

**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

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	8
3.0	APPOINTMENT OF EMPLOYEE REPRESENTATIVE COUNSEL	9
4.0	UPDATE ON THE LIQUIDATION SALE	12
5.0	UPDATE ON THE LEASE MONETIZATION PROCESS.....	14
6.0	UPDATE ON THE SISP	16
7.0	UPDATE ON THE ART AUCTION	18
8.0	SECURITY REVIEW	19
9.0	TORONTO HYDRO	21
10.0	EXTENSION OF THE STAY OF PROCEEDINGS	22
11.0	DISTRIBUTIONS TO THE ABL AGENT AND THE FILO AGENT.....	24
12.0	CASH FLOW RESULTS RELATIVE TO FORECAST	29
13.0	FOURTH UPDATED CASH FLOW FORECAST	32
14.0	ACTIVITIES OF THE MONITOR.....	34
15.0	CONCLUSIONS AND RECOMMENDATIONS.....	36

INDEX TO SCHEDULES AND APPENDICES

Schedule A – Other Applicants and Non-Applicant Stay Parties

Appendix A – Reasons for Decision dated May 1, 2025

Appendix B – A&R SISP Order

Appendix C – May 5 Endorsement

Appendix D – Employee Representative Counsel Order

Appendix E – Fourth Updated Cash Flow Forecast

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.

Comeback Motion

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

- (a) an amended and restated Initial Order (the “**ARIO**”);

- (b) an order, among other things, approving a process to market Hudson's Bay Canada's 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 from 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 stores⁴ 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 PROCESS⁵

- 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 SISP⁶

- 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

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.

Neiman Marcus Transaction

- 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 FORECAST¹¹

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	
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
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
		<u>13-Week Period</u>
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

SCHEDULE A

OTHER APPLICANTS

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

The Bay Holdings ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

247598 Ontario Inc.

NON-APPLICANT STAY PARTIES

HBC Holdings LP

RioCan-HBC General Partner Inc.

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

APPENDIX A
Reasons for Decision dated May 1, 2025

See attached.

CITATION: Hudson's Bay Company, Re, 2025 ONSC 2724
COURT FILE NO.: CV-25-00738613-00CL
DATE: 20250501

**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

BEFORE: Peter J. Osborne J.

COUNSEL: *Ashley Taylor, Elizabeth Pillon, Maria Konyukhova, Britnney Ketwaroo, Philip Yang and Nick Avis*, for the Hudson's Bay Company, the Applicants
Davis Bish, for Cadillac Fairview
Evan Cobb, for Bank of America
Linc Rogers and Caitlin McIntyre for Restore Capital LLC
Chad Kopach, for EY in the Receivership of Woodbine Mall Holdings Inc.
Alexandra Teodorescu and Nadav Amar, for Schindler Elevator Corporation and TK Elevator (Canada) Ltd.
Haddon Murray and Heather Fisher, for Cominar Real Estate Investment Trust & Chanel ULC
Andrew Winton, Annecy Pang, Matthew Gottlieb and Philip Underwood, for KingSett Capital Inc.
Trevor Courtis and Heather Meredith, for Bank of Montreal and Desjardins Financial Security Life Assurance Company
Gilles Benchaya, Mandy Wu, Andrew Adessky and Jared Sandow, for Restore Capital LLC and Bank of America
James D. Bunting, for Ivanhoe Cambridge Inc.
Robert J. Chadwick, Joseph Pasquariello and Andrew Harmes, for RioCan Real Estate Investment Trust
Tushara Weerasooriya, Jeffrey Levine and Guneev Bhinder, for B.H. Multi Com Corporation, B.H. Multi Color Corporation & Richline Group Canada Inc.
Isaac Belland, for LVMH Moët Hennessy Louis Vuitton SA
Linc Rogers, Caitlin MacIntyre and Jake Harris, for the DIP Lenders
Matthew Cressatti, for the Trustees of the Congregation of Knox's Church, Toronto

D.J. Miller and Andrew Nesbitt, for Oxford Properties Group, OMERS Realty Management Corporation, Yorkdale Shopping Centre Holdings Inc., Scarborough Town Centre Holdings Inc., Montez Hillcrest Inc., Hillcrest Holdings Inc., Kingsway Garden Holdings Inc. Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc., OMERS Realty Corporation, Oxford Properties Retail Limited Partnership, CPPIB Upper Canada Mall Inc., CPP Investment Board Read Estate Holdings Inc.

Calvin Horsten, for Toronto-Dominion Bank

Stuart Brotman and Jennifer L. Caruso, for Royal Bank of Canada

George Benchetrit, for Nike Retail Services Inc. and PVH Canada Inc.

Linda Galessiere, for Ivanhoe Cambridge II Inc./Jones Lang LaSalle Incorporation, Morguard Investments Limited and Salthill Property Managements Inc.

Steven Weisz and Dilina Lallani, for Ferragamo Canada Inc.

David Ullman and Brendan Jones, for Bentall Green Oak, Primaris REIT, Quadreal Property Group

David Preger and Stephen Posen, for 100 Metropolitan Portfolio, Mantella & Sons

Andrew J. Hatnay, Robert Drake and Abir Shamim, for certain HBC Employees and Retirees

Howard Manis for Villeroy & Boch Tableware Ltd.

Mitch Kocerginski, for Cherry Lane Shopping Centre Holdings Inc. and TBC Nominee Inc.

Lindsay Miller, for West Edmonton Mall Property

Yiwei Jin, for United Food & Commercial Workers, Int'l Union Local 1006A

Jeremy Dacks, for Pathlight

Pavle Masic, for Samsonite Canada

Matilda Lici, for The Manufacturers Life

Clifton P. Prophet and Patryk Sawicki, for certain HBC Retirees and Pensioners

Emily Fan and Patrick Denroche, for Telus Health Canada, as Administrator of the Hudson's Bay Company Pension Plan

Susan Ursel, Karen Enssien and Shauna Hayes, the Proposed Employee Representative counsel

Methura Sinnadurai and Tamie Dolny, for Toronto Hydro

Ken Rosenberg, Max Starnino, Emily Lawrence and Evan Snyder, for The Financial Services Regulatory Authority of Ontario

Sam Rogers, for Investment Management Corporation of Ontario

Asad Moten and Walter Kravchuk, for Department of Justice (Canada)

