57,755**
Opening Cash Balance	**194,276**	**193,981**	**295**
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)
Closing Cash Balance	**196,100**	**143,701**	**52,399**

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

[6] 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.[7]

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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[7] 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 29th 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

APPENDIX H
Fifth Report of the Monitor dated June 19, 2025

See attached.

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

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 HOLDINGS GP INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.

Applicants

FIFTH REPORT OF THE MONITOR ALVAREZ & MARSAL CANADA INC.

JUNE 19, 2025

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Confidential Appendix “A” – Confidential Bid Summary

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]

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). A&M, then in its capacity as proposed Monitor, issued a pre-filing Report dated March 7, 2025, to provide the Court with information and where applicable, its views on the relief sought by the Applicants.

[1] As noted within this Fifth Report, the CCAA Proceedings have been terminated in respect of certain of the Applicants, and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties. The defined terms "Applicants", "Non-Applicant Stay Parties" and "Hudson's Bay Canada" as used in the Report refer to the applicable entities at the relevant times.

Comeback Motion

1.3 The Applicants served a motion record on March 14, 2025, including an affidavit of Jennifer Bewley sworn March 14, 2024 (the "**Second Bewley Affidavit**") 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 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 then Chief Financial Officer of Hudson's Bay, setting out revised relief to be sought at the March 21 Hearing. The Applicants sought amended forms of the ARIO, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

(a) a revised 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 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 between the Applicants and Hilco Merchant Retail Solutions ULC (“**Hilco**”, or the “**Consultant**”, and that agreement, the “**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**”),[2] the Court ultimately granted the Orders in substantially the form sought by the Applicants, subject to the following:

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

(a) the Court declined to continue the co-tenancy stay; and

(b) the Court declined to approve the Restructuring Support Agreement and deferred the hearing of that relief to March 26, 2025 (the "**March 26 Hearing**").

1.7 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 the 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 to conduct a separate auction for the sale of the Art Collection.[3]

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.

<u>Stay Extension and Distributions Order</u>

1.11 On May 13, 2025, the Court granted an Order, among other things:

(a) extending the Stay Period (as defined therein) until and including July 31, 2025; and

[3] 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.

(b) authorizing the Applicants to make certain distributions to the ABL Agent and the FILO Agent (each as defined therein).

June 3 Hearing

1.12 On June 3, following a motion brought by the Applicants, the Court granted:

(a) an approval and vesting Order (the "**CTC AVO**"), among other things:

(i) approving the asset purchase agreement (the "**Canadian Tire APA**") 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**") 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 contemplated transactions; and

(ii) sealing the Confidential Bid Summary (as defined therein); and

(b) an Order (the "**WEPPA Declaration 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**"), effective June 21, 2025, the Applicants meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations,* SOR/2008-222.

1.13 Separately, following 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**"), the Court granted an Order, among other things:

(a) appointing FTI Consulting Canada Inc. ("**FTI**") 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.

1.14 In addition, the Court granted an Order sought by the Applicants, among other things, terminating the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities, and terminating the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.

<u>June 23 Motion</u>

1.15 On June 16, 2025, the Applicants served a motion record, including an affidavit sworn on the same date by Michael Culhane (the "**Second Culhane Affidavit**"), seeking:

(a) an Order (the "**Affiliate Lease Assignment Order**"), among other things:

(i) approving the Assignment and Assumption of Leases dated as of May 23, 2025, between the Company, as assignor, Ruby Liu Commercial Investment

Corp. (“**Central Walk**”), as assignee, Central Walk Tsawwassen Mills Inc. (“**CW Tsawwassen**”), Central Walk Mayfair Shopping Centre Inc. (“**CW Mayfair**”), and Central Walk Woodgrove Shopping Centre Inc. (“**CW Woodgrove**”), as landlords, and Weihong Liu, as guarantor (the “**Affiliate Lease Assignment Agreement**”);

(ii) approving the transactions contemplated by the Affiliate Lease Assignment Agreement;

(iii) vesting the Company’s right, title, and interest in and to the CW Leases (as defined below), all related rights, benefits and advantages, and any right, title, and interest of the Company in the Leasehold Improvements (as defined and described in the Affiliate Lease Assignment Agreement), in and to Central Walk, free and clear of all claims and encumbrances; and

(iv) sealing the Confidential Bid Summary (as defined herein); and

(b) an Order (the “**CTC AVO Amendment Order**”), among other things, amending the CTC AVO to authorize the Applicants to execute and file articles of amendment or such other documents as may be required to change their respective legal names and revise the style of cause in these CCAA Proceedings.

1.16 Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the “**Prior Reports**”) and all endorsements and orders made by the Court, are available on the Monitor’s case website at: www.alvarezandmarsal.com/HudsonsBay (the “**Case Website**”).

Purpose of this Report

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

(a) the status of the Liquidation Sale and the Lease Monetization Process;

(b) an update on certain employee-related matters;

(c) the Affiliate Lease Assignment Order;

(d) the CTC AVO Amendment Order;

(e) the Applicants' cash flow results relative to forecast;

(f) the activities of the Monitor since its fourth report dated May 29, 2025 (the "**Fourth 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 Fifth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Fifth 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 Fifth 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 Fifth Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Fifth Report should be read in conjunction with the Second Culhane Affidavit. Capitalized terms used and not defined in this Fifth Report have the meanings ascribed in the Second Culhane Affidavit.

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

3.0 UPDATE ON THE LIQUIDATION SALE

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

3.2 As discussed in the Monitor's Third Report dated May 9, 2025 (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 six excluded stores were negatively impacting the Company's realization effort 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). The six excluded stores were included in the Liquidation Sale effective April 25, 2025.

3.3 The Liquidation Sale at nine of the Saks OFF 5th stores concluded on or about April 27, 2025, while the Hudson's Bay, Saks Fifth Avenue and remaining Saks OFF 5th stores concluded on June 1, 2025, approximately ten weeks from the commencement date, at which time the stores were closed to the public. Thereafter, there was an approximately two-week period to facilitate the retrieval and removal of sold and unsold FF&E and to prepare the stores to be vacated in appropriate "broom swept" condition. The volume of FF&E sold was not as high as anticipated at many of the stores, such that FF&E continues to remain at stores beyond the effective date of the applicable disclaimer notices. The Applicants, with the assistance of their advisors and the Monitor, are working to coordinate with a general contractor and the applicable Landlords (as defined in the Sale Guidelines) for the removal of such FF&E, as well as external and internal (to the mall/centre) store signage.

3.4 A walkthrough was conducted at all but 11 of the Hudson's Bay, Saks Fifth Avenue and Saks OFF 5th stores where lease disclaimer notices have been issued with representatives of Hudson's Bay Canada, the Consultant and the applicable Landlord prior to the date of the disclaimer, including to review the FF&E at each such store to be removed, and to ensure that each store would be vacated in an acceptable "broom swept" and clean condition. The walkthroughs at the remaining 11 locations are expected to occur on June 19 and/or June 20, 2025.

Results of the Liquidation Sale

3.5 The Company and the Consultant, in consultation with the Monitor and Reflect, are in the process of completing the Final Reconciliation to determine the final Base Fee, Wholesale Fee, Removal Fee, Additional Consultant Goods Fee, Consignment Goods Fee, Concession Fee, Costs, FF&E Commission, FF&E Costs and all other fees, expenses and amounts reimbursable or payable to the Consultant under the Consulting Agreement (as each term is defined in the Consulting Agreement). The Consulting Agreement provides that the Final Reconciliation is to be completed 45 days following the Sale Termination Date (each as defined in the Consulting Agreement) for the last store.

3.6 While the Final Reconciliation is not yet complete, the Monitor anticipates that overall sales of the Company's owned merchandise inventory during the Liquidation Sale were higher than the Consultant's initial budget, due primarily to higher than forecast margins. However, higher than forecast sales were partially offset by higher than forecast gift card redemptions (a negative impact on cash flow) and lower than forecast sales of FF&E. Total gross receipts generated from the Liquidation Sale were approximately $349.3 million from the sale of the Company's owned merchandise inventory, $104.0 million from sale of Participating Concession Vendors' (as defined in the Second Bewley Affidavit) consignment goods, $43.9 million from sale of Additional Consultant Goods (as defined in the Consulting Agreement), and $12.7 million from the sale of FF&E.

4.0 UPDATE ON THE LEASE MONETIZATION PROCESS[4]

4.1 The Prior Reports describe the efforts to solicit bids under the Lease Monetization Process and have provided certain information on the bids received thereunder. In summary:

(a) commencing on March 24, 2025, Oberfeld emailed the Teaser Letter to approximately 60 potentially interested parties, which list was developed by Oberfeld based on its market expertise and its consideration of parties that may have an interest in the Leases with input from the Applicants and the Monitor;

(b) 31 parties executed an NDA and were provided with access to an electronic data room to conduct due diligence;[5]

(c) on April 3, 2025, Oberfeld emailed a process letter to the Landlords and each party that had executed an NDA setting out, among other things, the information to be included by interested parties in their non-binding LOI submissions;

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

[5] In accordance with the Lease Monetization Process, Landlords were not required to sign an NDA in respect of a bid for any of their own Leases.

(d) as of the Phase 1 Bid Deadline, 18 parties had submitted an LOI (including certain Landlords), expressing interest in a total of 65 individual Leases. Multiple LOIs included the same location(s) such that there was overlap of locations across multiple LOIs. Also, multiple LOIs described that the interested party would also be making a submission in the SISP, such that the LOI was effectively a subset of a broader bid to be made in the SISP;

(e) as of the Qualified Bid Deadline:

(i) 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;

(ii) no Qualified Bid was submitted for 62 Leases; and

(iii) 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.

4.2 As noted in the Fourth Report, the Applicants, in consultation with Oberfeld, the Monitor and the Agents, and with the assistance of their advisors, 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 In the Fourth Report, the Monitor reported that Hudson's Bay had entered into:

(a) the Affiliate Lease Assignment Agreement (discussed further below);

(b) 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, which would be a corporation controlled by Ms. Ruby Weihong Liu (the "**Potential Lease Purchaser**"); and

(c) two other definitive lease assignment agreements with third-party purchasers (the "**Third-Party Purchasers**").

