

Court File No. CV-23-00695619-00CL

**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 NORDSTROM CANADA RETAIL, INC.,  
NORDSTROM CANADA HOLDINGS, LLC AND  
NORDSTROM CANADA HOLDINGS II, LLC**

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

**MAY 24, 2023**

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## 1.0 INTRODUCTION

- 1.1 On March 2, 2023 (the “**Filing Date**”), Nordstrom Canada Retail, Inc. (“**Nordstrom Canada**”), Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC (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 Nordstrom Canada Leasing LP (“**Canada Leasing LP**” and, collectively with the Applicants, the “**Nordstrom Canada Entities**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor of the Nordstrom Canada Entities (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”).
- 1.3 The Initial Order, among other things:
- (a) granted a stay of proceedings in favour of the Nordstrom Canada Entities during the Stay Period (as defined in the Initial Order), which initially ended on March 12, 2023;
  - (b) granted a stay of proceedings prohibiting the exercise of any rights or remedies by third-party tenants of commercial properties in which the Nordstrom Canada Entities operate a store during the Stay Period (the “**Co-Tenant Stay**”);
  - (c) granted a stay of proceedings in favour of Nordstrom, Inc. (“**Nordstrom US**”) and its direct and indirect subsidiaries (other than the Nordstrom Canada Entities) in

respect of obligations that are derivative of the primary liability of or related to the Nordstrom Canada Entities (the “**Parent Stay**”);

- (d) authorized the Nordstrom Canada Entities, in consultation with, and with the oversight of, the Monitor, to:
  - (i) solicit proposals and agreements from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (as defined in the Initial Order) of the Nordstrom Canada Entities; and
  - (ii) with the assistance of any real estate advisor or other assistants as may be desirable, pursue all avenues and offers for the sale, transfer or assignment of the Leases (as defined in the Initial Order) to third parties (the “**Lease Transaction Process**”);
- (e) approved an employee trust agreement among Nordstrom US, as settlor, the Monitor, as administrator (the “**Administrator**”), and Gale Rubenstein in her personal capacity as trustee (the “**Trustee**”), providing for the establishment of a trust funded by Nordstrom US for the benefit of employees of Nordstrom Canada (the “**Employee Trust**”);
- (f) approved the appointment of Ursel Phillips Fellows Hopkinson LLP as representative counsel (“**Employee Representative Counsel**”) to represent the interests of Nordstrom Canada employees other than: (i) non-store level employees who are eligible for a payment under the KERP (as defined below); (ii) directors

and officers of the Nordstrom Canada Entities; and (iii) the Senior Vice President, Regional Manager for Canada (the “**Represented Employees**”); and

(g) granted an Administration Charge and a Directors’ Charge over the Property.

1.4 On March 10, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”) which modified the Initial Order in certain respects. The ARIO, among other things:

(a) approved the Applicants’ key employee retention plan (the “**KERP**”) and granted a charge over the Property in the maximum amount of \$2.6 million as security for the payments to be made in accordance with the KERP;

(b) increased the amount of the Administration Charge to \$1.5 million and increased the amount of the Directors’ Charge to \$13.25 million; and

(c) extended the Stay Period and the Parent Stay to and including March 20, 2023.

1.5 On March 20, 2023, the Court granted the Sale Approval Order, which:

(a) approved an amended and restated consulting agreement (the “**Consulting Agreement**”) between Nordstrom Canada and Canada Leasing LP (together, the “**Merchant**”) and a contractual joint venture comprised of Hilco Merchant Retail Solutions ULC, Gordon Brothers Canada, ULC, Tiger Asset Solutions Canada, ULC and B. Riley Retail Solutions LLC (collectively, the “**Consultant**”);

- (b) approved the sale guidelines (the “**Sale Guidelines**”) for the orderly liquidation of certain Merchandise and FF&E (each as defined in the Sale Approval Order) at each of the Merchant’s stores (the “**Liquidation Sale**”);
- (c) authorized the Merchant, with the assistance of the Consultant, to undertake the Liquidation Sale in accordance with the terms of the Sale Approval Order, the Consulting Agreement and the Sale Guidelines; and
- (d) extended the Stay Period and the Parent Stay to and including June 30, 2023.

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

- (a) the activities of the Nordstrom Canada Entities in connection with their orderly wind-down, including the Liquidation Sale, employment matters, and the Lease Transaction Process;
- (b) the Applicants’ motion for an order (the “**Claims Procedure Order**”), among other things:
  - (i) approving a claims process for the identification, quantification and resolution of Claims (as defined in the Claims Procedure Order) as against the Nordstrom Canada Entities and their respective current and former directors and officers;

- (ii) authorizing the Nordstrom Canada Entities, the Monitor and the Claims Officers (as defined below) to perform their respective obligations under the Claims Procedure Order;
  - (iii) establishing the Claims Bar Date and the Restructuring Period Claims Bar Date (each as defined below); and
  - (iv) extending the Stay Period and the Parent Stay to and including September 29, 2023;
- (c) the activities of the Monitor since March 16, 2023, being the date of the Second Report of the Monitor (the “**Second Report**”); and
- (d) the Monitor’s conclusions and recommendations in connection with the Applicants’ motion for the Claims Procedure Order.

## 2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third Report, the Monitor has been provided with, and has relied upon, unaudited financial information and books and records prepared or provided by Nordstrom US and its affiliates, including the Nordstrom Canada Entities (collectively, the “**Nordstrom Group**”), and has held discussions with management of the Nordstrom Group and the Nordstrom Canada Entities’ legal counsel (collectively, the “**Information**”). Except as otherwise described in this Third Report, in respect of the Nordstrom Canada Entities’ 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 the Nordstrom Group. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Third Report should be read in conjunction with the affidavit of Misti Heckel, President of Nordstrom Canada, President and Treasurer of Nordstrom Canada Holdings, LLC and Nordstrom Canada Holdings II, LLC, and Vice President – Tax of Nordstrom US, sworn on May 19, 2023 (the “**Fourth Heckel Affidavit**”). Capitalized terms used and not defined in this Third Report have the meanings given to them in the ARIIO or the Fourth Heckel Affidavit, as applicable.

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

- 2.5 The Pre-Filing Report of the Proposed Monitor dated March 1, 2023, the First Report of the Monitor dated March 8, 2023, the Second Report and other Court-filed documents and notices in the CCAA Proceedings are available on the Monitor's case website at [www.alvarezandmarsal.com/NordstromCanada](http://www.alvarezandmarsal.com/NordstromCanada) (the "**Monitor's Website**").