Jodi Nesbitt and Farah Baloo, for UNIFOR LOXAL 240 and 40

Charlie Sinclair, for USW Local 1-417

Carly Fox, for The Assembly of Manitoba Chiefs

Wayne Drummond, Employee of Hudson's Bay Company

Ashley Campbell, for United Food and Commercial Workers Local 1518

Sean Zweig, Michael Shakra and Thomas Gray, for the Court-Appointed Monitor

Shayne Kukulowicz and Monique Sassi, for the Liquidator

HEARD: April 24, 2025

REASONS FOR DECISION

1. On April 24, 2025, I heard various motions in this matter and granted certain relief with reasons to follow. These are those reasons.
2. The Applicants, (collectively referred to as ‘Hudson’s Bay’, ‘HBC’ or the “Company”), brought a motion seeking two orders:
 - a. an order appointing the law firm of Ursel Philips Fellows Hopkinson LLP as Employee Representative Counsel and amending the Administrative Charge accordingly; and
 - b. an order amending the Sale and Investment Solicitation Process (“SISP”) and related order I granted earlier in this *CCAA* proceeding to remove the Company’s art and artifact collection (the “Art Collection”) from the property available for sale pursuant to the SISP, and approving the engagement of Heffel Gallery Limited to conduct a separate auction for the sale of the Art Collection.
3. Three retired HBC employees brought a cross-motion seeking the dismissal of the motion of the Applicants for an order appointing the firm referred to above, and instead appointing Koskie Minsky LLP as Representative Counsel, or in the alternative, appointing The Hon. Douglas Cunningham to conduct an evaluation process and select Representative Counsel.
4. Six former employees of HBC (not including the three retirees referred to above) appeared, through counsel, to request that Gowling WLG be appointed as separate Representative Counsel for beneficiaries of the Supplemental Executive Retirement Plan (“SERP”).
5. The Department of Justice and the Assembly of Manitoba Chiefs appeared to make submissions with respect to the disposition of the Art Collection.
6. At the conclusion of the hearing:
 - a. I dismissed the motion of HBC and the cross-motion of the three retired HBC employees with respect to the competing requests to appoint Representative Counsel. I appointed The Hon. Herman Wilton-Siegel as Independent Third Party to evaluate the Representative Counsel proposals and make a recommendation to the Court; and
 - b. I granted the motion of HBC amending the SISP to remove the Art Collection, appointing Heffel Gallery Limited as Auctioneer in respect of the Art Collection, but on terms that reflected the unique nature of certain Artifacts, as further discussed below.

7. Defined terms in this Endorsement have the meaning given to them in the motion materials unless otherwise stated.

Motion to Appoint Representative Counsel

8. As of February 28, 2025, the Applicants employed approximately 9,364 people who worked at the corporate offices, the retail stores and the Distribution Centres. Approximately 647 of those employees are subject to collective bargaining agreements.

9. Approximately 3,000 retirees are receiving payments under the Pension Plan. The Company sponsors three 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, while other SERP benefits are paid from general revenue. The Monitor reports that some of the pre-funded components are under-funded and the trust funds are insufficient to pay accrued benefits. For those SERPs (or portions thereof) that have a trust, Royal Trust Corporation of Canada in its capacity as Trustee will determine the distribution of the assets with advice from an actuary.

10. The Company also offered post-retirement health and dental benefits, paid for by the Company from general revenue and administered by an insurer on both an administrative services only and a refund accounting basis. The Company offered life insurance policies to approximately 2,000 retirees. In addition, the Company offered long-term disability benefits, also paid for 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 employed by the Company.

11. Historically, the Company was the legal administrator for the Pension Plan, which includes both defined benefit and defined contribution pension plan components registered under the *Pension Benefits Act* (Ontario). The Pension Plan continues, and no steps have been taken to commence a wind-up. The Monitor reports that the Pension Plan is currently more than fully funded relative to the accrued pension benefit liabilities thereunder, and that required contributions are being made when due.

12. On April 3, 2025, the Financial Services Regulatory Authority of Ontario (“FSRA”) advised the Company that pursuant to its authority under the *Pension Benefits Act*, it was appointing Telus Health (Canada) Ltd. to act as the independent third-party Pension Administrator effective April 3, 2025.

13. As the liquidation process has continued, the Company has been planning for potential employee reductions. To date, approximately 272 corporate employees have been terminated. For all 304 SERP beneficiaries, as applicable, the Company terminated those SERP benefit payments funded from general revenue, and notified the trustee that any SERP trust was automatically terminated in accordance with the terms of the trust agreement and that Hudson’s Bay would not make any further contributions to, or payments in respect of, any trust. For employees terminated prior to the commencement of CCAA Proceedings, the Company terminated salary continuation

arrangements. Finally, the Company provided notice of termination to post-retirement benefit recipients effective April 30, 2025.

14. Current and former employees of the Applicants are a key stakeholder group in these *CCAA* Proceedings. They have faced and will continue to face significant uncertainty and challenges. Among the potential measures considered by the Company with the involvement of the Monitor to assist current and former employees with respect to the potential impact of this *CCAA* Proceeding is the appointment of Representative Counsel.

15. The Company, supported by the Monitor, submit that it is appropriate at this time for Representative Counsel to be appointed to represent the interests of current and former employees who have continuing entitlements from the Applicants, including retirees, who were 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, including beneficiaries and surviving spouses (but excluding directors and officers of the Applicants).

16. The proposed mandate for Representative Counsel does not extend to assisting with any entitlements of current and former employees under the Pension Plan, since it is currently not in wind-up and given the recent appointment of the independent third-party Pension Administrator by FSRA.

17. On April 7, 2025, HBC, through its counsel, issued requests for written proposals for the role of Employee Representative Counsel to six law firms. Any Represented Employees that did not wish to be represented by Representative Counsel would have the ability to opt-out.

18. The Company received five proposals by the Deadline, in addition to which it received one unsolicited proposal. Based on its review of all proposals and the clarification of certain information received from the candidate law firms, the Company recommended to the Court that Ursel Philips Fellows Hopkinson LLP be appointed as Employee Representative Counsel, with reasonable fees and expenses to be paid by the Applicants and protected by the Administrative Charge to a maximum of \$100,000.

19. As noted above, three retired HBC employees who have already retained Koskie Minsky LLP on an individual basis requested by way of cross-motion that that firm be appointed as Employee Representative Counsel instead, or in the alternative, that The Hon. Douglas Cunningham, whom they had already contacted, be appointed to evaluate the proposals and select Representative Counsel.

20. Also as noted above, three SERP beneficiaries submitted that that group required separate Representative Counsel from other employees and former employees, and requested that Gowling WLG be appointed to fulfil that role. Both the Company and the employees represented by Koskie Minsky opposed this relief and submitted that, at least today, there was no conflict or divergence of interests such that separate counsel for SERP beneficiaries was required.