4.4 A further update on these agreements follows below. The Applicants are only seeking approval of the Affiliate Lease Assignment Agreement at the June 23 Motion and will provide further details if and when additional agreements are before the Court for approval.

<u>Asset Purchase Agreement</u>

4.5 As noted in the Fourth Report, pursuant to the Asset Purchase Agreement, the assignment of the applicable Assigned Leases to the Potential Lease Purchaser is conditional upon receipt of satisfactory 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.

4.6 At the time of the Fourth Report (May 29, 2025), the Monitor noted that discussions between the Potential Lease Purchaser and the Landlords with Leases included in the Asset Purchase Agreement were to commence the week of June 2, 2025 (the "**Initial Landlord Meetings**"). The Initial Landlord Meetings took place and the Potential Lease Purchaser, through its legal counsel, subsequently provided further information to the Landlords with Leases included in the Asset Purchase Agreement. The Monitor (in most cases, together with its legal counsel) attended each of the Initial Landlord Meetings. During the week of June 9, 2025, several Landlords, representing 23 of the 25 Leases included in the Asset Purchase Agreement, through their legal counsel, wrote to the Applicants' counsel and/or the Monitor's counsel to advise that based on the information provided to date, those Landlords would not consent to the assignment of their Leases to the Potential Lease Purchaser and would oppose any potential future forced assignment. The Monitor understands that the Potential Lease Purchaser and its legal counsel are working to provide the Landlords with further information.

<u>Other Potential Lease Transactions</u>

4.7 Since the date of the Fourth Report, one of the Third-Party Purchasers declined to execute an updated form of agreement correcting certain errors contained in the form originally submitted, and indicated it was no longer prepared to pursue a transaction. As such, no transaction is being pursued with that Third-Party Purchaser.

4.8 The other Third-Party Purchaser is contemplating an assignment of up to eight leases in Ontario, Alberta, Saskatchewan and Manitoba. Discussions with the applicable Landlords commenced during the week of June 9, 2025, and are ongoing. The Monitor understands from Oberfeld that the discussions have generally been positive and that one or more consents to assignments have been received.

4.9 Finally, the Applicants are negotiating an assumption and assignment agreement whereby a Landlord will acquire one of its own Leases for a cash purchase price of less than

$250,000 (which, pursuant to the ARIO, is the threshold required for Court approval). Given the cash purchase price, the Monitor understands that, if the Applicants finalize the terms of the transaction, the Applicants may not seek Court approval of that agreement.

Notices to Disclaim Leases

4.10 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.

5.0 UPDATE ON CERTAIN EMPLOYEE MATTERS[6]

5.1 As noted above, Ursel Phillips was appointed as Employee Representative Counsel pursuant to an Order granted by the Court on May 5, 2025. The Applicants, the Monitor, and Employee Representative Counsel have worked cooperatively on various employee matters since that time. A brief update in respect of certain of those matters follows below.

5.2 The Employee Representative Counsel Order provided that the Applicants were to deliver a letter on behalf of Employee Representative Counsel to the Represented Employees explaining the terms of such appointment. It also provided that individual Represented Employees who do not wish to be represented by the Employee Representative Counsel

[6] Capitalized terms used herein and not otherwise defined have the meanings ascribed in the Employee Representative Counsel Order.

were required to deliver an "Opt-Out Notice" in the form appended to the Order within thirty days of the date of such letter. The Monitor understands that a total of 14,598 letters dated May 21, 2025 were sent to the list of Represented Employees for which the Company had addresses. As of June 18, 2025, the Monitor understands that 68 Opt-Out Notices have been received. The Monitor will provide a further update on Opt-Out Notices received after the applicable deadline to respond has passed for all Represented Employees.

5.3 The Employee Representative Counsel Order authorized, but did not require, Employee Representative Counsel to convene a committee (the "**Employee Committee**") of up to seven members to provide Employee Representative Counsel with instructions. The Monitor understands that, following its appointment and after meeting with a number of employees, Employee Representative Counsel received expressions of interest from employees directly or through the Applicants from 16 individuals who wished to be part of the Employee Committee.

5.4 The Monitor understands that those individuals were contacted by Employee Representative Counsel, provided with further information regarding the Employee Committee and the expected levels of commitment, and asked to complete a questionnaire describing various factors related to their employment history with the Hudson's Bay (including their position, type of work location, length of service, and province or region of employment) as well as their ability and willingness to serve on the Employee Committee (including confirmation of commitment of time, familiarity with the CCAA Proceedings, and commitment to objectively and fairly discussing the interests of Represented Employees).

5.5 Employee Representative Counsel has informed the Monitor that, after reviewing responses received, it has constituted the Employee Committee, which consists of seven Represented Employees (the "**Committee Members**") and one alternate in the event a committee member is unable to continue. The Committee Members held a variety of different positions within Hudson's Bay and were employed across several provinces. The Monitor understands that the Employee Committee includes a retiree, a former employee with continuing entitlements from Hudson's Bay as of March 7, 2025, and active employees as of March 7, 2025.

5.6 As noted above, the Court granted the WEPPA Declaration Order on June 3, 2025. Since that time, the Monitor and Employee Representative Counsel have had discussions and responded to inquiries from employees related to the submission of WEPPA claims and have continued discussions with Service Canada in an attempt to streamline and simplify the process. The Monitor will continue to work with employees and keep the Court updated as this progresses.

6.0 AFFILIATE LEASE ASSIGNMENT ORDER

Affiliate Lease Assignment Transaction

6.1 On May 23, 2025, Hudson's Bay entered into the Affiliate Lease Assignment Agreement with Central Walk for the assignment of three of the Company's leases in British Columbia, being:

(a) the lease between CW Tsawwassen, as landlord, and Hudson's Bay, as tenant, dated November 11, 2015, as assigned, amended, restated, renewed or supplemented from time to time, in respect of the Tsawwassen Mills premises in Tsawwassen, British Columbia (the "**Tsawwassen Mills Lease**");

(b) the lease between CW Mayfair, as landlord, and Hudson's Bay, as tenant, dated June 9, 1993, as assigned, amended, restated, renewed or supplemented from time to time, in respect of the Mayfair Shopping Centre premises in Victoria, British Columbia (the "**Mayfair Lease**"); and

(c) the lease between CW Woodgrove, as landlord, and Hudson's Bay, as tenant, dated November 1, 2000, as assigned, amended, restated, renewed or supplemented from time to time, in respect of the Woodgrove Centre premises in Nanaimo, British Columbia (the "**Woodgrove Lease**", and collectively, the "**Central Walk Leases**").

6.2 Certain key provisions of the Affiliate Lease Assignment Agreement are summarized in the table below. Terms capitalized in the table below but not otherwise defined therein have the meaning ascribed to them in the Affiliate Lease Assignment Agreement.

SUMMARY OF THE AFFILIATE LEASE ASSIGNMENT AGREEMENT	
Parties	• Hudson's Bay Company ULC, as Assignor • Ruby Liu Commercial Investment Corp., as Assignee • Weihong Liu, as Guarantor
Purpose and Closing Date	• Subject to the release of the Consideration from escrow and satisfaction of the conditions required to complete the transactions with respect to the Assigned Leases, the Assignor assigns and transfers to the Assignee, as of the Closing Date for each Lease, all of the Assignor's rights, title and interest, both at law and at equity, in and to each Assigned Lease, the Assigned Premises and all related rights, benefits and advantages, including the residue of the term of the Lease, any rights of renewal and/or extension, any rights of first refusal, rights of first offer and similar pre-emptive rights, and rights to purchase, if any, contained in the Lease and any right, title and interest of the Assignor in the Leasehold Improvements (collectively, the "**Assigned Interest**", and the assignment of the Assigned Interest by the Assignor to the Assignees is the "**Assignment**").

<table>
<tr><th colspan="2">SUMMARY OF THE AFFILIATE LEASE ASSIGNMENT AGREEMENT</th></tr>
<tr><td></td><td>Notwithstanding anything to the contrary herein, the Assigned Interest shall not include (i) any FF&E, any Trade Fixtures, any intellectual property of any kind or any Art, Artifacts and Archives, or (ii) any Leasehold Improvements that are not owned by the Assignor, including any Leasehold Improvement sold by the liquidator in the CCAA Proceedings prior to the Execution Date (collectively, the “Excluded Property”).

• The Agreement constitutes three separate agreements, being separate agreements for: (i) the Assignment in respect of the Tsawwassen Mills Lease; (ii) the Assignment in respect of the Mayfair Lease; and (iii) the Assignment in respect of the Woodgrove Lease. If the Agreement terminates in respect of any Assignment, it will remain valid and in full force and effect for the other Assignments.

• The Assignee accepts the assignment of the Assigned Interest and assumes all of the Assignor’s obligations with respect to the Assigned Interest, including all Cure Costs, whether incurred, arising or accrued at any time before and after the Closing Date.</td></tr>
<tr><td>Assigned Leases</td><td>• For purposes of the Agreement, the “Assigned Leases” means the Tsawwassen Mills Lease, the Mayfair Lease, and the Woodgrove lease.</td></tr>
<tr><td>Consideration and Closing Date</td><td>• The aggregate consideration for the assignment of the Assigned Interest is $6 million ($2 million for each the Assigned Leases) (the “Consideration”).