### **3.0 UPDATE REGARDING THE LIQUIDATION SALE**

- 3.1 The Liquidation Sale commenced at each of the Nordstrom Canada Entities' 13 Stores on March 21, 2023, being the day immediately following the granting of the Sale Approval Order.
- 3.2 The Liquidation Sale at the seven (7) Nordstrom Rack Stores concluded on May 14, 2023, approximately eight (8) weeks from the commencement date, at which time the Nordstrom Rack Stores were closed to the public. Thereafter, there is a two (2) week period, which remains ongoing, to facilitate the retrieval and removal of sold and unsold FF&E from the Nordstrom Rack Stores and to generally prepare the Nordstrom Rack Stores for turn-over to the Landlord on or about May 28, 2023 in circumstances where the applicable Lease has been disclaimed.
- 3.3 The Liquidation Sale at the six (6) Nordstrom full-line Stores is anticipated to continue until mid June 2023, to be followed by an estimated three (3) week period to facilitate the retrieval and removal of sold and unsold FF&E, including FF&E wholly or partially owned by third parties, and to generally prepare the Nordstrom full-line Stores for turn-over to the Landlord in early July 2023 in circumstances where the applicable Lease has been disclaimed.

- 3.4 All inventory that was located at the Distribution Centre or that was in transit to the Distribution Centre as of the Filing Date was delivered to the Stores for inclusion in the Liquidation Sale. On April 28, 2023, Nordstrom Canada provided notice to National Logistics Services (2006) Inc. (“NLS”), the third-party that managed and operated the Distribution Centre, of its intention to disclaim the related service agreement. The Nordstrom Canada Entities and NLS, in consultation with the Monitor, are working to resolve the final reconciliation of amounts between the parties and the ownership of FF&E at the Distribution Centre.

#### **4.0 UPDATE ON EMPLOYMENT MATTERS**

- 4.1 Capitalized terms used but not defined in this section of the Third Report have the meanings ascribed to them in the trust agreement governing the Employee Trust (the “**Trust Agreement**”).
- 4.2 The Initial Order approved (a) the creation of the Employee Trust on the terms set out in the Trust Agreement, and (b) the appointment of Employee Representative Counsel to represent the interests of the Represented Employees in the CCAA Proceedings, including with respect to the Trust Agreement, the Claims Process, and the settlement or compromise of any rights, entitlements or claims of the Represented Employees.
- 4.3 The Monitor has been in regular contact with Employee Representative Counsel and understands that Employee Representative Counsel has and continues to:
- (a) maintain a website for Represented Employees to provide up-to-date information regarding the CCAA Proceedings, guidance on common questions and access to relevant documents;

- (b) maintain a toll-free telephone number and email address dedicated to Represented Employees to facilitate and respond to questions; and
- (c) convene videoconference meetings with Nordstrom Canada and the Monitor, on a weekly basis or as needed, in order to facilitate the resolution of issues arising during the CCAA Proceedings that have been brought to the attention of Employee Representative Counsel.

4.4 As described in the Second Report, the Monitor, in its capacity as Administrator under the Employee Trust, and the Trustee jointly opened the Nordstrom Canada Employee Trust bank account at Royal Bank of Canada (the “**Employee Trust Account**”) on March 6, 2023.

4.5 On March 13, 2023, the initial funding of the Employee Trust by Nordstrom US in the amount of \$14 million was received into the Employee Trust Account. Since that date, the Administrator has assisted Nordstrom Canada and the Trustee in preparing the calculations of Eligible Employee Regular Wages and Regular Work Weeks that are utilized to calculate Eligible Employee Claims and Top Up Claims. As of May 18, 2023, approximately \$2.7 million has been reimbursed from the Employee Trust to Nordstrom Canada in respect of Eligible Employee Claims paid by Nordstrom Canada to employees (calculated in order to provide Eligible Employees with their Regular Wages for a Regular Work Week).

4.6 The Administrator has had ongoing discussions with Employee Representative Counsel regarding the operation of the Employee Trust, the calculation of Eligible Employee Claims, and any disputes raised by employees concerning the Employee Trust.

4.7 As of the Filing Date, Nordstrom Canada employed approximately 2,300 salaried and hourly Employees. On March 21, 2023, substantially all Employees were provided with written notice of termination with effective termination dates to occur between May 16, 2023 and June 30, 2023 in order to align with the anticipated timing for closure of the Stores. The effective termination dates for most Nordstrom Rack Store Employees (approximately 296 Employees) occurred on May 16, 2023, with the effective termination dates for a further 15 Nordstrom Rack Store Employees to occur on May 31, 2023. The effective termination dates for most Employees at Nordstrom full-line Stores will occur on June 13, 2023.

4.8 As of May 18, 2023, Nordstrom Canada continued to employ approximately 1,635 Employees, a decrease of approximately 665 from the Filing Date, primarily due to attrition during the CCAA Proceedings and the closure of the Nordstrom Rack Stores.

## **5.0 UPDATE REGARDING THE LEASE TRANSACTION PROCESS**

### Lease Transaction Process

5.1 The ARIO authorized the Nordstrom Canada Entities, in consultation with the Monitor and with the assistance of any real estate advisor or other Assistants as may be desirable, to pursue all avenues and offers for the sale, transfer or assignment of the Leases to third parties, in whole or in part, and to return to Court for approval of any such sale, transfer or assignment.

5.2 Following the granting of the ARIO, counsel to the Nordstrom Canada Entities, and the Monitor and its counsel, met with two real estate advisory firms with respect to a potential process to market and solicit interest in the Leases from third parties. On March 22, 2023,

in consultation with the Monitor, Canada Leasing LP entered into a Consulting Services Agreement with Jones Lang Lasalle Real Estate Services, Inc. (“**JLL**”) for the period March 22 to June 30, 2023 (the “**Consulting Services Agreement**”). The Consulting Services Agreement is described in the Fourth Heckel Affidavit and is appended as Exhibit “D” thereto.

- 5.3 Pursuant to the Consulting Services Agreement, JLL contacted a wide variety of parties to gauge their interest in acquiring the Leases, including retail organizations in and outside Canada and commercial real estate brokerages known to represent organizations that could have potential interest in the Leases. In total, JLL contacted or was contacted by approximately 195 parties, of which 26 executed a non-disclosure agreement (“**NDA**”) and were provided with access by the Monitor to a data room established specifically for conducting due diligence in respect of the Leases. The Monitor has remained in close contact with JLL with respect to the conduct of the Lease Transaction Process.
- 5.4 In consultation with the Monitor, JLL requested that each potential acquirer submit an expression of interest with respect to Nordstrom Rack Leases it was interested in acquiring (each a “**Nordstrom Rack EOI**”) by no later than 5:00 p.m. Eastern Time on April 28, 2023 (the “**EOI Deadline**”). The EOI Deadline was selected based on a balancing of considerations, including: (a) the expected completion of the Liquidation Sale at Nordstrom Rack Stores on May 14, 2023 and subsequent FF&E removal period; and (b) aligning the 30-day notice period for potential Lease disclaimers as much as practicable with anticipated Store vacate dates in order to minimize rent costs beyond the end of the Liquidation Sale in the event that executable Nordstrom Rack EOIs were not received for certain of the Leases.