21. Section 11 of the *CCAA* as well as the *Rules of Civil Procedure* give this Court broad jurisdiction to appoint Representative Counsel for vulnerable stakeholder groups such as employees. In addition, Rule 10.01 provides for the appointment of Representative Counsel for people who have a present, future, contingent or unascertained interest in, or may be affected by, the proceeding.

22. In *Nortel Networks Corporation (Re)*, 2009 CanLII 26603, Justice Morawetz (as he then was) held that representative counsel should be appointed to allow vulnerable stakeholders (in that case, employees and retirees) to participate in the *CCAA* proceedings:

[I]t is submitted that employees and retirees are a vulnerable group of creditors in an insolvency because they have little means to pursue a claim in complex *CCAA* proceedings or other related insolvency proceedings. It was further submitted that the former employees of Nortel have little means to pursue their claims in respect of pension, termination, severance, and retirement payments and other benefit claims and that the former employees would benefit from an order appointing representative counsel. In addition, the granting of a representation order would provide a social benefit by assisting by assisting former employees and that representative counsel would provide a reliable resource for former employees for information about the process. The appointment of representative counsel would also have the benefit of streamlining and introducing efficiency to the process for all parties involved in Nortel's insolvency. I am in agreement with these submissions.

23. In *CanWest Publishing Inc. (Re)*, 2010 ONSC 1328, Pepall, J. (as she then was) summarized the appropriate factors to be considered in a determination of whether a representative counsel order is appropriate:

- (a) the vulnerability and resources of the group sought to be represented;
- (b) any benefit to the companies under *CCAA* protection;
- (c) any social benefit to be derived from representation of the group;
- (d) the facilitation of the administration of the proceeding and efficiency;
- (e) the avoidance of multiplicity of legal retainers;
- (f) the balance of convenience and whether it is fair and just including to the creditors of the estate;

(g) whether representative counsel has already been appointed for those who have similar interests to the group seeking representation and who is also prepared to act for the group seeking the order; and

(h) the position of other stakeholders and the Monitor.

24. The factors listed above are neither exhaustive nor mandatory. Factors not enumerated in *CanWest* may be relevant to the analysis in a particular case, and each one of the *CanWest* factors need not be satisfied before the Court can conclude that the appointment of representative counsel may be appropriate. Rather, as Pepall, J. stated, the factors enumerated are considerations in what is to be a holistic analysis informed by the particular circumstances of each case.

25. The ability for representative counsel to provide for effective communication and efficiency within the proceedings have been highlighted as particularly important factors: *Quadriga Fintech Solutions Corp (Re)*, 2019 NSSC 65 at para 9.

26. In addition, this Court has held that it is preferable to grant a representation order early in a CCAA Proceeding, both for the parties to be represented and for the CCAA Applicants, and despite the possibility “that the individuals in issue may be unsecured creditors whose recovery expectation may prove to be non-existent and that ultimately there may be no claims process for them”. See *CanWest*, at para. 24.

27. Exercising its broad jurisdiction, this Court has previously appointed representative counsel in CCAA proceedings. For example, courts have granted such orders in the following CCAA proceedings:

(a) *Target Canada Co.*: representative counsel was appointed for all employees other than officers and directors;

(b) *Nordstrom Canada*: representative counsel was appointed for all store-level employees, all non-store level employees, other than non-store level employees eligible for a KERP Payment, directors and officers of the Nordstrom Canada Entities, and the Senior Vice President, Regional Manager for Canada;

(c) *Sears Canada*: representative counsel was appointed for non-unionized active and former employees;

(d) *Nortel Networks Corp.*: representative counsel was appointed for all former employees and pensioners;

(e) *Fraser Papers Inc.*: representative counsel was appointed for former unionized members and non-unionized active and retired members; and

(f) *CanWest*: representative counsel was appointed for non-unionized salaried employees and retirees.

28. After hearing from all parties on the issues, I stood down the hearing for a brief recess and upon resumption delivered oral reasons, a transcript of which is attached hereto as Appendix “A”.

29. In summary, and for the reasons delivered orally, I determined that Representative Counsel should be appointed at this time, but that it was not necessary to appoint separate Representative Counsel for any affected sub-group at this time. I was not prepared to appoint any of the nominated firms as Representative Counsel, and I appointed a retired Justice of the Commercial List, The Hon. Herman Wilton-Siegel, as Independent Third Party to evaluate the proposals and make a recommendation to the Court as to who should be appointed as Representative Counsel, following the approach endorsed by Chief Justice Morawetz of this Court in *Ontario Securities Commission v. Bridging Finance Inc.*, 2021 ONSC 5700.

30. The Court will consider the recommendation of Mr. Wilton-Siegel upon receipt.

The Art Collection and Artifacts

31. I granted the SISP Order in this *CCAA* Proceeding on March 21, 2025. The SISP provides, in relevant part, that Qualified Bidders may submit bids for some or all of the property and assets of the Applicants and the Non-Applicant Stay Parties.

32. Those assets include the Art Collection, comprised of many individual pieces of art and certain artifacts collected by the Company over its long history. Certainly, one artifact that has been the subject of significant interest and attention is the Royal Charter signed by King Charles II in 1670.

33. While a number of parties have expressed interest in the Art Collection during the course of the SISP, several parties have expressed to the Court-appointed Monitor and/or the Applicants a level of interest and also concern respecting the disposition of the Art Collection, including but not limited to ensuring that all laws and regulations in respect of Canadian heritage and cultural property are respected and complied with.

34. That concern is shared by this Court.

35. The Applicants, the Monitor and Reflect Advisors, LLC in its capacity as Court-appointed Financial Advisor to the Applicants, all submit that the Art Collection should be addressed separately from the sale of other assets of the Applicants in the SISP, and I agree. This will provide the most transparent, fair and efficient approach to the disposition of the Art Collection while recognizing and protecting its potential cultural and historical significance and ensuring compliance with relevant laws.

36. To that end, the Applicants and Monitor submit, and I agree, that a specialized art advisor will be required to assist in developing an optimal process for the disposition of the Art Collection while balancing various interests of stakeholder groups. Reflect, LLC, in consultation with the

Monitor, undertook a process to obtain proposals from parties capable of preparing the Art Collection for sale by way of separate auction.