• “Closing Date” means with respect to each Lease, three (3) Business Days following the day that the Approval and Vesting Order related to such Lease becomes a valid and enforceable order, provided that in no event shall the Closing Date be later than the Outside Date (July 30, 2025). For greater certainty (and for all purposes of the Agreement), “valid and enforceable” means that the applicable Approval and Vesting Order issued and entered by the Court is not subject to any pending appeal or a stay.</td></tr>
<tr><td>Cure Costs</td><td>• “Cure Costs” means the aggregate value of all monetary and non-monetary defaults of the Assignor in relation to the Assigned Leases as at the Closing Date including but without limitation:

A. all monetary defaults including but without limitation, base/minimum rents, additional rents, property taxes, utilities fee due and payable, and any other default monetary payments in respect of the Assigned Leases arising prior to the Closing Date;

B. the cost of all outstanding repairs, maintenance, replacement, and other obligations of the Assignor under the Assigned Leases required to be performed in accordance with the Assigned Leases on or before the Closing Date; and

C. all other non-monetary defaults of the Assignor under each of the Assigned Leases as of the Closing Date.

The Parties irrevocably acknowledge and agree that the amount of all Cure Costs arising from or relating to the Assigned Leases have been agreed to (which amount shall be final for all purposes) and have been deducted in determining the Consideration for the Assigned Leases.</td></tr>
</table>

Confidential Bid Summary

6.3 The Monitor has prepared a summary of the bids received under the Lease Monetization Process for the Leases included in the Affiliate Lease Assignment Agreement (the "**Confidential Bid Summary**"). As demonstrated in the Confidential Bid Summary and discussed further below, the transactions contemplated in the Affiliate Lease Assignment Agreement (the "**Transactions**") provide for the highest consideration for the Central Walk Leases of any bid received under the Lease Monetization Process and therefore provide the greatest value for the Applicants. The Confidential Bid Summary is attached hereto as **Confidential Appendix "A"**.

6.4 The Applicants are seeking to seal the Confidential Bid Summary pending closing of the Transactions. The Confidential Bid Summary, among other things, shows the purchase prices offered by the next highest bidders on the Central Walk Leases. If the Transactions failed to close and those amounts were publicly disclosed, it would prejudice the Applicants' ability to maximize value of the Central Walk Leases for the benefit of their stakeholders. The key terms of the Affiliate Lease Assignment Agreement, and the Monitor's basis for supporting the approval of same, are described in this Fifth Report. The Monitor is therefore of the view that the limited sealing request is not prejudicial to stakeholders and is appropriate in the circumstances.

Recommendation with Respect to the Transactions and Related Relief

6.5 The Monitor notes the following with respect to the Affiliate Lease Assignment Agreement and the Transactions:

(a) the Affiliate Lease Assignment Agreement is the result of: (i) the thorough Court-approved Lease Monetization Process that was conducted by the Applicants and Oberfeld with the supervision of the Monitor, which canvassed a targeted group of potentially interested parties based on Oberfeld's market expertise and its consideration of parties that may have an interest in the Leases, with input from the Applicants and the Monitor; and (ii) significant negotiations among the Applicants, Central Walk, Oberfeld, the Monitor and their respective counsel;

(b) the Transactions maximize value for the benefit of the Applicants' stakeholders, as they provide greater value compared to any other bid identified in the Lease Monetization Process for the Central Walk Leases;

(c) the Transactions are not conditional on the Asset Purchase Agreement in respect of the 25 additional Leases;

(d) the FILO Agent and Pathlight Capital LP, as administrative agent under the Pathlight Credit Agreement (each as defined in the Lease Monetization Process) were consulted and are supportive of the Transactions;

(e) the Monitor is not aware of any opposition to the relief sought and does not believe it will prejudice any stakeholder; and

(f) in light of each of the foregoing, the Monitor is of the view that the Transactions, including the consideration being provided by Central Walk, are fair and reasonable in the circumstances.

6.6 Based on the above, the Monitor believes that it is reasonable and appropriate in the circumstances for the Affiliate Lease Assignment Agreement and the Transactions to be approved.

6.7 The Affiliate Lease Assignment Order will facilitate the Transactions. The Monitor is therefore of the view that the Affiliate Lease Assignment Order is reasonable and appropriate in the circumstances and should be approved.

7.0 CTC AVO AMENDMENT ORDER

7.1 On June 3, 2025, the Court granted the CTC AVO, which, among other things, approved the Canadian Tire APA and the transactions contemplated therein. The Canadian Tire APA provides that, within 45 days of closing of those transactions, the Applicants are required to execute documents necessary to effect name changes which are dissimilar to, and cannot be confused with, “Hudson’s Bay Company”, “Hudson’s Bay”, or “HBC”. The Applicants are therefore seeking the CTC AVO Amendment Order to authorize the Applicants, The Bay Limited Partnership, HBC YSS 1 LP Inc., and HBC YSS 2LP Inc., to execute and file articles of amendment or such other documents as may be required to change their respective legal names and revise the style of cause in these CCAA Proceedings. The Monitor supports this relief sought on the basis that it is consistent with the Canadian Tire APA, which is in the best interests of the Applicants and their stakeholders.

7.2 The transaction with Canadian Tire is currently expected to close on June 24, 2025.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST[7]

8.1 Actual receipts and disbursements for the period from May 3 to June 13, 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**
	Actual	**Budget**	**Variance**
Receipts	**338,402**	**213,812**	**124,589**
Disbursements			
Concession/Consignment Payments	(126,787)	(59,853)	(66,935)
Payroll & Benefits	(38,275)	(37,997)	(278)
Consultant Share of Additional Consultant Goods	(45,587)	(42,140)	(3,447)
Occupancy Costs	(25,367)	(20,773)	(4,594)
Operating Expenses	(21,868)	(24,686)	2,817
Sales Tax Remittances	(32,341)	(32,119)	(222)
Consultant Fees & Expenses	(21,443)	(19,755)	(1,689)
Professional Fees	(11,306)	(9,667)	(1,639)
Shared Service Payments	(1,728)	(6,320)	4,591
Inventory Purchases	(214)	(500)	286
Interest Payments & Fees	(4,698)	(5,977)	1,279
Total Disbursements	**(329,616)**	**(259,785)**	**(69,830)**
Net Cash Flow	**8,786**	**(45,973)**	**54,759**
Opening Cash Balance	**194,276**	**193,981**	**295**
Net Cash Flow	8,786	(45,973)	54,759
Cash Collateralization	(24,372)	(24,576)	204
FILO Credit Facility Paydown	(46,776)	(40,922)	(5,854)
Closing Cash Balance	**131,914**	**82,510**	**49,404**

8.2 Pursuant to paragraph 22(c) of the Court's endorsement in these proceedings dated March 29, 2025, the Monitor is required to advise the Court, if at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the

[7] Capitalized terms used in this section and not otherwise defined have the meanings ascribed in the First Report.

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

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

(a) the positive variance in retail receipts of approximately $124.6 million is primarily due to higher than forecast sales of Participating Concession Vendors' consignment goods and Additional Consultant Goods, which were partially offset by corresponding negative variances of approximately $66.9 million and approximately $3.4 million in disbursements to Participating Concession Vendors for consignment goods sold and to the Consultant for its share of Additional Consultant Goods sold, respectively. The remaining positive variance of approximately $54.3 million between these amounts is attributable to: (i) higher than forecast sales of Hudson's Bay's owned inventory ($39.8 million); (ii) Hudson's Bay share of Participating Concession Vendors and Additional Consultant Goods sales and the collection of other non-retail receipts that were not included in the forecast ($9.8 million); and (iii) a positive timing variance related to FF&E sales that is expected to reverse in future weeks ($4.8 million);

(b) the negative variance in occupancy costs of approximately $4.6 million is a timing variance that is expected to reverse in the week ending June 20, 2025;

(c) the remaining net positive variance in total disbursements of approximately $3.1 million is primarily due to timing differences in disbursement items such as operating expenses, consultant fees and shared services, much of which is due to the timing of invoices and related reconciliations. It is anticipated this positive variance will reverse as disbursements are caught up.

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

(a) approximately $24.4 million was distributed 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) owing to the FILO Lenders pursuant to the Amended ABL Credit Agreement, excluding the Make-Whole.[8]

8.5 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 (as defined in the Third Report).

[8] 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").

8.6 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately $54.8 million. The closing cash balance as of June 13, 2025, was approximately $131.9 million, as compared to the projected cash balance of $82.5 million.

9.0 ACTIVITIES OF THE MONITOR

9.1 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 Prior Reports and below, this has included concerted efforts to 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, the Lease Monetization Process and the SISP.

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

(a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and to minimize disruptions to operations at the stores and distribution centres through to the closing of the stores to the public on or before June 1, 2025;

(b) monitoring cash receipts and disbursements, and coordinating with management in preparing weekly cash flow variance reporting; assisting the Applicants in preparing an updated cash flow forecast for the period ending September 12, 2025, including consideration of an estimated reserve to fund the CCAA Proceedings thereafter;

(c) liaising with Hilco and the Applicants on many aspects of the Liquidation Sale; participating in regular videoconference meetings with management, Hilco and Reflect regarding the progression of the Liquidation Sale through June 1, 2025 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) 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, the Applicants and Service Canada to advance employee issues arising during the CCAA Proceedings;

(i) assisting the Applicants and FTI in the transition of the JV Entities into receivership;

(j) assisting the Applicants and their advisors in advancing and negotiating a settlement agreement with Neo Financial, a financial services provider with whom Hudson's Bay had partnered to offer customers a co-branded Mastercard credit card program;

(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 Fifth Report.

10.0 CONCLUSIONS AND RECOMMENDATIONS

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

All of which is respectfully submitted to the Court this 19th day of June, 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

APPENDIX I
Sixth Report of the Monitor dated July 14, 2025

See attached.

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

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 HOLDINGS GP INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.

Applicants

SIXTH REPORT OF THE MONITOR ALVAREZ & MARSAL CANADA INC.

JULY 14, 2025

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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]

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.

<u>Comeback Motion</u>

1.3 The Applicants served a motion record on March 14, 2025, including an affidavit of Jennifer Bewley, the then Chief Financial Officer of Hudson's Bay sworn March 14, 2025

[1] As noted within this Sixth Report, the CCAA Proceedings have been terminated in respect of certain of the Applicants, and the stay of proceedings no longer applies in respect of certain of the Non-Applicant Stay Parties. The defined terms "Applicants", "Non-Applicant Stay Parties" and "Hudson's Bay Canada" as used in this Report refer to the applicable entities at the relevant times.

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 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, setting out revised relief to be sought at the March 21 Hearing. The

Applicants sought amended forms of the ARIO, the Lease Monetization Order, the Liquidation Sale Approval Order and the SISP Order, which included the following:

(a) a revised 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 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 between the Applicants and Hilco Merchant Retail Solutions ULC ("**Hilco**", or the "**Consultant**", and that agreement, the "**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**"),[2] the Court ultimately granted the Orders in substantially the form sought by the Applicants, subject to the following:

(a) the Court declined to continue the co-tenancy stay; and

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

(b) the Court declined to approve the Restructuring Support Agreement and deferred the hearing of that relief to March 26, 2025 (the "**March 26 Hearing**").