5.5 As of the EOI Deadline, Nordstrom Rack EOIs were received for potential transactions involving one or more of the Leases for four (4) of the Nordstrom Rack Stores. An additional Nordstrom Rack EOI was received shortly after the EOI Deadline. The Nordstrom Rack EOIs received were offers by retailers for the assignment and assumption of Leases for four (4) of the Nordstrom Rack Stores. In consultation with JLL and the Monitor, the Nordstrom Canada Entities have provided draft assignment agreements to certain of the potential Lease assignees and continue to negotiate with those parties. If negotiations result in satisfactory assignment and assumption agreements, it is anticipated that the Nordstrom Canada Entities will return to this Court to seek approval of such agreements.

5.6 In consultation with the Monitor, JLL and the Nordstrom Canada Entities continue to advance the Lease Transaction Process with respect to Nordstrom full-line Store Leases, including responding to due diligence and information requests from potential assignees who have expressed interest in such Leases.

#### Lease Disclaimers

5.7 No Nordstrom Rack EOIs were received for the Leases for the South Edmonton Commons and Willowbrook Langley Nordstrom Rack Stores by the EOI Deadline. As such, the Nordstrom Canada Entities, with the consent of the Monitor, issued notices to disclaim those Leases and related agreements on May 3, 2023. The disclaimers will become effective on June 2, 2023.

5.8 No Nordstrom Rack EOIs were received for the Lease for the One Bloor Street East Store in Toronto, Ontario. The Nordstrom Canada Entities, with the consent of the Monitor,

issued a notice to disclaim the Lease and related agreements on May 5, 2023, which disclaimer will become effective on June 4, 2023. Issuance of the notice to disclaim the One Bloor Street East Lease was delayed slightly as JLL worked to determine the level of interest of a party that had executed an NDA and was viewed as a potential candidate for that location.

5.9 The Nordstrom Canada Entities, in consultation with the Monitor, have begun preparations for the removal of FF&E, and leaving the Stores in a “broom swept” and clean condition in accordance with the Sale Guidelines. The Nordstrom Canada Entities expect to vacate the premises on or before the date each Lease disclaimer or assignment transaction becomes effective.

5.10 The Nordstrom Canada Entities intend to arrange walk-throughs with the Landlords of each of the Nordstrom Canada Stores upon the completion of the decommissioning of the Stores, prior to vacating the premises. Additional walk-throughs will be arranged with Landlords of full-line Stores to deal with any remaining FF&E after the completion of the Liquidation Sale.

## **6.0 PROPOSED CLAIMS PROCEDURE ORDER**

### Overview

6.1 Capitalized terms used but not defined in this section of the Third Report have the meanings ascribed to them in the proposed Claims Procedure Order.

6.2 The Nordstrom Canada Entities have developed, in consultation with the Monitor and Employee Representative Counsel, a proposed claims process (the “**Claims Process**”) to



govern the process for filing and determining Claims against the Nordstrom Canada Entities and any Claims against the current and former Directors and Officers of the Nordstrom Canada Entities (“**D&O Claims**”).

6.3 Certain important dates incorporated in the Claims Process and Claims Procedure Order are summarized below.

Timing	Activity
As soon as practicable after the date of the Claims Procedure Order	Monitor to cause a Notice to Claimants to be published once in <i>The Globe and Mail</i> (National Edition)
As soon as practicable after the date of the Claims Procedure Order, and no later than 5:00 p.m. on the tenth (10 <sup>th</sup> ) Business Day following the date of the Claims Procedure Order	Monitor to cause (i) the Notice to Claimants, the General Claims Package and a blank form of Notice of Dispute of Negative Notice Claim to be posted to the Monitor’s Website; (ii) a Negative Notice Claims Package to be sent to every Negative Notice Claimant other than Employees; and (iii) a General Claims Package to be sent to applicable Persons.
On the fifteenth (15 <sup>th</sup> ) Business Day following the date of the Claims Procedure Order, or as soon as practicable thereafter	Monitor to cause the applicable Negative Notice Claims Package to be sent to each Employee employed at the Filing Date.
August 4, 2023 at 5:00 p.m. (the “ <b>Claims Bar Date</b> ”)	Deadline for the filing of (i) Pre-Filing Claims, (ii) Pre-Filing D&O Claims, and (iii) Notices of Dispute of Negative Notice Claim.  Deadline for the service of the Monitor’s Intercompany Claims Report (as defined below).
The later of: (i) 30 days after the date on which the Monitor sends a Negative Notice Claims Package or General Claims Package, as appropriate, with respect to a Restructuring Period Claim or Restructuring Period D&O Claim; and (ii) the Claims Bar Date (the “ <b>Restructuring Period Claims Bar Date</b> ”).	Deadline for the filing of Restructuring Period Claims and Restructuring Period D&O Claims.

### Types of Claims

6.4 As set out in greater detail in the proposed Claims Procedure Order, the Claims Process applies to the following types of Claims:

- (a) *Pre-Filing Claims*: any right or claim of any Person against any of the Nordstrom Canada Entities, including a secured, unsecured, priority, property or trust claim, in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Nordstrom Canada Entity to such Person that was in existence prior to the Filing Date;
- (b) *Restructuring Period Claims*: any right or claim of any Person against any of the Nordstrom Canada Entities in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Nordstrom Canada Entity to such Person arising out of the restructuring, disclaimer, termination or breach by such Nordstrom Canada Entity on or after the Filing Date of any contract, lease or other agreement, whether written or oral;
- (c) *Pre-Filing D&O Claims*: any right or claim of any Person against one or more of the Directors and/or Officers arising based in whole or in part on facts that existed prior to the Filing Date, including any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers; and
- (d) *Restructuring Period D&O Claims*: any right or claim of any Person against one or more of the Directors and/or Officers arising after the Filing Date, including any

right or ability of any Person to advance a Claim for contribution, indemnity or otherwise against any of the Directors and/or Officers.

6.5 The proposed Claims Procedure Order does not apply to the following (collectively, the **“Excluded Claims”**):

- (a) any Claim that may be asserted by any beneficiary of the Administration Charge, the Directors’ Charge, the KERP Charge, or any other charge granted by the Court in the CCAA Proceedings with respect to such charges;
- (b) any Claim that may be asserted by the Consultant;
- (c) any Claim that may be asserted by any of the Nordstrom Canada Entities against any Directors and/or Officers; and
- (d) any Excluded Claim arising through subrogation.

#### Noticing Process

6.6 The proposed Claims Process requires the Monitor to send, by no later than 5:00 p.m. on the 10<sup>th</sup> Business Day following the date of the Claims Procedure Order, a General Claims Package containing a Proof of Claim form, D&O Proof of Claim form and related instruction letters to: (a) each Person that appears on the Service List (except Persons that are likely to assert only Excluded Claims, in the reasonable opinion of the Nordstrom Canada Entities and the Monitor); (b) any Person that has requested a Proof of Claim in respect of any potential Claim that is not captured in a Statement of Negative Notice Claim or Employee Letter (each discussed further below); and (c) any Person known to the

Nordstrom Canada Entities or the Monitor as having a potential Claim based on the books and records of the Nordstrom Canada Entities that is not captured in any Statement of Negative Notice Claim or Employee Letter.