37. They contacted three leading art auction houses in North America, considered proposals, and had extensive discussions with each, having provided them with information in respect of the Art Collection upon the execution of a non-disclosure agreement. They considered the relative experience of each auction house in dealing with collections such as the Art Collection, conducting auctions of this nature in Canada, and facilitating the safekeeping, transport, handling and insurance matters in respect of the Art Collection, as well as the proposed economic terms of any arrangement.

38. Each of the three parties contacted expressed a strong interest in conducting the auction. However, the Applicants, Reflect, LLC and the Monitor ultimately selected Heffel Gallery Limited as the candidate that demonstrated the necessary experience, capabilities and infrastructure necessary to properly approach a disposition of the Art Collection in Canada.

39. It was and is important, given the historical significance of the Art Collection, to ensure that the auction takes place in Canada.

40. No party opposes the relief sought in respect of the Art Collection.

41. I agree with the submissions and approve the engagement of Heffel. I accept the submissions of the Applicants and the recommendations of Reflect, LLC and the Monitor with respect to the financial terms of the proposed engagement as reflected in the Heffel Engagement Letter, and am satisfied that they are reasonable and appropriate in the circumstances of this case.

42. In approving the engagement of Heffel, it is important to be clear as to a number of points.

43. The first order of business is for the Applicants, with the assistance of Reflect, LLC, the Monitor and now Heffel utilizing its expertise, to determine with accuracy what art and artifacts comprise the Art Collection. That is not yet known with certainty, and the items in the Company's possession are in the process of being catalogued and identified.

44. It is the intention of the Applicants to return to Court at a later date to seek approval of specific auction procedures and other matters related to the disposition of the Art Collection once the expertise of Heffel has been brought to bear and there has been an opportunity to consider, among other things, the perspective of those parties who have expressed an interest or possible interest in the Art Collection (beyond simply an opportunity to bid, for example).

45. In approving the engagement of Heffel today, the Court is not approving any specific procedures for the auction or other disposition of the Art Collection. Nor is the Court determining whether any specific artifact is included within the Art Collection and whether it will be sold at auction. That is for another day. The Applicants and the Monitor have confirmed (with the

agreement of Heffel) that if an artifact is not deemed to be part of the Art Collection, the compensation payable pursuant to the engagement would not apply.

46. In addition, and as noted above, the Department of Justice and the Assembly of Manitoba Chiefs both attended at the hearing of these motions. While neither opposed the relief sought, they did wish to provide notice to the Court that each is considering its respective position with respect to particular artifacts and may have submissions when these matters return to Court.

47. Other interested parties, including the Canadian Commission for UNESCO Canada Memory of the World Advisory Committee (an international commemorative designation guided by UNESCO), have contacted the Applicants regarding items such as the Royal Charter and certain commemorative plaques recognizing and memorializing those employees of Hudson's Bay who gave their lives in service of their country.

48. The Department of Justice noted potential concerns, which are also shared by the Court, about ensuring that any and all required cultural property export approvals are obtained. There are various Heritage Canada requirements relating to the export of cultural property from Canada as defined in the Canadian Cultural Property Export Control List. Other requirements and considerations may well apply even if cultural or property is not proposed to be removed from Canada.

49. The Assembly of Manitoba Chiefs highlighted the potential cultural, spiritual, and historical significance of certain artifacts to First Nations people.

50. The Applicants, Reflect, LLC and the Monitor advised the Court of their intention to share, on a confidential basis, with the Department of Justice and the Assembly of Manitoba Chiefs additional information regarding the artifacts and to engage with them as to an appropriate path forward, all of which will be subject to approval of the Court.

51. All of these issues and potential concerns need to be balanced as against the rights of other stakeholders.

52. I am satisfied that the amendment to the SISP to separate the Art Collection from other assets of the Applicants is appropriate at this time, and that the engagement of Heffel on the terms described above and in the materials is also appropriate in order that its expertise can be brought to bear in identifying and cataloguing the art and artifacts and making recommendations as to appropriate procedures for their disposition.

53. Put simply, it is important to all stakeholders that the process begin, and it begins with identifying and cataloguing the Art Collection to determine what is and is not there. That itself may well determine or at least affect the interests of various stakeholders in the appropriate path forward.

Result and Disposition

54. For all of the above reasons, I made the orders I did appointing the Independent Third Party to make a recommendation to the Court with respect to Representative Counsel, approving the amendments to the SISP, and appointing Heffel with respect to the Art Collection.

55. The orders have immediate effect without the necessity of issuing and entering.

A handwritten signature in green ink, reading "O'Leary J.", is positioned on the right side of the page. The signature is written in a cursive style with a large initial 'O' and a distinct 'J' at the end.

APPENDIX A

Court File No.
CV-25-00738613-00CL

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 CENTREPOINT GP INC., HBC YSS 1 LP INC., HBC YSS
2 LP INC., HBC HOLDINGS GP INC., SNOSPMIS LIMITED, 2472569
ONTARIO INC., and 2472598 ONTARIO INC.,

Applicants

R U L I N G

BEFORE THE HONOURABLE JUSTICE P. OSBORNE
ON APRIL 24, 2025, AT TORONTO, ONTARIO

(i)
Table of Contents

	COUNSEL: Ashley Taylor, Elizabeth Pillon, Maria Konyukhova, Britnney Ketwaroo, Philip Yang and Nick Avis for the Applicants David Bish, for Cadillac Fairview
5	Evan Cobb, for Bank of America
	Linc Rogers and Caitlyn McIntyre, for Restore Capital LLC
	Chad Kopach, for EY in the Receivership of Woodbine Mall Holdings Inc.
	Lou Brezinski, Alexandra Teodorescu and Nadav Amar, for TK
10	Elevator (Canada) Ltd.
	Haddon Murray, for Cominar Real Estate Investment Trust & Chanel ULC
	Matthew Gottlieb, Andrew Winton and Annecy Pang, for KingSett Capital Inc.
15	Sean Zweig, Michael Shakra and Thomas Gray, for the Court appointed Monitor
	Trevor Courtis and Heather Meredith, for Bank of Montreal and Desjardins Financial Security Life Assurance Company
	Gilles Benchaya and Mandy Wu, for Restore Capital LLC and Bank of
20	America
	James D. Bunting, for Ivanhoe Cambridge Inc.
	Robert J. Chadwick, Joseph Pasquariello and Andrew Harmes, for RioCan Real Estate Investment Trust
	Tushara Weerasooriya, Jeffrey Levine and Guneev Bhinder, for B.
25	H. Multi Com Corporation, B.H. Multi Colour Corporation & Richline Group Canada Inc.
	Gregg Galardi, US Counsel for File Agent (Restore Capital LLC) as DIP Lender
	Isaac Belland, for LVMH Moet Hennessy Louis Vuitton SA
30	Jake Harris, for the DIP Lenders
	Matthew Cressatti, for the Trustees of the Congregation of Knox's Church, Toronto