1.7 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 the Court on April 24, 2025, the Applicants sought:

(a) an order (the "**Employee Representative Counsel Order**"), among other things: (i) appointing Ursel Phillips Fellows Hopkinson LLP ("**Ursel Phillips**") 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 to conduct a separate auction for the sale of the Art Collection.[3]

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 pieces within 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.

<u>Stay Extension and Distribution Order</u>

1.11 On May 13, 2025, the Court granted an Order (the "**Stay Extension and Distribution Order**"), among other things:

[3] 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.

(a) extending the Stay Period (as defined in the ARIO) until and including July 31, 2025; and

(b) authorizing the Applicants to make certain distributions to the ABL Agent and the FILO Agent.

June 3 Hearing

1.12 On June 3, following a motion brought by the Applicants, the Court granted:

(a) an approval and vesting Order (the "**CTC AVO**"), 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**") 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 contemplated transactions (the "**Canadian Tire Transaction**"); and

(ii) sealing the Confidential Bid Summary (as defined therein); and

(b) 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, effective June 21, 2025, the Applicants meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations,* SOR/2008-222.

1.13 Separately, following 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**"), the Court granted an Order, among other things:

(a) appointing FTI Consulting Canada Inc. as receiver and manager, without security (in such capacity, the "**Receiver**"), over RioCan-HBC Limited Partnership, RioCan-HBC General Partner Inc., HBC YSS 1 Limited Partnership, HBC YSS 1 LP Inc., HBC YSS 2 Limited Partnership, HBC YSS 2 LP Inc., RioCan-HBC Ottawa Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc. and RioCan-HBC (Ottawa) GP, Inc. (collectively, the "**JV Entities**"); and

(b) granting various related relief to provide certain powers and protections in favour of the Receiver.

1.14 In addition, the Court granted an Order sought by the Applicants, among other things, terminating the stay of proceedings and the protections and authorizations provided for by the ARIO in favour of the JV Entities, and terminating the CCAA Proceedings with respect to HBC YSS 1 LP Inc. and HBC YSS 2 LP Inc. concurrently with the appointment of the Receiver over the JV Entities.

1.15 The Canadian Tire Transaction closed on June 25, 2025.

<u>June 23 Motion</u>

1.16 On June 23, 2025, following a motion by the Applicants, the Court granted the following Orders:

(a) an Order, among other things:

(i) approving the Assignment and Assumption of Leases dated as of May 23, 2025, between the Company, as assignor, Ruby Liu Commercial Investment Corp., as assignee, Central Walk Tsawwassen Mills Inc., Central Walk Mayfair Shopping Centre Inc., and Central Walk Woodgrove Shopping Centre Inc., as landlords, and Weihong Liu, as guarantor (the "**Affiliate Lease Assignment Agreement**");

(ii) approving the transactions contemplated by the Affiliate Lease Assignment Agreement (the "**Affiliate Lease Assignment Transaction**");

(iii) vesting the Company's right, title, and interest in and to the CW Leases (as defined therein), all related rights, benefits and advantages, and any right, title, and interest of the Company in the Leasehold Improvements (as defined and described in the Affiliate Lease Assignment Agreement), in and to Central Walk, free and clear of all claims and encumbrances; and

(iv) sealing the Confidential Bid Summary (as defined therein); and

(b) an Order (the "**CTC AVO Amendment Order**"), among other things, amending the CTC AVO to authorize the Applicants to execute and file articles of amendment or such other documents as may be required to change their respective legal names and revise the style of cause in these CCAA Proceedings.

1.17 The Affiliate Lease Assignment Transaction closed on June 26, 2025. The Applicants have not yet executed and filed articles of amendment pursuant to the CTC AVO Amendment Order.

<u>FILO Motion</u>

1.18 On July 8, 2025, Restore Capital, LLC, in its capacity as the agent on behalf of various first in last out lenders (in such capacity, the "**FILO Agent**", and such lenders, the "**FILO Lenders**") under a second amended and restated credit agreement with Hudson's Bay as borrower dated December 23, 2024 (the "**Amended ABL Agreement**"), served a motion record (the "**FILO Motion**"), including an affidavit sworn by Ian Fredericks of the same date (the "**Fredericks Affidavit**") seeking an Order (the "**Expanded Powers Order**"), among other things:

(a) expanding the powers of the Monitor to allow the Monitor to conduct the affairs and operations of the Applicants for the benefit of all of their stakeholders;

(b) authorizing and directing the Monitor to cause the Applicants to terminate the Central Walk APA and the Central Walk Transaction (each as defined below);

(c) authorizing and directing the Monitor to cause Hudson's Bay to immediately disclaim all of its remaining leases subject to the Central Walk APA for which a transaction has not closed and that are not subject to any other potential transaction;

(d) directing Hudson's Bay to distribute $6 million to the FILO Agent (the "**Proposed Distribution**") within one day of the date of the Order; and

(e) granting certain related and ancillary relief.

1.19 On July 11, 2025, the FILO Agent served a supplemental motion record in support of the FILO Motion (the "**Supplemental Record**"). No further relief was sought therein.

1.20 On July 13, 2025, the Applicants served a responding motion record, including the affidavit of Michael Culhane sworn on the same date (the "**Third Culhane Affidavit**"). As set out in the Third Culhane Affidavit, the Applicants take issue with many of the assertions made in the Fredericks Affidavit, and oppose the relief sought on the FILO Motion.

1.21 Materials filed in the CCAA Proceedings, including the prior Reports of the Monitor (the "**Prior Reports**") and all endorsements and orders made by the Court, are available on the Monitor's case website at: www.alvarezandmarsal.com/HudsonsBay (the "**Case Website**").

Purpose of this Report

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

(a) an update on the results of the Liquidation Sale;

(b) the status of certain bids received under the Lease Monetization Process, including an update on developments in respect of the Central Walk APA;

(c) the FILO Motion;

(d) the Applicants' cash flow results relative to forecast;

(e) the activities of the Monitor since its Fifth Report dated June 19, 2025 (the "**Fifth Report**"); and

(f) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Sixth Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by the Applicants, and has held discussions with various parties, including senior management of, and advisors to, the Applicants (collectively, the "**Information**"). Except as otherwise described in this Sixth 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 Sixth 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 Sixth Report was prepared based on the estimates and assumptions of the Applicants. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and even if the assumptions materialize, the variations could be significant.

2.3 This Sixth Report should be read in conjunction with the Fredericks Affidavit, the Third Culhane Affidavit and the Supplemental Record. Capitalized terms used and not defined in this Sixth Report have the meanings ascribed in the Fredericks Affidavit or the Third Culhane Affidavit, as applicable.

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

3.0 UPDATE ON THE LIQUIDATION SALE[4]

3.1 A fulsome update on the Liquidation Sale, including the dates on which the Stores were closed and vacated, was provided in the Fifth Report, which is attached as **Appendix "A"** hereto.

3.2 As described in the Fifth Report, the total receipts generated from the Liquidation Sale were subject to a Final Reconciliation, which was to be completed within 45 days following the Sale Termination Date for the last store.

[4] Capitalized terms not otherwise defined herein have the meanings ascribed in the Consulting Agreement.

3.3 The Applicants, with the assistance of the Monitor, completed the Final Reconciliation in July 2025 to determine the fees, expenses, and other amounts payable under the Consulting Agreement. As of the date of this Report, all amounts due to the Consultant related to the Liquidation Sale have now been paid, with the exception of approximately $1.2 million of incurred costs and expenses which are subject to ongoing review and reconciliation by the Company and expected to be paid in future weeks.

3.4 A summary of the results of the Liquidation Sale, by type of sale, for the period March 25 (the Liquidation Sale commencement date) to June 15, 2025, is provided below:

Results of the Liquidation Sale $000's	**Sales**	**Consultant Fees[1]**	**HBC's Share**
Merchandise[2]	320,614	6,412	298,176
Participating Concession/Consignment	105,541	7,423	15,151
Consultant Consignment Goods[3]	43,374	-	2,819
Additional Consultant Goods[4]	43,872	-	2,852
FF&E	13,270	1,990	11,279
Total	**526,670**	**15,826**	**330,277**

1. Consultant Fees do not include fees paid on Consultant Consignment Goods or Additional Consultant Goods. The Consultant's profit margins on these sales are not disclosed to Hudson's Bay or the Monitor.

2. Represents the Company's owned inventory and inventory purchased through regular consignment programs excluding the Consultant Consignment goods.

3. Represents inventory purchases under pre-CCAA programs whereby a Gordon Brothers led syndicate (the "**GB Syndicate**") supplied inventory where title to the merchandise was retained by the GB Syndicate and Hudsons's Bay Canada earned a commission on the sale of the goods.

4. The Liquidation Consulting Agreement provided the Consultant with the ability to include up to $35 million of augmented merchandise (at cost).

3.5 Total receipts generated from the Liquidation Sale were approximately $526.7 million (excluding sales taxes), comprised of:

(a) approximately $320.6 million from the sale of Merchandise at the Liquidating Stores (as compared to $287.7 million forecast in the Consultant's initial forecast);

(b) approximately $192.8 million from the sale of merchandise where Hudson's Bay Canada did not hold title to the goods but rather earned a sales commission. These sales include: (i) $105.5 million from the sale of the merchandise of Participating Concession/Consignment Vendors[5]; (ii) $43.4 million from the sale of Consultant Consignment Goods (as compared to $50.8 million in the Consultant's initial forecast); and (iii) $43.9 million from the sale of Additional Consultant Goods (as compared to $39.9 million in the Consultant's initial forecast); and

(c) approximately $13.3 million from the sale of FF&E (as compared to $18.9 million in the Consultant's initial forecast), comprised of $10.7 million of Store FF&E sales and $2.6 million of distribution FF&E sales.

3.6 Total fees paid to the Consultant pursuant to the Consulting Agreement were approximately $15.8 million, comprised of fees earned in respect of Merchandise and FF&E Commission of $13.8 million and $2.0 million, respectively (which amounts exclude commissions and margins earned by the Consultant on the non-Company owned inventory described above). In addition, the Consultant has been paid $13.5 million for Costs it incurred conducting the Liquidation Sale, with the remaining $1.2 million forecast to be paid in future weeks (subject to ongoing review and reconciliation).