6.7 In addition to the foregoing, the proposed Claims Procedure Order requires the Monitor to cause:

- (a) the Notice to Claimants (substantially in the form attached to the Claims Procedure Order, or a condensed version thereof) to be published once in *The Globe and Mail* (National Edition) as soon as practicable after the date of the Claims Procedure Order; and
- (b) the Notice to Claimants, the General Claims Package, and a blank form of Notice of Dispute of Negative Notice Claim to be posted to the Monitor's Website as soon as practicable, but no later than 5:00 p.m. on the 10<sup>th</sup> Business Day following the date of the Claims Procedure Order.

6.8 The proposed Claims Procedure Order requires the Monitor, upon becoming aware of a circumstance giving rise to a potential Restructuring Period Claim or Restructuring Period D&O Claim after the noticing described above is complete, in consultation with the Nordstrom Canada Entities, to send a General Claims Package or a Negative Notice Claims Package, as appropriate, to the Claimant in respect of such Claim.

#### Negative Notice Claims Process

6.9 The proposed Claims Procedure Order includes a simplified, "negative notice" process to assist Employees in resolving their Claims in the CCAA Proceedings. The proposed Claims

Procedure Order also authorizes (but does not require) the Nordstrom Canada Entities, in consultation with the Monitor, to send a Negative Notice Claims Package to any other Person based on the books and records of the Nordstrom Canada Entities.

- 6.10 The Nordstrom Canada Entities and the Monitor have worked with Employee Representative Counsel to develop a streamlined process for the calculation and resolution of Claims by Employees. Each Employee employed as of the Filing Date will receive either (a) a Statement of Negative Notice Claim; or (b) an Employee Letter indicating that an Employee has no known Claim against the Nordstrom Canada Entities.
- 6.11 The proposed Claims Procedure Order provides that the Monitor will, on the 15<sup>th</sup> Business Day following the date of the Claims Procedure Order or as soon as practicable thereafter, send a Negative Notice Claims Package (containing either a Statement of Negative Notice Claim or the Employee Letter, as applicable) to each Employee who was employed at the Filing Date.

#### Known Employee Claims

- 6.12 A small percentage of Employees have Claims that are known to the Nordstrom Canada Entities and the Monitor, which Claims include (a) Claims by Employees in Ontario who have resigned or who may resign during their statutory notice period and whose severance pay under the *Employment Standards Act, 2000* (Ontario) is therefore not payable by the Employee Trust; and (b) Claims by certain Employees in Ontario to common law reasonable notice of termination or payment in lieu thereof given the specific terms of their contracts of employment.

- 6.13 Employees that are known to have Claims against Nordstrom Canada as determined pursuant to the Known Employee Claims Methodology will be sent a Statement of Negative Notice Claim specifying the amount and Characterization of their Claims. The Known Employee Claims Methodology provides a formula for the calculation of Known Employee Claims based on a number of factors, including an Employee's position/character of employment, age, length of service, length of working notice, and payments received pursuant to the Employee Trust.
- 6.14 The Known Employee Claims Methodology was jointly developed by the Nordstrom Canada Entities and Employee Representative Counsel in consultation with the Monitor. A copy of the Known Employee Claims Methodology is appended as Exhibit "G" to the Fourth Heckel Affidavit. The proposed Claims Procedure Order provides that the Known Employee Claims Methodology is final and binding on all Employees represented by Employee Representative Counsel and Employees not represented by Employee Representative Counsel who do not submit a Notice of Dispute of Negative Notice Claim by the applicable Bar Date. Any Employee that disagrees with the calculation of their Claim pursuant to the Known Employee Claims Methodology is required to submit a Notice of Dispute of Negative Notice Claim prior to the applicable Bar Date. Any Employee is also permitted to file a Proof of Claim by the applicable Bar Date in respect of any type of Claim that is not contemplated by the Known Employee Claims Methodology. The Monitor is of the view that the Known Employee Claims Methodology is a fair and reasonable method of determining the Claims of the Known Employee Claimants.

Employee Letter

- 6.15 In consultation with Employee Representative Counsel, the Nordstrom Canada Entities developed the Employee Letter as a means to provide the majority of Employees – who are not expected to have Claims against the Nordstrom Canada Entities as a result of working notice and the receipt of payments from the Employee Trust – with a simplified version of the type of claim documentation normally provided in a CCAA proceeding.
- 6.16 The proposed Claims Procedure Order requires the Monitor to send the Employee Letter to each “**Employee Letter Recipient**”, defined as an Employee who was employed at the Filing Date that: (a) is not a Known Employee Claimant with a Known Employee Claim valued at greater than \$0.00; and (b) is not otherwise sent a Statement of Negative Notice Claim by the Nordstrom Canada Entities.
- 6.17 The proposed form of Employee Letter is attached at Schedule J of the proposed Claims Procedure Order. The Employee Letter indicates that the Nordstrom Canada Entities have reviewed and assessed the Employee’s personal circumstances – including the Employee’s length of service, province of employment, store location, and employment terms – and determined that no further payments are owing to the Employee by any of the Nordstrom Canada Entities.
- 6.18 A substantial majority of Employees are expected to receive the Employee Letter and shall have no Claim against the Nordstrom Canada Entities as a result of working notice provided during the CCAA Proceedings and the receipt of “top-up” payments from the Employee Trust. An additional small number of Employees are anticipated to receive the Employee Letter as a result of having no Claim as against the Nordstrom Canada Entities

for other reasons particular to such Employees. The Nordstrom Canada Entities are working closely with Employee Representative Counsel and the Monitor to modify the Employee Letter, where necessary, to address the particular circumstances of these Employees.

- 6.19 Any Employee Letter Recipient that wishes to dispute the assessment of their Claim as set out in the Employee Letter must file a Notice of Dispute of Negative Notice Claim by the Claims Bar Date. The Employee Letter includes a link to the Monitor's Website for more information on how to file a dispute notice and Employee Representative Counsel will be available to assist Represented Employees in this regard.

Other Negative Notice Claims

- 6.20 As referenced above, the proposed Claims Procedure Order also provides the ability for the Nordstrom Canada Entities to send a Negative Notice Claim to Persons other than Employees. In addition to Claims of Employees, Negative Notice Claims include Pre-Filing Claims and/or Restructuring Period Claims, as applicable, that are set out in a Statement of Negative Notice Claim, which Claim shall be valued in accordance with the assessment of such Claim by the Nordstrom Canada Entities, in consultation with the Monitor, based on the books and records of the Nordstrom Canada Entities.
- 6.21 The proposed Claims Procedure Order provides that, as soon as practicable but not later than the 10<sup>th</sup> Business Day following the date of the Claims Procedure Order, the Monitor will cause the Negative Notice Claims Package to be sent to every Negative Notice Claimant that is not an Employee. The Statement of Negative Notice Claim shall specify the amount (if any) and Characterization of the Negative Notice Claim.