(i)
Table of Contents

	D.J. Miller and Andrew Nesbitt, for Oxford Properties Group, OMERS Realty Management Corporation, Yorkdale Shopping Centre Holdings Inc., Scarborough Town Centre Holdings Inc., Montez Hillcrest Holdings Inc., Kingsway Garden Holdings Inc. Oxford
5	Properties Retail Holdings Inc. Oxford Retail Limited Partnership, CPPIB Upper Canada Mall Inc., CPP Investment Board Real Estate Holdings Inc.
	Calvin Horsten, for Toronto-Dominion Bank
	Stuart Brotman and Jennifer Caruso, for Royal Bank of Canada
10	George Benchetrit, for Nike Retail Services Inc. and PVH Canada Inc.
	Linda Galessiere, for Ivanhoe Cambridge II Inc./Jones Land LaSalle Incorporation, Morguard Investments Limited and Salthill Property Managements Inc.
15	Steven Weisz and Dilina Lallani, for Ferragamo Canada Inc.
	David Ulman and Brendan Jones, for Bentall Green Oak, Primaris REIT, Quaderal Property Group
	David Preger and Stephen Posen, for 100 Metropolitan Portfolio, Mantella & Sons
20	Shayne Kukulowicz and Monique Sassi, for the Proposed Liquidator Andrew J. Hatnay, Robert Drake and Abir Shamim, for certain HBC Employees and Retirees
	Ken Rosenberg, Max Starnino, Emily Lawrence and Evan Snyder, for The Financial Services Regulatory Authority of Ontario
25	Kelly Smith Wayland, for the Department of Justice(Canada)
	Blake Scott , for UNIFOR Local 240 & 40
	Howard Manis, for Villeroy & Boch Tableware Ltd.
	Mitch Koczerginski for Cherry Lane Shopping Centre Holdings Inc. and TBC Nominee Inc.
30	Lindsay Miller, for West Edmonton Mall Property
	Yiwei Jin for United Food & Commercial Workers, Int'l Union Local 1006A

(i)
Table of Contents

David Rosenblat for Pathlight

Pavle Masic, for Samsonite Canada

Sarah Pinsonnault, for Quebec Revenue Agency

5

10

Legend

[sic] -Indicates preceding word has been reproduced verbatim and is not a transcription error.

15

[indiscernible] - Indicates where a word or phrase is impossible to discern and all avenues to ascertain what was said have been exhausted

20

(ph)-Indicates preceding word has been spelled phonetically.

25 Transcript Ordered: April 25, 2025

Transcript Completed: April 25, 2025

Notified Ordering Party: April 25, 2025

30

(i)
Table of Contents

SUPERIOR COURT OF JUSTICE

T A B L E O F C O N T E N T S

W I T N E S S E S

<u>WITNESSES</u>	<u>Examination in-Chief</u>	<u>Cross- Examination</u>	<u>Re- Examination</u>

E X H I B I T S

<u>EXHIBIT NUMBER</u>	<u>ENTERED ON PAGE</u>

THURSDAY, APRIL 24, 2025

R U L I N G

Osborne, J. (Orally):

THE COURT: The applicants seek the appointment of Ursel Phillips Fellows Hopkinson and as employee representative counsel to represent the interests of all current and former employees with continuing entitlements from the applicants or any of them as of the date of this order, and retirees of the applicants who are not represented by any union or were not represented by union at the time of their separation from employment, in other words, current and former employees or any person claiming an interest on behalf of the current or former employees, including beneficiaries, and surviving spouses, but excluding officers and directors of the applicants. Messrs. Marshall, Karo and Common seek by way of cross motion an order dismissing the applicants motion to appoint Ursel Phillips, an order appointing the Honourable Douglas Cunningham to make a recommendation to the Court as to representative counsel and fixing certain terms of the appointment process, or in the alternative, setting a schedule for a contested motion to appoint those three individuals, Mr. Marshall, Mr. Karo and Mr. Common as the representatives of non-

Ruling - Osborne, J

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson
SRI et al v. Revenu Quebec et al
union employees and retirees and appointing the
Koskie Minsky firm as their representative counsel.
In addition, six former employees of Hudson's Bay
who have entitlements under the supplemental
executive retirement plan or SERP and request,
apparently with the support of 35 other SERP
retirees, that a second representative counsel be
appointed for that group only, and that the firm of
Gowling WLG be appointed to fulfill that role. This
Court has the authority under Rule 10.01 of the
Rules of Civil Procedure to appoint representative
counsel. Rule 12.07 provides the Court with the
authority to appoint a representative defendant
where numerous persons have the same interests and
section 11 of the CCAA gives this Court a wide
discretion to appoint representatives on behalf of
a group of employees in a CCAA proceeding and to
order legal and other professional expenses of such
representatives to be paid from the estate of the
debtor applicants it is brought agreement here
today between and among the applicants, those
employees and former employees apparently
represented by Koskie Minsky, those SERP
beneficiaries apparently represented by Gowling
that representative counsel is appropriate here,
and that's certainly supported by the Court
appointed monitor. I agree with those general
submissions that representative counsel should be
appointed here, and I am satisfied that this case
is one where given that among other things, the
very significant number of employees and former

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

employees and retirees who are affected by the insolvency of Hudson's Bay, the complexity of the issues and the pace at which this proceeding is developing, I should exercise my discretion under section 11 to make a Rule 10 representation order, and I do so. The principal issue is who should be appointed to fulfill that role and whether should be multiple representative counsel. The applicant, supported by the monitor, requests the appointment of Ursel Phillips to fulfill the role of representative counsel and submit that that firm can represent the interests of all affected stakeholders and that no subgroup requires separate counsel. The existing clients of Koskie Minsky wish for that firm to be appointed as representative counsel. They agree with the applicants and the monitor that one representative counsel firm can adequately represent the interests of all and indeed current clients of that firm already include, for example, SERP beneficiaries. Certain other SERP beneficiaries represented by the Gowling firm are of the view, as I noted a moment ago, that they require independent representation from other employees and former employees. So first, with respect to the issue of whether multiple representative counsel are necessary, the Ontario Court of Appeal observed In *Re Stelco Inc.* that the classification of creditors in a CCAA proceeding is to be determined based on the commonality of interest test. In that case, the Court of Appeal upheld the reasoning of Justice Paperny as she then

Ruling - Osborne, J

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

was of the Alberta Court of Kings Bench in the *Canadian Airlines* case and articulated the factors to be considered in assessing commonality of interest. I have considered all of those factors and in my view all of the employees and former employees in respect of whom representative counsel are sought to be appointed have a commonality of interest and that this process can be best served today by the appointment of one representative counsel firm. Clearly, many individual employees or former employees may have specific and unique aspects to their own entitlements, but in my view at this time, one representative counsel can adequately, fairly and appropriately represent all of them. To the extent that real and present issues arise in the future that are not hypothetical, such as could require independent or separate representation, that can and should be addressed at the time. Accordingly, in balancing the rights of those groups of stakeholders sought to be represented as against the rights of other stakeholders, including, for example, other unsecured creditors such as landlords and the secured lenders represented through the FILO Agent here, who are rightly conscious of the costs of proceedings that may erode ultimate recoveries for all stakeholders. In my view representative counsel is required but only one is required.