4.0 UPDATE ON THE LEASE MONETIZATION PROCESS[6]

4.1 The Prior Reports described the efforts to solicit bids under the Lease Monetization Process

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[5] The Liquidator did not provide a forecast for the sale of Participating Concession/Consignment merchandise.

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

and provided certain information on the bids received thereunder; the Fifth Report described the Affiliate Lease Assignment Transaction which, as noted above, has since been approved by the Court and has closed. Those details are not repeated herein.

4.2 There are no lease transaction agreements before the Court for approval on this motion but, as noted above, the FILO Agent seeks to terminate the Central Walk APA. The remainder of this section provides an update on the potential lease transactions that have been referenced in the Prior Reports but have not yet been brought before the Court for approval.

Central Walk APA

4.3 As discussed in the Monitor's Fourth Report dated May 29, 2025 and the Fifth Report, in addition to the Affiliate Lease Assignment Agreement, Hudson's Bay entered into a definitive agreement (the "**Central Walk APA**", and the transactions contemplated thereunder, the "**Central Walk Transaction**") pursuant to which it would pursue the assignment of up to 25 Leases (the "**Subject Leases**") in Ontario, Alberta and British Columbia to Ruby Liu Commercial Investment Corp. or a permitted assignee thereof, which would be a corporation controlled by Ms. Ruby Weihong Liu (the "**Potential Lease Purchaser**"). The Potential Lease Purchaser provided a $9.4 million deposit[7] in connection with the Central Walk APA, which is currently being held by the Monitor in trust. The Applicants' advisors, the Monitor, the FILO Agent, and Pathlight all supported Hudson's Bay entering into the Central Walk APA.

4.4 Pursuant to the Central Walk APA, the assignment of the Subject Leases to the Potential

[7] The total deposit paid by Central Walk was $10 million, of which $600,000 was allocated to the Affiliate Lease Assignment Transaction.

Lease Purchaser is conditional upon (among other things) the receipt of satisfactory Landlord consents and/or approval of the Court, and certain other terms and conditions, including settlement of the purchase price for the Subject Leases. The Monitor notes that the Central Walk APA does not form part of the public record for this motion and has been filed with the Court by the FILO Agent subject to a request for a sealing order.

4.5 As noted in the Fifth Report, discussions in respect of the Subject Leases between the Potential Lease Purchaser and the Landlords commenced the week of June 2, 2025 (the "**Initial Landlord Meetings**"). As the Monitor previously reported, the Initial Landlord Meetings took place and the Potential Lease Purchaser, through its legal counsel, subsequently provided additional information to the Landlords for the Subject Leases. The Monitor (in most cases, together with its legal counsel) attended each of the Initial Landlord Meetings.

4.6 As the Monitor reported in the Fifth Report, during the week of June 9, 2025, several Landlords, representing 23 of the 25 Subject Leases, through their legal counsel, wrote to the Applicants' counsel and/or the Monitor's counsel to advise that based on the information provided to date, those Landlords would not consent to the assignment of their Leases to the Potential Lease Purchaser and would oppose any potential future forced assignment.

4.7 As of the date hereof, the Potential Lease Purchaser has not: (a) provided additional information or responses to the various letters received from the Landlords' counsel; nor (b) obtained consent to the assignment from any of the Landlords.

4.8 The Applicants, the Monitor and their counsel have participated in multiple discussions with, and the Applicants' counsel have written on multiple occasions to, the Potential Lease Purchaser and its then counsel regarding: (a) the Potential Lease Purchaser's obligations under the Central Walk APA; and (b) the information and materials required from the Potential Lease Purchaser in order for the Applicants to prepare a forced assignment motion, including, among other things, information requested by Landlords following the Initial Landlord Meetings.

4.9 Despite the many weeks that have passed since the Initial Landlord Meetings and the extensive efforts on the part of the Applicants and their advisors to work with the Potential Lease Purchaser, to date the Potential Lease Purchaser has not meaningfully responded to the issues and concerns raised by the Applicants and not taken the basic and necessary steps to advance its bid.

4.10 On July 13, 2025, the Monitor was advised by Miller Thomson LLP that it is no longer acting as counsel to the Potential Lease Purchaser. On July 14, a representative of the Potential Lease Purchaser informed the Monitor that it is no longer represented by counsel, but that it is actively looking to retain replacement counsel.

4.11 Based on the foregoing, the Monitor has significant concerns with respect to the Potential Lease Purchaser meeting its obligations under the Central Walk APA and the likelihood of a transaction ultimately being completed.

4.12 The Monitor's views on the FILO Motion, including the FILO Agent's proposed treatment of the Central Walk APA and the Subject Leases, are discussed in further detail in Section 5 below.

Other Potential Lease Transaction

4.13 As noted in the Monitor's Fifth Report:

(a) Hudson's Bay entered into an agreement with a third-party purchaser contemplating an assignment of up to eight leases in Ontario, Alberta, Saskatchewan and Manitoba. The Monitor understands that the proposed purchaser and Hudson's Bay have agreed to remove one of the leases from the transaction. Discussions with the other applicable Landlords remain ongoing in respect of this transaction; and

(b) the Applicants were negotiating an assumption and assignment agreement whereby a Landlord would acquire one of its own Leases for a cash purchase price of less than $250,000. The terms of that agreement have since been settled. The Monitor expects Court approval of this agreement will be sought at a future hearing.

5.0 THE FILO MOTION

Key Background and Relief Sought

5.1 The FILO Agent is seeking the Expanded Powers Order which would, among other things, enhance the powers of the Monitor, authorize and direct the Monitor to terminate the Central Walk APA and immediately issue disclaimers for the Subject Leases, and authorize and direct the Monitor to make the Proposed Distribution within one day of the date of the Order. The FILO Agent's basis for seeking the Expanded Powers Order is described in the Fredericks Affidavit. The following does not repeat all of the background or justifications provided in the Fredericks Affidavit, but summarizes the points that the Monitor believes are most relevant to the FILO Motion.

5.2 Pursuant to the Amended ABL Agreement, the FILO Lenders provided an asset-based term loan credit facility up to a maximum amount of $151,347,000 (the "**FILO Credit Facility**"). Amounts owing to the FILO Lenders under the FILO Credit Facility are secured by a first-priority security interest over many of the Applicants' assets, including all inventory, FF&E, intellectual property, art, artifacts and any pension surplus and other real property interests, as well as real property interests that are not secured in favour of Pathlight (as defined in the Fredericks Affidavit). The FILO Lenders and Pathlight, among others, are subject to an amended and restated intercreditor agreement between Bank of America, N.A. and Pathlight dated December 23, 2024 (the "**Intercreditor Agreement**"), which is governed by New York State law.

5.3 As noted in the Monitor's Third Report dated May 9, 2025 (the "**Third Report**"), the Monitor supported the Applicants' motion for the Stay Extension and Distribution Order, which authorized certain distributions to the FILO Agent. At the time of the Third Report, there was approximately $140 million outstanding under the FILO Credit Facility, excluding a make-whole provision of approximately $28 million asserted by the FILO Agent (the "**Make-Whole**"). Pursuant to the Stay Extension and Distribution Order, the Court authorized the Applicants to make distributions to the FILO Agent from time to time from the cash proceeds of the ABL Priority Collateral (as defined in the Stay Extension and Distribution Order) held by the Applicants in such amounts and at such times as are acceptable to the Applicants and the Monitor to repay the FILO Obligations (as defined in the Stay Extension and Distribution Order), excluding the Make-Whole.

5.4 In accordance with the Stay Extension and Distribution Order, the Applicants, with the oversight of the Monitor, have distributed approximately $72.7 million to the FILO Agent.

5.5 The Fredericks Affidavit sets out the FILO Agent's views with respect to various matters, including the results of the Liquidation Sale, the Company's cash flow performance, and the draft cash flow forecast that was provided to the FILO Lenders' financial advisor, Richter Consulting Inc. ("**Richter**") on June 17, 2025 (the "**Draft Fifth Cash Flow Forecast**"). The FILO Agent asserts that the Applicants have mismanaged their liquidation in several ways that have "siphoned value away from the FILO Lenders' collateral for the benefit of other parties not entitled to receive such value ahead of the FILO Lenders", and expresses concern that despite an increase in actual receipts in connection with the Liquidation Sale, the projected collateral shortfall for the FILO Lenders has increased from $43 million to $72 million. It further submits that the FILO Lenders have been prejudiced by the actions and inactions of the Applicants, and the relief sought in the Expanded Powers Order is necessary because, among other things, the Applicants have:

(a) failed to deliver disclaimer notices in a timely fashion;

(b) failed to properly close stores and remove FF&E;

(c) unnecessarily paid for the removal of signage; and

(d) continued to actively pursue the Central Walk APA resulting in significant rent and professional fee costs being incurred in connection therewith.

5.6 The FILO Agent asserts that these actions and inactions have resulted in the erosion of the FILO Lenders' cash collateral and that the primary beneficiary of the Central Walk

Transaction is Pathlight, given that 21 of the Subject Leases form the priority collateral of Pathlight. The FILO Agent therefore contends that unless the Potential Lease Purchaser or Pathlight agrees to cover the costs related to the pursuit of the Central Walk Transaction, the Central Walk Transaction should be terminated and no further funds should be spent in its pursuit.

5.7 The enhanced powers that the FILO Agent proposes to be granted to the Monitor include "super monitor" powers seen and granted in other CCAA proceedings. Among other things, the FILO Agent is seeking to authorize and empower, but not require, the Monitor, on behalf of the Applicants and their respective boards of directors, to:

(a) conduct and control the financial affairs and operations of the Applicants and carry on business of any of the Applicants;

(b) preserve, protect and exercise control over the Applicants' business or property, or any parts thereof; and

(c) take any steps, enter into any agreements, execute any documents, incur any obligations, or take any other action necessary, useful or incidental to the exercise of any of the expanded powers.