- 6.22 Any Negative Notice Claimant that wishes to dispute the amount (if any) or Characterization of its Negative Notice Claim must deliver a Notice of Dispute of Negative Notice Claim that is received by the Monitor no later than the applicable Bar Date.

Bar Dates

- 6.23 The Nordstrom Canada Entities propose that any Person asserting a Pre-Filing Claim or a Pre-Filing D&O Claim or disputing a Negative Notice Claim provided to them in a Statement of Negative Notice Claim or referred to in their Employee Letter, be required to deliver to the Monitor a Notice of Dispute of Negative Notice Claim (in the case of Negative Notice Claimants), or a Proof of Claim or D&O Proof of Claim, as applicable, on or before the Claims Bar Date (which is 5:00 p.m. on August 4, 2023).
- 6.24 The Nordstrom Canada Entities propose that any Person asserting a Restructuring Period Claim or a Restructuring Period D&O Claim be required to deliver to the Monitor a Proof of Claim or D&O Proof of Claim, as applicable, on or before the Restructuring Period Claims Bar Date.
- 6.25 The Claims Bar Date and the Restructuring Period Claims Bar Date were selected by the Nordstrom Canada Entities, in consultation with the Monitor. The Monitor believes that the Bar Dates are reasonable in that they provide sufficient time for potential claimants to evaluate and submit the requisite Proof of Claim, D&O Proof of Claim, or Notice of Dispute of Negative Notice Claim, as applicable, to support any Claim they may have against the Nordstrom Canada Entities or their Directors and Officers. Employee Representative Counsel supports the timing of the Bar Dates as they relate to Claims of Employees.

6.26 The proposed Claims Procedure Order provides that:

- (a) any Negative Notice Claimant who does not submit a completed Notice of Dispute of Negative Notice Claim by the applicable Bar Date is deemed to have accepted the amount (if any) and Characterization of its Claim as set out in its Statement of Negative Notice Claim or referred to in its Employee Letter, as applicable, for voting and distribution purposes under any Plan,<sup>1</sup> and any and all rights of the Negative Notice Claimant to dispute the Claim(s) or otherwise assert or pursue the Claim(s) other than as set out in the Statement of Negative Notice Claim or Employee Letter are extinguished and barred; and
- (b) any potential claimant (other than a Negative Notice Claimant) that does not file a Proof of Claim or D&O Proof of Claim by the applicable Bar Date is, *inter alia*: (i) forever barred from asserting or enforcing such Claim against the Nordstrom Canada Entities and/or the Directors and Officers and all such Claims shall be forever extinguished; (ii) not permitted to vote at any Meeting on account of such Claim; (iii) not entitled to receive further notice with respect to the Claims Process or the CCAA Proceedings with respect to such Claim; and (iv) not permitted to participate in any distribution made under any Plan or otherwise on account of such Claim.

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<sup>1</sup> The Claims Procedure Order provides that in respect of a Notice of Dispute of Negative Notice Claim submitted by an Employee, the Employee shall be deemed to dispute the determination of its Claim for both voting and distribution purposes unless otherwise specified therein.

- 6.27 Pursuant to the proposed Claims Procedure Order, the Monitor, in consultation with the Nordstrom Canada Entities, may use its reasonable discretion to determine whether to agree to accept a Claim submitted after the applicable Bar Date.

Adjudication and Resolution of Claims Other than Intercompany Claims

- 6.28 In respect of any Proof of Claim or D&O Proof of Claim submitted by a Claimant, the proposed Claims Procedure Order provides that the Nordstrom Canada Entities, in consultation with the Monitor and, if applicable, any Directors and Officers named in respect of a D&O Claim, will accept, revise, or reject each Claim set out in each Proof of Claim or D&O Proof of Claim for voting and/or distribution purposes.
- 6.29 If the Nordstrom Canada Entities, in consultation with the Monitor, intend to revise or reject a Claim for voting and/or distribution purposes, the Monitor will notify the applicable Claimant that its Claim has been revised or rejected, and the reasons for such revision or rejection, by sending a Notice of Revision or Disallowance to the Claimant.
- 6.30 Any Claimant who wishes to dispute a Notice of Revision or Disallowance for voting and/or distribution purposes must deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for its dispute, to the Monitor by no later than 30 days after the date on which the Claimant is deemed to receive the Notice of Revision or Disallowance, or such other date as may be agreed to in writing by the Monitor, in consultation with the Nordstrom Canada Entities. Failure to deliver a Notice of Dispute of Revision or Disallowance within the required time period will result in the Claimant's Claim being deemed to be as determined in the Notice of Revision or Disallowance for voting and distribution purposes.

- 6.31 Upon receipt of a Notice of Dispute of Revision or Disallowance, the Nordstrom Canada Entities, in consultation with the Monitor and any applicable Directors or Officers named in the Claim, will attempt to resolve such dispute and settle the purported Claim with the Claimant. If the disputed Claim cannot be resolved, the Nordstrom Canada Entities will at their election, in consultation with the Monitor, refer the dispute to a Claims Officer or the Court for adjudication, and the Monitor will send written notice of such referral to the Claimant.
- 6.32 In respect of any Notice of Dispute of Negative Notice Claim submitted by a Negative Notice Claimant:
- (a) if the Nordstrom Canada Entities, in consultation with the Monitor, disagree with the Claim(s) as set out in the Notice of Dispute of Negative Notice Claim, the Nordstrom Canada Entities and the Monitor will attempt to resolve such dispute and settle the purported Claim with the Negative Notice Claimant for voting and/or distribution purposes; and
  - (b) if the disputed Claim cannot be resolved, the Nordstrom Canada Entities will, in consultation with the Monitor, refer the dispute to a Claims Officer or the Court for adjudication, and the Monitor will send written notice of such referral to the Negative Notice Claimant.

#### Claims Officers

- 6.33 The proposed Claims Procedure Order contemplates the appointment of the Honourable Mr. Dennis O'Connor, K.C. and Mr. Kevin McElcheran as claims officers to adjudicate

unresolved Claims (“**Claims Officers**”). In addition, the proposed Claims Procedure Order permits the Nordstrom Canada Entities, the Monitor, a Claimant, and the Directors and Officers and/or their counsel, as applicable, to agree to any other Person acceptable to all such parties to act as a Claims Officer with respect to the adjudication of such Claimant’s Claim(s).