The second issue then is who that representative counsel should be. The applicant selected six well

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

qualified firms and asked them to submit proposals.

Five did so and a sixth proposal was received on an unsolicited basis. I pause to observe, as is clear from the record today, that the six firms who were requested to put in proposals specifically included

Koskie Minsky and Gowlings, as well as Ursel

Phillips. Both the employees represented by Koskie Minsky and the SERP beneficiaries represented by

Gowling object strenuously to the applicant

selecting counsel for the parties who are or may well be "adverse in interest" to the applicants. I just pause to observe there that adverse in

interest doesn't mean that the process has to be adversarial and confrontational. In fact, I am

hoping that to the maximum extent possible, it will be the opposite. Their robust representation of

stakeholders with different interests and perspectives does not require and nor should it

tolerated departure from civility and the

maximization of cooperation wherever possible. The

applicants supported by the monitor submit that the firms that the applicants selected to submit

proposals are all well qualified and the monitor

echoes to the Court that it reached its own

independent conclusion as to the best candidate

firm to fulfill that role here, Ursel Phillips. I

accept those submissions, and I accept both the

qualifications of Ursel Phillips and I accept the

process was undertaken in good faith. However, in

the circumstances of this case, I think it is

appropriate to ensure the independence of

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

representative counsel and ensure the visibility of that independence of the process by which representative counsel are appointed. Accordingly, I am not prepared today to appoint a specific firm as representative counsel. I don't think I am in a position to do so on the basis of the record before me and this is a very significant and important issue for the stakeholders involved affected by this restructuring. For those reasons, I am appointing an independent third party.

While I recognize obviously the qualifications of Mr. Cunningham, I am reluctant to appoint anyone that has already been selected by one of the parties who has an issue in this role. Accordingly, I am appointing the Honorable Herman Wilton Siegel recently retired from the Commercial List of this Court as an independent third party to evaluate the proposals and make a recommendation to the Court as to who the party to be approved as representative counsel should be. The Honourable Mr. Wilton Siegel is available to commence this process immediately and he will do so and evaluate the written proposals and submit his recommendation to the Court with respect to who the representative counsel should be. In his sole discretion, he may consult with the applicants, the monitor and their respective counsel, as well as with any or all of the firms whose proposals are being considered. The court appointed monitor will be the interface between the stakeholders, counsel firms and the

Ruling - Osborne, J

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

independent third party. The monitor will

immediately advise Mr. Wilton Siegel of the six

proposals it received, provided that the monitor

will first confirm whether each of those firms

wishes to continue to be considered for that

engagement. If a firm wishes to withdraw from the

process, obviously its proposal need not be

provided to Mr. Wilton Siegel. Otherwise, those

proposals will be provided right away and by right

away, I mean today to him by the court appointed

monitor. Mr. Wilton Siegel is free to accept and

consider other proposals that may be received on an

unsolicited basis as he sees fit. As I say, those

that the monitor has already received, the company

has received and were provided to the monitor will

be provided to him promptly. The scope of the role

of representative counsel and the requirements for

each proposal received, if not already done and

reflected in those proposals, will be as set out in

the correspondence from counsel to the applicants

to the candidate firms dated April 7, 2025 and

attached as Exhibit B to Ms. Bewley's affidavit in

the applicant's record.

There will be an introductory meeting tomorrow

morning with Mr. Wilton Siegel to include the

monitor and its counsel, and that will not include

the applicants or any other parties. Mr. Wilton

Siegel will make his recommendation to the Court as

soon as possible, but no later than within 15 days

of today's date. He will be compensated at a

Hudson's Bay Company ULC Compagnie de la Baie D'Hudson

SRI et al v. Revenu Quebec et al

reasonably hourly rate to be determined by the monitor after consultation with him. Those fees will be paid as a monitor's disbursement. If the independent third party requires any variation or clarification with respect to these directions, he will advise the court appointed monitor who in turn can advise the Court. To be very clear, the six proposals already received include the proposals, as I noted, from all three firms present today and I am hopeful that all of those firms will express their continued preparedness to act in the engagement if so selected. At the risk of stating the obvious, each of them is very well qualified and known to the Court to have very significant experience in this area. In my view, however, the protocol I have just outlined will best serve all of the parties, balancing the interests and ensure the appointment of representative counsel is done on a basis that is fair and independent and that it is seen to be such. Those are my directions with respect to that matter. Thank you all.

Ruling – Osborne, J
Hudson's Bay Company ULC Compagnie de la Baie D'Hudson
SRI et al v. Revenu Quebec et al

FORM 3
ELECTRONIC CERTIFICATE OF TRANSCRIPT (SUBSECTION 5 (2))
Evidence Act


I, **Alexandra Panke** _____,
(Name of authorized person)

certify that this document is a true and accurate transcript of the recording of
Hudsons Bay et al v. Revenu Quebec
et al _____ in the **Superior Court of Justice** _____
(Name of case) (Name of court)

held at **330 University Avenue, Toronto, ON** _____
(Court address)

4899_8-1_20250424_092217__10_OSB _____, which has been certified in Form 1.
taken from Recording **ORNPE** _____

April 25, 2025 _____
(Date)



(Electronic signature of authorized person)

Alexandra Panke - 1111280830 _____
(Authorized court transcriptionist's identification number –
if applicable)

ONTARIO _____, Canada.
(Province of signing)

A certificate in Form 3 is admissible in evidence and is proof, in the absence of evidence to the contrary, that the transcript is a transcript of the certified recording of evidence and proceedings in the proceeding that is identified in the certificate.