5.8 The Expanded Powers Order would also authorize the Monitor to operate and control the Applicants' existing accounts (subject to the Applicants' cash management system), provides that the Monitor shall use commercially reasonable efforts to cause the Applicants to comply with a budget that is agreed upon by the Applicants, the Monitor, the FILO Agent, and Pathlight and sets out various reporting requirements to the Court in connection therewith. Finally, the Expanded Powers Order contains various reasonable protections in favour of the Monitor.

Responses to the FILO Motion

5.9 The Applicants oppose the FILO Motion and request that it be dismissed entirely. In the Third Culhane Affidavit, the Applicants note that the FILO Agent and the lead liquidator in the joint venture forming the Consultant (collectively, "**Hilco**") are under common control. The Applicants assert that in these capacities, Hilco has had significant involvement in, and has at times exerted significant influence over, these CCAA proceedings, and assert that many of Hilco's complaints are a direct consequence of Hilco's own actions in its various capacities, or were outcomes Hilco expressly or presumably knew could occur when Hilco agreed to and participated in the various processes. Among other things, the Applicants submit that, in the Fredericks Affidavit, the FILO Agent:

(a) mischaracterized much of the financial results presented in the Fredericks Affidavit;

(b) failed to outline the significant profits earned by Hilco in its capacity as Consultant;

(c) inappropriately blamed the Applicants for the Liquidation Sale results despite Hilco's involvement as Consultant; and

(d) failed to note that significant expenditures have been required by the Applicants to properly close stores and remove FF&E following the Liquidation Sale as a result of the Consultant's actions.

5.10 The Applicants argue that the Central Walk APA should continue to be pursued for the benefit of the Applicants' stakeholders, and characterize the dispute regarding the Central Walk APA as an intercreditor matter that should be determined as amongst the parties to the Intercreditor Agreement, and not a dispute that is arising as a result of the Applicants' mismanagement.

5.11 The Applicants state that their management has acted in good faith, maintained transparency, and has worked in consultation with the Monitor throughout these proceedings and that it is therefore unnecessary for the Monitor's powers to be expanded at this time.

Monitor's Views on Certain Assertions Made in the Fredericks Affidavit

5.12 The Monitor does not intend to comment on every assertion made in the Fredericks Affidavit. However, the Monitor believes that it is important to provide its views on certain assertions with respect to the Draft Fifth Cash Flow Forecast and/or financial matters that it views as incomplete or requiring further clarification and context.

Draft Fifth Cash Flow Forecast

5.13 The Draft Fifth Cash Flow Forecast referenced in the Fredericks Affidavit was prepared by the Company, with the assistance of the Monitor, and was provided to Richter for discussion purposes only. Richter was advised by the Monitor that several disbursement line items continue to be worked on by the Company, with the assistance of the Monitor, including ongoing operating expenses, store closure and exit costs (largely FF&E and signage removal costs), and shared service payments.

5.14 The Draft Fifth Cash Flow Forecast was not finalized and was not intended to be submitted to the Court in its then draft form. The Draft Fifth Cash Flow Forecast was prepared and provided to the FILO Agent to, among other things, illustrate: (a) the amounts that would be distributed to the FILO Agent at the end of June; and (b) the costs that would be incurred in continuing to pursue the Central Walk Transaction.

5.15 The Fredericks Affidavit asserts that, notwithstanding the fact that the Liquidation Sale materially exceeded expectations, the Company's actual and forecast disbursements for the period May 3 to August 1, 2025 were 'inexplicably' higher than anticipated by the FILO Lenders, resulting in a material deterioration in the FILO Lenders' anticipated recovery.[8]

5.16 The Monitor notes that Richter has been provided with weekly cash flow variance reports comparing actual results to the applicable Court-filed cash flow forecast from the beginning of these CCAA Proceedings. The Monitor has had ongoing communications with Richter on the variance reporting each week and has responded to numerous questions and information requests related to same.

5.17 In a number of instances, the Fredericks Affidavit references dollar amounts related to specific time periods, without taking into consideration the significant impact of timing delays in related disbursements, which can lag the related receipts by up to three weeks (or in the case of sales taxes much longer). In the Monitor's view, this does not provide a

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[8] Fredericks Affidavit at paragraph 9, which states: "*Inexplicably, and notwithstanding this substantial increase in actual receipts relative to forecast, in the past few weeks, the projected collateral shortfall for the FILO Lenders has, between the Fourth Cash Flow dated May 9, 2025 (the 'Fourth Cash Flow') and the Fifth Cash Flow dated June 17, 2025 (the 'Fifth Cash Flow'), increased from $43 million to $72 million, (in each case, excluding the 'make-whole' and also excluding proceeds from the sale of CT APA). Despite realizing over $54 million more in proceeds from the GOB Sale, the FILO Lenders' anticipated recovery decreased by at least $29 million.*"

complete view of the Company's cash flow. Certain examples of this, which are not exhaustive, are described below.

Example 1

5.18 Paragraph 8 of the Fredericks Affidavit states: *The results of the GOB Sale, as run by the Liquidator, have generated $54 million more in net receipts than forecasted*[…]. However, this amount only represents a receipts variance for the period May 3 to June 1, 2025, and not a variance for the full duration of the Liquidation Sale. Over the full Liquidation Sale, sales from owned inventory merchandise exceeded the forecast by approximately $32.9 million (excluding sales tax) for the Liquidating Store locations.

Example 2

5.19 Paragraph 9 of the Fredericks Affidavit also references a $54 million more in proceeds from the GOB Sale, but does not reference trailing disbursements related to those receipts and the impact on net cash flow. During that same time period, there were obligations incurred that had not yet been paid, including higher than forecast sales tax remittances of approximately $10 million (excluding sales taxes related to the Canadian Tire Transaction), and timing variances related to shared services, operating expenses and other costs incurred during the period but not paid of approximately $11 million. After considering these items, the favourable net cash flow variance during the period was approximately $33 million.

Example 3

5.20 Paragraph 73 of the Fredericks Affidavit states: […] *the cumulative cash flow forecast for the period from May 3 2025, to September 12, 2025, indicates that HBC will have spent*

$100 million more by the end of that period than it will have generated in proceeds for the benefit of its creditors. The foregoing is used to highlight what is later described as a material increase in costs relative to the prior Fourth Updated Cash Flow Forecast. However, again, the selected time period (May 3 to September 12, 2025), among other things, does not consider obligations incurred by the Applicants prior to May 3, 2025 that were paid thereafter. The *"$100 million more"* in disbursements includes, among other things:

(a) sales tax remittances made after May 3, 2025, for the periods March and April 2025 totaling approximately $32.3 million owing from sales of both owned and non-owned merchandise;

(b) payments to Participating Concession Venders and the Consultant for their share of concession/consignment and Additional Consultant Goods, estimated to be in excess of $30 million[9] which relate to sales generated prior to May 3, 2025. Payments for these sales are typically made one to three weeks after the corresponding sales occur; and

(c) other lagging disbursements in respect of operating expenses and shared service costs incurred but not yet paid (estimated to be in excess of $7 million in the aggregate).

5.21 In addition to the timing variances noted above, the *$100 million more in disbursements than receipts generated* includes forecast disbursements beyond the end date of the Fourth

[9] The Monitor notes that these amounts are difficult to estimate precisely without a detailed analysis by vendor.

Updated Cash Flow Forecast of August 1, 2025. The Draft Fifth Updated Cash Flow Forecast covers the period June 14 to September 12, 2025, whereas the Fourth Updated Cash Flow Forecast ends August 1, 2025, thus there is an additional six weeks of forecast disbursements (totaling approximately $11.1 million) included in the *$100 million*.

5.22 In addition, during the period through September 12, 2025, the Company will be incurring necessary costs either to advance workstreams anticipated to generate future recoveries or to properly administer remaining aspects of the wind-down, including, for example:

(a) disbursements for costs to be incurred to monetize the remaining assets of the estate, including the potential realization of value from certain leases, the Art Collection, and the pension surplus, with the corresponding realizations not forecast in the referenced period; and

(b) disbursements for costs to be incurred to administer and wind-down the estate in accordance with the Company's statutory requirements and the Monitor's duties in the CCAA Proceedings, including costs associated with employee matters, the Wage Earner Protection Program ("**WEPP**"), data retention and other obligations.

5.23 The Monitor further notes that there is a portion of the increase in disbursements in the period referenced in the Fredericks Affidavit for incremental costs that were not contemplated in the Fourth Updated Cash Flow Forecast. These include costs associated with the removal of FF&E and Store signage[10] and other store-level closure activities. In addition, carrying costs associated with pursuing the sale of certain leases under the Lease

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[10] These estimated forecast costs total $14 million and are broken down as follows: FF&E removal cost of $8 million, store signage removal cost of $4 million and record destruction costs of $2 million.

Monetization Process beyond July 1 were not included in the Fourth Updated Cash Flow Forecast as the timeline to pursue lease assignment agreements was fluid at that time.

5.24 With respect to the incremental FF&E removal costs, the Company did not anticipate the volume of FF&E that would remain unsold following the conclusion of the Liquidation Sale. The Consultant's efforts to sell Store FF&E generated proceeds that were below forecast and resulted in a greater quantity of unsold FF&E that the Company is now addressing at its own expense.

5.25 The increased carrying and operating costs associated with certain leases that were not disclaimed are attributable to the Company's decision to retain those leases in furtherance of its ongoing Lease Monetization Process. In particular, as noted above, the Company is continuing to pursue a proposed transaction with the Potential Lease Purchaser, which it believes would yield significant value for the estate and for which no alternative use or monetization path exists for the leases. The Monitor notes that notwithstanding that potential transaction, the decision to retain other locations also facilitated the completion of the Affiliate Lease Assignment Agreement with Central Walk for proceeds of approximately $6 million, and a further lease transaction involving 7 locations, which is anticipated to close in the near term. At the time of preparing the Draft Fifth Updated Cash Flow Forecast, it was uncertain if these transactions would close and, as such, the associated receipts were not included in the forecast.

Collateral Shortfall

5.26 The FILO Agent refers repeatedly to projected collateral shortfall in the amount of $72 million (excluding the Make-Whole), which projections are set out in the Draft Fifth Cash

Flow Forecast. However, as a result of the distributions made to date, the current principal balance outstanding to the FILO Agent under the FILO Credit Facility (excluding the Make-Whole) is approximately $64.2 million. The Monitor is of the view that given that the validity of the Make-Whole has not yet been determined and that recoveries with respect to the pension surplus are highly contingent, it is too early to conclude that the FILO Obligations will ultimately be repaid in full.