- 6.34 With respect to a disputed Claim referred to a Claims Officer, the proposed Claims Procedure Order provides that the Claims Officer shall: (a) determine the amount (if any) and Characterization of the disputed Claim in accordance with the Claims Procedure Order; (b) determine whether any Claim or part thereof constitutes an Excluded Claim; (c) provide written reasons for its determination of the matter; (d) determine all procedural matters which may arise in respect of the Claims Officer’s determination of the disputed Claim, and (e) have the discretion to mediate any dispute and to determine by whom and to what extent the costs of any hearing or mediation before a Claims Officer shall be paid. A determination by the Claims Officer may be appealed to the Court within 10 days of the receipt of notice of the Claims Officer’s determination. The Monitor supports the appointment of Mr. Dennis O’Connor, K.C. and Mr. Kevin McElcheran as Claims Officers.

#### Intercompany Claims

- 6.35 The proposed Claims Procedure Order contemplates that the Monitor will review any Claim that may be asserted against any Nordstrom Canada Entity by or on behalf of any other Nordstrom Canada Entity or another member of the Nordstrom Group (each, an “**Intercompany Claim**”). The proposed Claims Procedure Order requires the Monitor to

prepare a report detailing its review of all Intercompany Claims identified by the Monitor and assessing the amount and Characterization of such Intercompany Claims (the “**Monitor’s Intercompany Claims Report**”). The Monitor’s Intercompany Claims Report shall be served on or before the Claims Bar Date and contain a recommendation on the next steps to be taken, if any, with respect to the determination and adjudication of Intercompany Claims.

- 6.36 The proposed Claims Procedure Order provides that each Intercompany Claim identified in the Monitor’s Intercompany Claims Report shall be deemed to have been properly submitted as if such Claim was a Pre-Filing Claim or Restructuring Period Claim, as applicable, in accordance with the Claims Procedure Order. However, nothing in the Monitor’s Intercompany Claims Report shall bind the Court with respect to its determination of the Intercompany Claims as the Court sees fit, including without limitation, the validity, priority or quantum of such Intercompany Claims. The Monitor and its counsel have commenced their consideration of Intercompany Claims and the Nordstrom Group has provided requested documentation in connection therewith.

#### Conclusion Regarding the Proposed Claims Process

- 6.37 The Monitor and its counsel were closely involved in discussions with the Nordstrom Canada Entities and Employee Representative Counsel with respect to the development, structure and timing of the proposed Claims Process. The Monitor is of the view that the proposed Claims Procedure Order provides an appropriate, efficient and effective process for the filing and determination of Claims against the Nordstrom Canada Entities and their Directors and/or Officers and the Monitor supports its approval by the Court.

## 7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

7.1 Receipts and disbursements for the cumulative nine-week period from March 12, 2023 to May 13, 2023 (the “**Reporting Period**”), as compared to the cash flow forecast that was attached as Appendix “H” to the Second Report (the “**Cash Flow Forecast**”), are summarized in the table below.

<b>Cash Flow Variance Reporting</b>		<b>Cumulative 9-Week Period Ended May 13, 2023</b>		
<i>(CAD \$000s, Unaudited)</i>		<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>		<b>\$ 107,196</b>	<b>\$ 111,768</b>	<b>\$ (4,572)</b>
<b>Disbursements</b>				
Salaries and Benefits		19,119	19,976	857
Occupancy & Concession Costs		14,288	12,113	(2,176)
Sales Tax Remittances		3,716	4,865	1,150
Logistics, Transportation and Customs		4,676	6,616	1,940
Liquidation Costs		3,049	3,589	540
Professional Fees		4,611	4,559	(52)
Shared Service Payments - Intercompany		3,706	3,900	194
<b>Total Disbursements</b>		<b>\$ 53,165</b>	<b>\$ 55,617</b>	<b>\$ 2,453</b>
<b>Net Cash Flow</b>		<b>\$ 54,031</b>	<b>\$ 56,151</b>	<b>\$ (2,120)</b>
Opening Cash Balance		49,429	49,429	-
Net Cash Flow		54,031	56,151	(2,120)
<b>Closing Cash Balance / Deficit</b>		<b>\$ 103,460</b>	<b>\$ 105,580</b>	<b>\$ (2,120)</b>
Net Augment Receipts to be Remitted to Consultant		3,237		
<b>Adjusted Closing Cash Balance / Deficit</b>		<b>\$ 100,223</b>	<b>\$ 105,580</b>	<b>\$ (5,357)</b>

7.2 During the Reporting Period, the Nordstrom Canada Entities’ total receipts were approximately \$4.5 million less than projected in the Cash Flow Forecast (\$7.7 million after adjusting for receipts from the sale of Additional Consultant Goods (as defined in the Consulting Agreement) that were not included in the Cash Flow Forecast). The negative variance is primarily due to the timing of the completion of the Liquidation Sale, which will be approximately two weeks later than reflected in the Cash Flow Forecast. At the time the Cash Flow Forecast was prepared, the Consultant had not yet been engaged and, as such, the Nordstrom Canada Entities and the Monitor did not have the benefit of their views on how the Liquidation Sale was anticipated to progress. This negative variance is

partially offset by lower than expected loyalty program redemptions. However, as noted above, receipts include the sale of Additional Consultant Goods, which proceeds will be remitted to the Consultant pursuant to the Consulting Agreement, net of the fee payable to the Nordstrom Canada Entities.

7.3 During the Reporting Period, the Nordstrom Canada Entities' total disbursements were approximately \$2.5 million less than projected in the Cash Flow Forecast. The net positive variance is primarily attributable to:

- (a) lower than forecast logistics services costs (by \$1.9 million), which are primarily timing and expected to reverse in future weeks;
- (b) lower than forecast sales tax remittances (by \$1.1 million), which are primarily timing and expected to reverse in future weeks; and
- (c) lower than forecast salaries and benefits (by \$900,000), part of which is a permanent variance due to employee attrition and part of which is timing and expected to reverse in future weeks.

7.4 The net positive variance in disbursements was partially offset by higher than forecast occupancy costs (by \$2.2 million), which is a timing variance as rent payments for May 15, 2023, were funded a week earlier than reflected in the Cash Flow Forecast.

7.5 The adjusted closing cash balance as of May 13, 2023 was approximately \$100.2 million, as compared to the forecast cash balance of \$105.6 million.



## 8.0 UPDATED & EXTENDED CASH FLOW FORECAST

8.1 The Nordstrom Canada Entities have prepared an updated and extended cash flow forecast (the “**Updated Forecast**”) for the 20-week period from May 14 to September 30, 2023 (the “**Cash Flow Period**”). A copy of the Updated Forecast, together with a summary of assumptions, is attached hereto as **Appendix “A”**. A summary of the Updated Forecast is provided in the following table:

<b>Cash Flow Forecast</b>	<b>000s CAD</b>
<b>Receipts</b>	26,743
<b>Disbursements</b>	
Occupancy Costs	(11,666)
Sales Tax Remittances	(10,397)
Salaries and Benefits	(9,602)
Liquidation Costs	(7,669)
Professional Fees	(5,249)
Shared Service Payments - Intercompany	(3,000)
Logistics, Transportation and Customs	(2,006)
<b>Total Disbursements</b>	(49,589)
<b>Net Cash Flow</b>	<b>(22,846)</b>
Adjusted Opening Cash Balance	100,223
Net Cash Flow	(22,846)
<b>Closing Cash Balance</b>	<b>77,376</b>

8.2 The Monitor notes the following with respect to the Updated Forecast:

- (a) forecast receipts reflect the estimated proceeds from the Liquidation Sale (including FF&E sales), inclusive of HST, through June 2023 for the full-line Stores; and
- (b) forecast disbursements include payroll (net of reimbursements from the Employee Trust), occupancy costs, liquidation costs, sales tax remittances, shared services costs and professional fees to be paid during the CCAA Proceedings.