APPENDIX B
A&R SISP Order

See attached.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.)	THURSDAY, THE 24 DAY
)	
JUSTICE OSBORNE)	OF APRIL, 2025

**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.**

**ORDER
(Amended and Restated SISP Approval Order)**

THIS MOTION, made by 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. (collectively, the "**Applicants**") for an order approving the procedures for the Amended and Restated Sale and Investment Solicitation Process in respect of the Applicants attached hereto as Schedule "A" (the "**Amended and Restated SISP**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the affidavit of Adam Zalev sworn April 17, 2025, and the supplemental affidavit of Adam Zalev sworn April 23, 2025, and the Exhibits thereto, the affidavit of Brittney Ketwaroo sworn April 24, 2025 (the "**Ketwaroo Affidavit**"), and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants (in

such capacity, the “**Monitor**”), dated March 16, 2025, the Supplement to the First Report of the Monitor dated March 21, 2025, and the Second Report of the Monitor dated April 22, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the Affidavit of Service of Brittney Ketwaroo sworn April 21, 2025 and April 24, 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated SISP or the Amended and Restated Initial Order, dated March 21, 2025 (the “**ARIO**”), as applicable.

APPROVAL OF AMENDED AND RESTATED SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the Amended and Restated SISP (subject to any further amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the Amended and Restated SISP pursuant to its terms and the terms of this Order. The Applicants and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Amended and Restated SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Applicants, Reflect Advisors, LLC, (“**Reflect**”), the Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Amended and Restated SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the

Applicants, Reflect, or the Monitor, as applicable, in performing their obligations under the Amended and Restated SISP, as determined by this Court.

5. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, Reflect and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Amended and Restated SISP in these proceedings.

6. **THIS COURT ORDERS** that notwithstanding anything contained in this Order or in the Amended and Restated SISP, neither Reflect nor the Monitor shall take Possession of the Property or the Art Collection or be deemed to take Possession of the Property or the Art Collection, including pursuant to any provision of the Environmental Legislation.

7. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal for the Property or the Business, must declare such intention to Reflect and the Monitor in writing by April 7, 2025. Until such time as the Applicant or any Related Person declares no such intention, Reflect and the Monitor shall design and implement additional procedures for the Amended and Restated SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the Amended and Restated SISP.

8. **THIS COURT ORDERS** that the agreement dated April 24, 2025, engaging Heffel Gallery Limited (“**Heffel**”) as Auctioneer for the Company’s Art Collection (“**Heffel Engagement Letter**”) substantially on the terms to be attached to the Ketwaroo Affidavit, and the retention of Heffel under the terms thereof, is hereby approved and ratified with such amendments as deemed necessary by the Applicants, with the consent of the Monitor, and the Applicants are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Heffel Engagement Letter.

PROTECTION OF PERSONAL INFORMATION

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 (Canada) and any similar legislation in any other applicable jurisdictions, the Applicants, Reflect and the Monitor and each of their respective advisors are hereby authorized and permitted to disclose and transfer to prospective Amended and Restated SISP participants (each, a “**Potential Bidder**”) and their advisors personal information of identifiable individuals (“**Personal Information**”), records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the Amended and Restated SISP (each a “**Transaction**”). Each Potential Bidder to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if required by the Applicants, Reflect or the Monitor. Any successful bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction contemplated in the applicable Successful Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the Amended and Restated SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, Reflect or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor, Reflect or the Applicants.

GENERAL

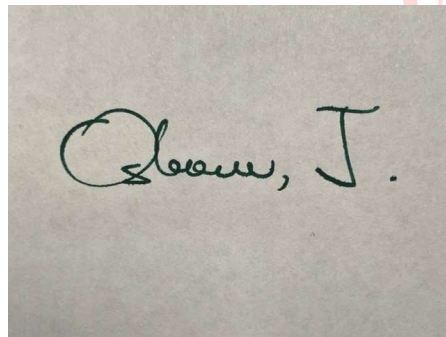
10. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the Amended and Restated SISP.

11. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative bodies having jurisdiction in Canada, the United States of America, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order.

A rectangular box containing a handwritten signature in dark ink. The signature is written in a cursive style and reads "Osborne, J.". The box is light gray and is positioned to the left of the digital signature text.

Digitally signed
by Osborne J.

Date:

2025.05.02

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Amended and Restated Sale and Investor Solicitation Process

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), 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. (collectively, the "**Applicants**") obtained an initial order, as may be amended from time to time (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

Pursuant to an Order dated March 21, 2025 (the "**SISP Approval Order**"), the Court approved this sale and investor solicitation process ("**SISP**"). The purpose of this SISP is to seek Sale Proposals and Investment Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Property and the Business.

This SISP describes, among other things: (a) the Property available for sale and the opportunity for an investment in the Business of the Applicants; (b) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business; (c) the manner in which bidders and bids become Final Qualified Bidders and Final Qualified Bids, respectively; (d) the process for the evaluation of bids received; (e) the process for the ultimate selection of a Successful Bidder; and (f) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

For the avoidance of doubt, the process for soliciting bids in respect of the Company's art and artifact collection (collectively, the "**Art Collection**") will differ and be subject to different requirements and milestones as described below.

Defined Terms

1. The following capitalized terms have the following meanings when used in this SISP:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) the FILO Agent; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
 - (b) "**ARIO**" means the Order of the Court dated March 21, 2025, amending and restating the Initial Order.
 - (c) "**Art Collection**" is defined in the introduction hereto.
 - (d) "**Applicants**" is defined in the introduction hereto.
 - (e) "**Approval Motion**" is defined in paragraph 28.
 - (f) "**Art Auction**" is defined in paragraph 32.

- (g) **“Art Auction Procedures”** is defined in paragraph 32.
- (h) **“Auctioneer”** means Heffel Gallery Limited;
- (i) **“Auctions”** is defined in paragraph 21(a).
- (j) **“Baseline Bid”** is defined in paragraph 24(d)(i).
- (k) **“Bidding Phase”** is defined in paragraph 13.
- (l) **“Bidding Phase Bid Deadline”** is defined in paragraph 14.
- (m) **“Business”** means the business of the Applicants and the Non-Applicant Stay Parties.
- (n) **“Business Day”** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (o) **“CCAA”** is defined in the introduction hereto.
- (p) **“Claims and Interests”** is defined in paragraph 10.
- (q) **“Confidential Information Memorandum”** is defined in paragraph 13.
- (r) **“Court”** is defined in the introduction hereto.
- (s) **“Data Room”** is defined in paragraph 13.
- (t) **“Deposit”** is defined in paragraph 15(m).
- (u) **“FILO Agent”** means Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement (as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (v) **“Final Qualified Bid”** is defined in paragraph 15.
- (w) **“Final Qualified Bidder”** is defined in paragraph 24(a).
- (x) **“Financial Advisor”** means Reflect Advisors, LLC.
- (y) **“Form of Investment Agreement”** means the form of equity investment agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for an Investment Proposal.
- (z) **“Form of Purchase Agreement”** means the form of purchase and sale agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for a Sale Proposal.
- (aa) **“Initial Order”** is defined in the introduction hereto.