Termination of Central Walk APA and Disclaimer of Subject Leases

5.27 As set out above, the Monitor has significant concerns with respect to the Potential Lease Purchaser meeting its obligations under the Central Walk APA, and that to date, Central Walk has not made material progress in resolving the issues necessary to bring that agreement before this Court for approval since it was signed on May 23, 2025.

5.28 The monthly costs of continuing to pursue the Central Walk Transaction are in excess of $4.7 million, which is the amount for rent, CAM, property taxes and estimated utilities. There have been, and are expected to be, significant professional fees incurred as well in connection with pursuing the Central Walk Transaction. Given the strong objections that are expected from the Landlords of some or all of the Subject Leases, the Monitor expects that it would take a minimum of one month from the date hereof to obtain a decision of the Court in respect of the Central Walk APA, and potentially materially longer. There is also the potential for leave to appeal to be sought by any of the parties. In addition, if Hudson's Bay is ultimately unable to obtain approval of the Central Walk Transaction, the Subject Leases will then need to be disclaimed with the statutory 30-day notice period resulting in another month of rent being paid at that time.

5.29 The Monitor acknowledges that the costs of pursuing the Central Walk Transaction, including continuing to pay the post-filing rent owing under the Subject Leases, erodes the FILO Agent's collateral. Although the FILO Agent may ultimately be able to recover funds from the Applicants' other assets, including the pension surplus, in order to be repaid in full, certain of such recoveries are highly contingent, and to the extent the pension surplus in particular is ultimately realized, may take considerable time to realize.

5.30 Taking into consideration:

(a) the likely protracted timeline to obtain a final court determination regarding the Central Walk APA;

(b) the carrying costs of the Subject Leases and the ongoing professional fees related to pursuing the Central Walk Transaction;

(c) the significant risk that the Central Walk Transaction does not ultimately close;

(d) the lack of agreement as between the FILO Agent and Pathlight as to who should bear the costs and risks of pursuing the Central Walk Transaction; and

(e) the FILO Agent's objections to continuing to pursue the Central Walk Transaction,

the Monitor does not think it is fair nor equitable for the FILO Agent's priority collateral to continue to be used to fund the pursuit of the Central Walk Transaction, particularly in circumstances where Pathlight is the lender that stands to gain the most from the transaction being completed. The Monitor's view is that unless such costs are funded by another source or another consensual resolution is reached between the parties, the Central Walk APA should be terminated and the Subject Leases should be disclaimed.

Monitor’s Enhanced Powers

5.31 As discussed above, the Monitor does not agree with many of the FILO Agent’s assertions made in the Fredericks Affidavit, and it does not agree that the Applicants have been mismanaged during these CCAA Proceedings. As set out in the Prior Reports, the Monitor has supported the relief sought by the Applicants at each of the previously attended motions in these proceedings. However, the Monitor notes that it may be appropriate at some point in these CCAA Proceedings for its powers to be expanded given that, among other things, the Company is no longer operating an active business or pursuing a going concern restructuring.

5.32 Should the Court determine that a change in the Applicants’ governance is necessary, the Monitor is prepared to act in accordance with the terms of the Expanded Powers Order.

5.33 The FILO Agent is seeking, in the alternative, for Richter to be appointed as the receiver of the Applicants. The FILO Agent did not file a receivership application in connection with this alternative relief and the Monitor does not believe it is necessary nor in the best interests of the Applicants’ stakeholders for Richter to be appointed as receiver of the Applicants at this time.

Proposed Distribution

5.34 The Monitor does not believe that it is necessary nor appropriate for the Expanded Powers Order to require the Applicants to make the Proposed Distribution. The Stay Extension and

Distribution Order already provides the Applicants with the authority to make distributions to the FILO Agent as necessary, and the Monitor would support making distributions to the FILO Agent when appropriate. In particular, the Monitor does not believe that it would be appropriate or fair to Pathlight to make an immediate distribution to the FILO Agent of an amount approximating the proceeds of the Affiliate Lease Assignment Transaction, given that two-thirds of the proceeds are Pathlight's priority collateral. The Monitor expects that there will be a dispute between the FILO Agent and Pathlight as to what those funds should be used for which, if not capable of being resolved consensually, will require the assistance of the Court.

6.0 CASH FLOW RESULTS RELATIVE TO FORECAST[11]

6.1 Actual receipts and disbursements for the period from May 3 to July 4, 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:

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

Cash Flow Variance Report			$000's
	Actual	Budget	Variance
Receipts			
Retail Receipts	340,951	223,486	117,465
Canadian Tire Sale Transaction Proceeds	33,902	--	33,902
Lease Monetization Process Proceeds	--	--	--
Total Receipts	**374,853**	**223,486**	**151,367**
Disbursements			
Concession/Consignment Payments	(127,162)	(60,409)	(66,753)
Payroll & Benefits	(53,584)	(41,318)	(12,266)
Consultant Share of Additional Consultant Goods	(45,587)	(43,126)	(2,462)
Occupancy Costs	(28,668)	(24,691)	(3,978)
Operating Expenses	(26,096)	(27,110)	1,014
Sales Tax Remittances	(49,405)	(39,415)	(9,990)
Consultant Fees & Expenses	(26,467)	(23,478)	(2,989)
Professional Fees	(15,680)	(12,397)	(3,283)
Shared Service Payments	(2,208)	(6,320)	4,112
Inventory Purchases	(214)	(500)	286
Interest Payments & Fees	(6,471)	(7,881)	1,411
Total Disbursements	**(381,543)**	**(286,645)**	**(94,898)**
Net Cash Flow	**(6,689)**	**(63,159)**	**56,469**
Opening Cash Balance	194,276	193,981	295
Net Cash Flow	(6,689)	(63,159)	56,469
Cash Collateralization	(24,372)	(24,576)	204
FILO Credit Facility Paydown	(72,704)	(40,922)	(31,782)
Closing Cash Balance	**90,511**	**65,325**	**25,186**

6.2 Pursuant to paragraph 22(c) of the Court's endorsement in these proceedings dated March 29, 2025, the Monitor is required to advise the Court if, at any time, actual results vary as compared to the applicable Cash Flow Forecast by 15% or more. Since the filing of the applicable Cash Flow Forecast, the Monitor notes that, on a net cash flow basis, actual cash flow results have not negatively varied from the applicable Cash Flow Forecast.

6.3 Explanations for the variances during the Reporting Period are as follows:

(a) the positive variance in retail receipts of approximately $117.5 million is primarily due to higher than forecast sales of Participating Concession Vendors' consignment goods and Additional Consultant Goods, which were partially offset by corresponding negative variances of approximately $66.8 million and approximately $2.5 million in disbursements to Participating Concession Vendors for consignment goods sold and to the Consultant for its share of Additional Consultant Goods sold, respectively. The remaining positive variance of approximately $48.2 million between these amounts is attributable to: (i) higher than forecast sales of Hudson's Bay's owned inventory ($43.3 million);[12] (ii) Hudson's Bay's share of Participating Concession Vendors and Additional Consultant Goods sales and the collection of other non-retail receipts that were not included in the forecast ($10.5 million); partially offset by (iii) a negative variance related to the sale of FF&E ($5.6 million);

(b) Canadian Tire Transaction proceeds of $33.9 million which represents proceeds from the intellectual property sale transaction that closed on June 25, 2025 (inclusive of $3.9 million of sales tax);

(c) the negative variance in payroll and benefits of $12.3 million relates to: (i) the extended timeline to vacate stores; (ii) higher than forecast commission payments due to the higher than forecast gross receipts realized during the Liquidation Sale (as referenced above); and (iii) payment of accrued benefits and liquidation

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[12] As compared to revised Liquidation Forecast utilized in preparing the applicable Cash Flow Forecast.

retention bonuses[13] for store and distribution centre employees which were not included in the Fourth Updated Cash Flow Forecast;

(d) the negative variance in occupancy costs of approximately $4 million relate to carrying costs for leases that are continuing to be retained in connection with the ongoing Lease Monetization Process;

(e) the negative variances in sales tax remittances (approximately $10 million) and Consultant fees and expenses (approximately $3 million) are due to the higher than forecast gross receipts realized during the Liquidation Sale (as referenced above);

(f) the negative variance in professional fees of $3.3 million is primarily due to the Company's financial and legal advisor fees being higher than forecast due to increased costs related to the various asset monetization streams and administration of estate wind-down efforts; and

(g) the remaining net positive variance in total disbursements of approximately $6.8 million is primarily due to timing differences in certain operating expenses and shared services, largely resulting from the timing of receipt of invoices and related reconciliations. The Monitor anticipates that the positive variances will reverse as the associated disbursements are processed in the normal course.

6.4 During the Reporting Period, in accordance with the Stay Extension and Distribution Order:

[13] The liquidation retention bonuses paid by the Company were developed in consultation with Hilco to incentivize store and DC employees to work through the Liquidation Sale and are separate from the KERP.

(a) on May 23, 2025, approximately $24.4 million was distributed 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) approximately $72.7 million ($31.8 million higher than forecast repayments of $40.9 million) has been paid to the FILO Agent to partially repay the FILO Obligations (as defined in the Amended ABL Credit Agreement) owing to the FILO Lenders pursuant to the Amended ABL Credit Agreement, excluding the Make-Whole. The repayments to the FILO Lenders were initiated by the Company in two distributions: (i) on May 23, 2025, concurrent with the completion of the ABL Distribution, approximately $46.8 million was paid to the FILO Agent in a first interim distribution; and (ii) on June 30, 2025, a second interim distribution of $25.9 million[14] was made to the FILO Agent. The principal balance owing to the FILO Lenders under the FILO Credit Facility after accounting for the distributions and excluding the Make-Whole is approximately $64.2 million.

6.5 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately $56.5 million, before considering the second interim distribution

[14] Distribution of $27.7 million comprising of a partial repayment of the FILO Obligations of $25.9 million and accrued interest and fees of $1.8 million.

to the FILO Agent. The closing cash balance as of July 4, 2025, was approximately $90.5 million, as compared to the projected cash balance of $65.3 million.