## **9.0 EXTENSION OF THE STAYS OF PROCEEDINGS**

9.1 The current Stay Period (which also applies to the Co-Tenant Stay) extends to June 30, 2023. The Nordstrom Canada Entities are seeking an extension of the Stay Period to and including September 29, 2023.

9.2 The Monitor supports the Nordstrom Canada Entities' request to extend the Stay Period to September 29, 2023 for the following reasons:

- (a) the extension of the Stay Period is necessary to enable the Nordstrom Canada Entities to continue to advance the orderly wind-down of their operations, including determining whether any Leases can be assigned pursuant to the Lease Transaction Process;
- (b) the extension of the Stay Period will provide stability while the Nordstrom Canada Entities, with the assistance of the Consultant and the oversight of the Monitor, complete the Liquidation Sale to maximize the value of their estate;
- (c) the extension of the Stay Period will enable the Nordstrom Canada Entities, with the assistance of the Monitor, to undertake the Claims Process and engage in planning and stakeholder discussions with respect to the development of a CCAA plan of arrangement;
- (d) the extension of the Co-Tenant Stay will preserve the status quo among all parties and prevent actions by third parties that could impair value and lead to Claims against the Nordstrom Canada Entities' estate;

- (e) the Nordstrom Canada Entities have acted, and continue to act, in good faith and with due diligence to advance their orderly wind-down and the CCAA Proceedings;
- (f) as shown in the Updated Forecast, the Nordstrom Canada Entities have sufficient liquidity to operate through the proposed extension of the Stay Period; and
- (g) the Monitor is not aware of any party that would be materially prejudiced by the proposed extension of the Stay Period.

9.3 The Nordstrom Canada Entities are also seeking an extension of the Parent Stay to and including September 29, 2023. The Monitor supports the requested extension for the following reasons:

- (a) the Parent Stay will stay derivative claims against Nordstrom US or its affiliated entities that would require the participation of the Nordstrom Canada Entities and their senior management, and enable the Nordstrom Canada Entities to focus their efforts on wind-down activities;
- (b) the stay of actions relating to the Lease Indemnities arising as a consequence of the Parent Stay will enable the Nordstrom Canada Entities and the landlords to focus their attention on completion of the Liquidation Sale, the review of any potential Lease assignments, and the process to return possession of any leased premises that are ultimately disclaimed;
- (c) the extent of the obligations under the Lease Indemnities cannot be determined at this time, as the applicable Leases have not been disclaimed, Canada Leasing LP will continue to pay rent to third-party Landlords pursuant to the ARIO while the

Leases remain in effect, and the proposed Claims Bar Date for filing Claims in the CCAA Proceedings is not until August 4, 2023; and

- (d) any prejudice to Landlords arising from the temporary stay of the Lease Indemnities is mitigated by the provision in the ARIO providing that the Lease Indemnities will not be compromised or released under a CCAA plan of arrangement or BIA proposal.

## **10.0 ACTIVITIES OF THE MONITOR**

10.1 Since the date of the Second Report, being March 16, 2023, the primary activities of the Monitor and its counsel, Goodmans LLP, have included the following:

- (a) assisting the Nordstrom Canada Entities in coordinating with concession vendors for the orderly removal of third-party owned merchandise and non-fixed FF&E from the Stores prior to the commencement of the Liquidation Sale;
- (b) continuing to assist the Nordstrom Canada Entities, as required, in working with logistics service providers for the continuation of required services;
- (c) monitoring the Nordstrom Canada Entities' cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting, including tracking outstanding balances and commitments to service providers;
- (d) participating in weekly videoconference meetings with the Consultant, management and counsel regarding the progression of the Liquidation Sale and related matters and assisting the Consultant and the Nordstrom Canada Entities with addressing any stakeholder concerns with the conduct of the Liquidation Sale;

- (e) participating in Landlord walk-throughs of the Stores;
- (f) assisting and helping to coordinate the removal of FF&E from Nordstrom full-line Stores, including resolving competing claims to same;
- (g) assisting the Nordstrom Canada Entities in the preparation of the Updated Forecast;
- (h) supporting JLL in pursuing offers for the sale, transfer or assignment of Leases to third parties, including establishing and coordinating the population of the data room and assisting in responding to questions and information requests;
- (i) responding to inquiries from stakeholders who contacted the Monitor on the toll-free number or e-mail account established by the Monitor;
- (j) assisting in the development of the Claims Process;
- (k) assisting the Nordstrom Canada Entities in preparatory activities relating to the commencement of the Claims Process, including calculating Employee Claims and reconciling supplier Claims based on the books and records of the Nordstrom Canada Entities;
- (l) in its capacity as Administrator, assisting the Trustee in administering all aspects of the Employee Trust, including assisting in the calculations of entitlement amounts for Eligible Employees and working with Employee Representative Counsel and Nordstrom Canada to address disputes and questions; and
- (m) preparing this Third Report with the assistance of counsel.

## 11.0 CONCLUSIONS AND RECOMMENDATIONS

11.1 For the reasons set out in this Third Report, the Monitor respectfully recommends that the Court grant the Claims Procedure Order and the related extension of the Stay Period.

All of which is respectfully submitted to the Court this 24<sup>th</sup> day of May 2023.

**Alvarez & Marsal Canada Inc., in its capacity as Monitor of  
Nordstrom Canada Retail, Inc.,  
Nordstrom Canada Holdings, LLC,  
Nordstrom Canada Holdings II, LLC, and  
Nordstrom Canada Leasing LP,  
not in its personal or corporate capacity**

Per: 

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Alan Hutchens  
Senior Vice-President

## **APPENDIX A**

### **CASH FLOW FORECAST**

**Nordstrom Canada Entities**  
**20-Week Cash Flow Forecast**  
*(Unaudited, in 000s CAD)*

Week Ending	Notes	Week 1 May 20	Week 2 May 27	Week 3 Jun 3	Week 4 Jun 10	Week 5 Jun 17	Week 6 Jun 24	Week 7 Jul 1	Week 8 Jul 8	Week 9 Jul 15	Week 10 Jul 22	Week 11 Jul 29	Week 12 Aug 5	Week 13 Aug 12	Week 14 Aug 19	Week 15 Aug 26	Week 16 Sep 2	Week 17 Sep 9	Week 18 Sep 16	Week 19 Sep 23	Week 20 Sep 30	20-Week Total
<b>Receipts</b>	[1]	8,908	8,563	6,902	2,131	238	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,743
<b>Operating Disbursements</b>																						
Occupancy & Other Costs	[2]	221	230	2,716	486	2,599	211	2,642	397	1,102	82	213	368	34	34	108	34	34	34	34	90	11,666
Sales Tax Remittances	[3]	1,000	4,200	-	-	-	3,997	-	-	-	1,200	-	-	-	-	-	-	-	-	-	-	10,397
Salaries and Benefits	[4]	-	2,470	-	1,912	-	3,768	-	1,248	-	204	-	-	-	-	-	-	-	-	-	-	9,602
Liquidation Costs	[5]	866	728	788	771	1,171	769	1,349	647	336	123	120	-	-	-	-	-	-	-	-	-	7,669
Professional Fees	[6]	-	503	-	698	-	548	-	486	-	470	-	523	-	613	-	470	-	470	-	470	5,249
Shared Service Payments - Intercompany	[7]	-	-	1,400	-	-	-	700	-	-	-	300	-	-	-	-	300	-	-	-	300	3,000
Logistics, Transportation and Customs	[8]	195	1,045	595	98	49	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,006
<b>Total Disbursements</b>		<b>2,283</b>	<b>9,176</b>	<b>5,499</b>	<b>3,963</b>	<b>3,818</b>	<b>9,318</b>	<b>4,690</b>	<b>2,778</b>	<b>1,438</b>	<b>2,079</b>	<b>634</b>	<b>891</b>	<b>34</b>	<b>646</b>	<b>108</b>	<b>804</b>	<b>34</b>	<b>504</b>	<b>34</b>	<b>860</b>	<b>49,589</b>
<b>Net Cash Flow</b>		<b>6,625</b>	<b>(614)</b>	<b>1,404</b>	<b>(1,832)</b>	<b>(3,580)</b>	<b>(9,318)</b>	<b>(4,690)</b>	<b>(2,778)</b>	<b>(1,438)</b>	<b>(2,079)</b>	<b>(634)</b>	<b>(891)</b>	<b>(34)</b>	<b>(646)</b>	<b>(108)</b>	<b>(804)</b>	<b>(34)</b>	<b>(504)</b>	<b>(34)</b>	<b>(860)</b>	<b>(22,846)</b>
Opening Cash Balance	[9]	100,223	106,848	106,234	107,638	105,806	102,226	92,908	88,218	85,439	84,001	81,923	81,289	80,398	80,364	79,718	79,610	78,807	78,773	78,270	78,236	100,223
Net Cash Flow		6,625	(614)	1,404	(1,832)	(3,580)	(9,318)	(4,690)	(2,778)	(1,438)	(2,079)	(634)	(891)	(34)	(646)	(108)	(804)	(34)	(504)	(34)	(860)	(22,846)
<b>Closing Cash Balance</b>		<b>106,848</b>	<b>106,234</b>	<b>107,638</b>	<b>105,806</b>	<b>102,226</b>	<b>92,908</b>	<b>88,218</b>	<b>85,439</b>	<b>84,001</b>	<b>81,923</b>	<b>81,289</b>	<b>80,398</b>	<b>80,364</b>	<b>79,718</b>	<b>79,610</b>	<b>78,807</b>	<b>78,773</b>	<b>78,270</b>	<b>78,236</b>	<b>77,376</b>	<b>77,376</b>



**Nordstrom Canada Entities**  
**20-Week Cash Flow Forecast**  
**Notes and Summary of Assumptions**

**Disclaimer**

*In preparing this cash flow forecast (the “**Forecast**”), the Nordstrom Canada Entities have relied upon unaudited financial information and have 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 the Nordstrom Canada Entities’ 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) Sales Receipts**

Receipts are based on:

- a) Estimated realizations from the Liquidation Sale through the week ending June 11, 2023;
- b) Estimated proceeds from the sale of furniture, fixtures & equipment (“**FF&E**”); and
- c) Gift card and Nordstrom Note redemptions.

**2) Occupancy & Other Costs**

Occupancy costs include payments required to operate the stores during the wind-down period, including third-party rents, property taxes, utilities, security, cleaning, technology removal, credit card processing and general supplies. Monthly rents to third-party landlords, including property taxes, are forecast to be paid in equal instalments on the 1<sup>st</sup> and 15<sup>th</sup> of each month.

Monthly rents are forecast to be paid for full-line Nordstrom store leases until July 15, 2023, disclaimed Rack leases until the effective date of the disclaimers in early June 2023, and the remainder of Rack leases until June 30, 2023. Other costs also include an estimate for payments to merchandise vendors where title to goods transferred after the Filing Date, the purchase order was not cancelled and inventory was received by Nordstrom Canada.

**3) Sales Tax Remittance**

Includes payment of April sales taxes due and estimated net monthly amounts based on forecast sales and disbursements.

**4) Salaries and Benefits**

Includes payroll, benefits, accrued vacation pay and taxes for all employees of the Nordstrom Canada Entities. Payroll estimates have been adjusted to reflect forecast store closures and include approximately \$520,000 of KERP payments during the week ending May 27, 2023 to align with the forecast timing for closure of the Rack stores and approximately \$2.0 million during the week ending June 24, 2023 to align with the forecast closure of the full-line Nordstrom stores. Forecast disbursements for salaries and benefits exclude payments to employees for amounts that will be funded by the Employee Trust.

**5) Liquidation Costs**

Includes estimated fees and costs to be paid to the Consultant pursuant to the Consulting Agreement, including costs for supervision, store signage, advertising and commissions due to the Consultant, and estimated FF&E removal costs.

**6) Professional Fees**

Includes payments to the Applicants’ legal counsel, the Monitor, Monitor’s legal counsel, Employee Representative Counsel and counsel to the directors and officers of the Nordstrom Canada Entities.

**7) Shared Service Payments - Intercompany**

Disbursements represent payments to Nordstrom, Inc. for fees and costs pursuant to the Wind-Down Agreement, which are forecast to decrease in accordance with projected requirements as the Orderly Wind-Down advances. Such payments will be net of amounts owed from Nordstrom US to Nordstrom Canada for fees pursuant to the Wind-Down Agreement.

**8) Logistics, Transportation and Customs**

Includes payments to logistics and supply chain service providers, customs broker fees and customs and duties.

**9) Opening Cash Balance**

The opening cash balance excludes net receipts to be remitted to the consultant in respect of Additional Consultant Goods.

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
NORDSTROM CANADA RETAIL, INC., NORDSTROM CANADA HOLDINGS, LLC  
AND NORDSTROM CANADA HOLDINGS II, LLC**

Court File No. CV-23-00695619-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**THIRD REPORT OF THE MONITOR**

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