6.6 In addition, the Monitor is holding $6.0 million in trust (received on June 26, 2025) from the closing of the Affiliate Lease Assignment Agreement with Central Walk. These funds are incremental to the Company's closing cash balance as of July 4, 2025.

7.0 ACTIVITIES OF THE MONITOR

7.1 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 Prior Reports and below, this has included concerted efforts to 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, the Lease Monetization Process and the SISP.

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

(a) continuing to assist in discussions and negotiations with key service providers to facilitate ongoing service and/or termination of services, and to reconcile and settle all outstanding post-filing obligations;

(b) monitoring cash receipts and disbursements, coordinating with management in preparing weekly cash flow variance reporting, and assisting the Applicants in preparing the Draft Fifth Updated Cash Flow Forecast, including consideration of an estimated reserve to fund the remaining costs of the wind-down and CCAA Proceedings thereafter;

(c) liaising with Hilco and the Company regarding the preparation of the Final Reconciliation related to the Liquidation Sale, and assisting in the settlement of post-Liquidation Sale accounts and balances with the Consultant and Participating Concession Vendors;

(d) liaising with the FILO Lenders and their financial advisor in respect of the Draft Fifth Updated Cash Flow Forecast and the second interim distribution, ongoing variance reporting, and responding to related information requests and questions;

(e) working with the Applicants and Saks Global on shared services cost allocations and reviewing/analyzing related supporting information and documentation;

(f) assisting Reflect in conducting the SISP as it pertains to the Art Collection, including participating in discussions and meetings with the auction services provider and other parties in respect of the Art Collection;

(g) assisting Oberfeld in conducting the Lease Monetization Process, including the closing of the Affiliate Lease Assignment Transaction, reviewing draft lease assignment documentation, and participating in discussions with potential assignees and landlords;

(h) assisting the Applicants in vacating the stores and assessing and responding to the Applicants' requests for Monitor consents to notices to disclaim contracts, leases and agreements;

(i) assisting the Applicants in obtaining quotes from third-party contractors and coordinating the removal of FF&E and store signage;

(j) working with the Applicants and Employee Representative Counsel to advance employee issues arising during the CCAA Proceedings and liaising with the Applicants, Employee Representative Counsel and Service Canada in relation to the WEPP process;

(k) assisting the Applicants and the Receiver in matters pertaining to the JV Entities' receivership proceedings;

(l) 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;

(m) posting non-confidential materials filed with the Court to the Case Website; and

(n) with the assistance of Bennett Jones, preparing this Sixth Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

8.1 For the reasons set out in this Sixth Report, the Monitor respectfully recommends that:

(a) no relief should be granted in respect of the Proposed Distribution; and

(b) absent another party forthwith agreeing to fund the costs of pursuing the Central Walk Transaction or another consensual resolution being reached, the Central Walk APA should be terminated and the Subject Leases should be disclaimed.

All of which is respectfully submitted to the Court this 14th day of July, 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

APPENDIX J
Fifth Updated Cash Flow Forecast

See attached.

Appendix J – Fifth Updated Cash Flow Forecast

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

Cash Flow Week:		**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	**Week 9**	**Week 10**	**Week 11**	**Week 12**	**Week 13**	**Week 14**	**Week 15**	
Week Ending:	**Note**	**25-Jul-25**	**01-Aug-25**	**08-Aug-25**	**15-Aug-25**	**22-Aug-25**	**29-Aug-25**	**05-Sep-25**	**12-Sep-25**	**19-Sep-25**	**26-Sep-25**	**03-Oct-25**	**10-Oct-25**	**17-Oct-25**	**24-Oct-25**	**31-Oct-25**	**Total**
Receipts	1	**-**	**-**	**2,000**	**20**	**5,025**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,045**
Disbursements																	
Payroll & Benefits	2	(468)	(149)	(1,220)	(218)	(283)	(200)	(919)	(417)	(168)	(122)	(467)	(106)	(22)	(84)	(163)	(5,005)
Occupancy Costs	3	-	(2,028)	-	(2,028)	556	(1,952)	-	(1,952)	-	-	-	-	-	-	-	(7,404)
Operating Expenses	4	(2,623)	(2,190)	(2,933)	(752)	(752)	(1,368)	(184)	(50)	(50)	(530)	(237)	(450)	(50)	(100)	(541)	(12,809)
Store Closure & Exit Costs	5	(1,003)	(1,003)	(1,003)	(3,263)	(1,003)	(1,003)	-	(2,582)	-	-	-	-	-	-	-	(10,863)
Sales Tax Remittances		-	-	(4,200)	-	-	-	(50)	-	-	-	(50)	-	-	-	-	(4,300)
Consultant Fees & Expenses	6	-	(1,000)	(280)	-	-	-	-	-	-	-	-	-	-	-	-	(1,280)
Professional Fees	7	(1,564)	(1,746)	(1,217)	(2,213)	(1,048)	(1,561)	(1,104)	(1,340)	(878)	(1,014)	(552)	(801)	(446)	(688)	(446)	(16,616)
Shared Service Payments	8	(75)	(2,251)	-	(1,703)	-	-	-	(525)	-	-	(494)	-	-	-	(494)	(5,542)
Interest Payments & Fees	9	-	(781)	-	-	-	(748)	-	-	-	-	(871)	-	-	-	(696)	(3,097)
Total Disbursements		**(5,734)**	**(11,148)**	**(10,853)**	**(10,177)**	**(2,529)**	**(6,832)**	**(2,257)**	**(6,866)**	**(1,096)**	**(1,666)**	**(2,671)**	**(1,357)**	**(517)**	**(872)**	**(2,339)**	**(66,914)**
Net Cash Flow		**(5,734)**	**(11,148)**	**(8,853)**	**(10,157)**	**2,496**	**(6,832)**	**(2,257)**	**(6,866)**	**(1,096)**	**(1,666)**	**(2,671)**	**(1,357)**	**(517)**	**(872)**	**(2,339)**	**(59,869)**
Opening Cash Balance		82,026	76,293	65,144	54,291	44,134	41,605	34,773	32,516	25,650	24,554	22,888	20,217	18,860	18,343	17,471	82,026
Net Cash Flow		(5,734)	(11,148)	(8,853)	(10,157)	2,496	(6,832)	(2,257)	(6,866)	(1,096)	(1,666)	(2,671)	(1,357)	(517)	(872)	(2,339)	(59,869)
FILO Credit Facility Paydown	10	-	-	(2,000)	-	(5,025)	-	-	-	-	-	-	-	-	-	-	(7,025)
Closing Cash Balance		**76,293**	**65,144**	**54,291**	**44,134**	**41,605**	**34,773**	**32,516**	**25,650**	**24,554**	**22,888**	**20,217**	**18,860**	**18,343**	**17,471**	**15,132**	**15,132**

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

Disclaimer

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

The Forecast is presented in thousands of Canadian dollars.

1) **Receipts**
Includes: (i) the transfer of a portion of the gross proceeds from the closing of the Affiliate Lease Assignment Agreement from the Monitor's trust account to the Company ($2 million); (ii) gross proceeds from the proposed YM Transactions (approximately $5.0 million); and (iii) gross proceeds from the proposed IC Transaction ($20,000).

The remaining gross proceeds from the closing of the Affiliate Lease Assignment Agreement, totaling $4 million (net of the above transfer), continue to be held in trust by the Monitor and are incremental to the closing cash balance presented in the Fifth Updated Cash Flow Forecast.

2) **Payroll & Benefits**
Includes salaries, wages, statutory remittances, employee benefits and applicable taxes for salaried and part-time employees across the remaining stores and the corporate office. This line also includes: (i) payments to KERP Participants in accordance with the KERP; (ii) payments to HBC India, an affiliated entity, for personnel providing support and administrative services to the Company; and (iii) payments to remaining store-level employees pursuant to the liquidation retention bonus program, developed in consultation with the Consultant.

3) **Occupancy Costs**
Includes third-party rent, property taxes and CAM for the leases that are included in lease assignment agreements, including occupancy costs for: (i) the 25 Remaining Leases through September 30, 2025; and (ii) the 5 YM Leases through the Outside Date of August 29, 2025.

4) **Operating Expenses**
Includes payments related to ongoing store-level and corporate carrying and wind-down costs, IT-related expenses, record retention and storage fees, insurance premiums, utilities and property tax payments made directly to municipalities.

5) **Store Closure & Exit Costs**
Includes: (i) estimated costs to remove FF&E from store locations (approximately $6.0 million); (ii) estimated costs to remove interior and exterior signage from certain store locations (approximately $2.6 million); and (iii) estimated costs to destroy Company records that are not required to be retained, based on preliminary discussions with a third-party vendor (approximately $2.3 million). Costs to remove FF&E and store signage from the stores that are subject to the proposed Central Walk Transaction are not included and would be incremental to the amounts in the Fifth Updated Cash Flow Forecast.

6) **Consultant Fees & Expenses**
Represents payments to the Consultant for final settlement of amounts owing pursuant to the terms of the Liquidation Consulting Agreement.

7) **Professional Fees**
Represents estimated payments to the Applicants' legal counsel and financial advisor; the Monitor and its legal counsel; Employee Representative Counsel; and legal counsel and financial advisors to the FILO Lenders. Also includes net commissions payable to the Lease Monetization Consultant in connection with the Affiliate Lease Assignment Agreement and the proposed YM Transactions.

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

8) **Shared Service Payments**
Represents estimated payments for shared services provided by Saks Global, consisting of: (i) reimbursement for the cost of Saks Global employees providing support services to the Company; and (ii) the Company's share of third-party IT-related expenses incurred by Saks Global.

9) **Interest Payments & Fees**
Represent payments owing to the FILO Lenders for: (i) accrued and unpaid interest; and (ii) forecast interest for the period covered by the Fifth Updated Cash Flow Forecast.

10) **FILO Credit Facility Paydown**
Represents proposed interim FILO Distributions to the FILO Lenders pursuant to the Stay Extension and Distribution Order.

CONFIDENTIAL APPENDIX A
Confidential Bid Summary (YM Leases)

[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

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

SEVENTH REPORT OF THE MONITOR

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