- (bb) **"Investment Proposal"** means a proposal to invest in or refinance all or a portion of the Business of the Applicants.
- (cc) **"Known Potential Bidders"** is defined in paragraph 6.
- (dd) **"Lease Monetization Order"** means the Order of the Court dated March 21, 2025 approving of a sale process with respect to the Leases.
- (ee) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection therewith
- (ff) **"Liquidation Process Approval Order"** means the Order of the Court dated March 21, 2025 with respect to the proposed liquidation of inventory.
- (gg) **"Monitor"** means Alvarez & Marsal Canada Inc., solely in its capacity as the Court-appointed monitor of the Applicants in their proceedings under the CCAA.
- (hh) **"NDA"** means a non-disclosure agreement in form and substance satisfactory to the Monitor, the Financial Advisor and the Applicants, which will inure to the benefit of any purchaser of the Property, or any investor in the Business or the Applicants.
- (ii) **"Non-Applicant Stay Parties"** has the definition ascribed to it in the Affidavit of Jennifer Bewley sworn March 7, 2025
- (jj) **"Outside Date"** means July 15, 2025, or such later date as may be agreed to by the Applicants, the Financial Advisor, and the Monitor.
- (kk) **"Potential Bidder"** is defined in paragraph 11.
- (ll) **"Property"** means all of property, assets and undertakings of the Applicants and the Non-Applicant Stay Parties, excluding the Art Collection.
- (mm) **"Qualified Bidder"** is defined in paragraph 12.
- (nn) **"Related Person"** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (oo) **"Sale Proposal"** means a proposal to acquire all or a portion of the Property relating to the Applicants' Business on a liquidation or going concern basis.
- (pp) **"SISP Approval Order"** is defined in the introduction hereto.
- (qq) **"Solicitation Process"** means the process for soliciting and selecting bids for the sale of or investment in the Business and Property.
- (rr) **"Successful Bid"** is defined in paragraph 21(b).
- (ss) **"Successful Bidder"** is defined in paragraph 24(g).
- (tt) **"Teaser Letter"** is defined in paragraph 6.

Supervision of the SISP

2. The SISP Approval Order and the SISP shall exclusively govern the process for the Solicitation Process. For the avoidance of doubt, the Lease Monetization Order shall govern the process for soliciting and selecting bids for the Leases and nothing in this SISP shall alter, restrict or otherwise modify the terms of the Lease Monetization Order.
3. The Monitor will supervise, in all respects, the SISP and any attendant sales or investments. The Monitor, in consultation with the Applicants, the Financial Advisor, and the Agents, shall have the right to adopt such other rules for the SISP that in its reasonable business judgement will better promote of the goals of the SISP. In the event that there is disagreement or clarification required as to the interpretation or application of this SISP or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Monitor or the Applicants. For the avoidance of doubt, with respect to the Monitor's role in regards to the SISP, the terms of the Initial Order concerning the Monitor's rights, duties and protections in the Applicants' CCAA proceedings shall govern.

Sale and Investment Opportunity

4. One or more bids for a sale of, or an investment in, all or a portion of the Business or the Property relating to the Applicants' Business, will be considered, either alone or in combination as a Final Qualified Bid or a Successful Bid.
5. A bid may, at the option of the Qualified Bidder, involve, among other things, one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern; a sale of the Property or any part thereof as contemplated herein to the Qualified Bidder or to a newly formed acquisition entity; or a plan of compromise or arrangement pursuant to the CCAA or any corporate or other applicable legislation.

Solicitation of Interest and Publication Notice

6. The Financial Advisor, in consultation with the Applicants, the Monitor, the Agents, and their respective advisors, has prepared a list of persons who may have an interest in bidding for the sale of or investment in the Business (the "**Known Potential Bidders**"). Concurrently, the Financial Advisor, in consultation with the Applicants, the Monitor and their respective advisors, has prepared an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the existence of the SISP and inviting the Known Potential Bidders to express their interest in accordance with the terms of the SISP.
7. Within one business day of the granting of the SISP Approval Order, the Financial Advisor shall distribute to the Known Potential Bidders the Teaser Letter, as well as a copy of the SISP Approval Order and a draft form of NDA.
8. As soon as reasonably practicable after the granting of the SISP Approval Order, but in any event no more than three (3) Business Days after the issuance of the SISP Approval Order, the Applicants will issue a press release setting out the notice and such other information, in form and substance satisfactory to the Monitor in consultation with the Financial Advisor, designating dissemination in Canada and major financial centres in the United States.

“As Is, Where Is”

9. The sale of the Property, investment in the Business, and/or the Art Collection will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, the Financial Advisor or any of their respective agents, except to the extent set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Free Of Any and All Claims and Interests

10. In the event of a sale of all or a portion of the Property or the Art Collection subject to approval by the Court, all of the rights, title and interests of the Applicants in and to the Property or the Art Collection to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to such Court orders as may be desirable, except to the extent otherwise set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Participation Requirements in Respect of the Property or Business

11. In order to participate in the SISP in respect of the Property or Business, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor, with a copy to the Monitor, at the addresses specified in Schedule “A” hereto (including by email):
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which shall include provisions whereby the Potential Bidder agrees to accept and be bound by the provisions contained herein.
12. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Applicants, in their reasonable business judgement, in consultation with the Financial Advisor and the Monitor, determine is likely, based on the availability of financing, experience and other considerations, to be able to consummate a Sale Proposal or an Investment Proposal on or before the Outside Date will be deemed a “**Qualified Bidder**”, and will be promptly notified of such determination by the Financial Advisor.

SISP – BIDDING PHASE FOR THE PROPERTY OR BUSINESS

Due Diligence

13. During this process (the “**Bidding Phase**”), each Qualified Bidder will be provided with: (i) a copy of a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (ii) access to an electronic data room of due diligence information for Qualified Bidders (the “**Data Room**”). The Data Room will contain such due diligence materials and information relating to the Property and the Business as the Financial Advisor, in its reasonable business judgment, in consultation with the Monitor and the Applicants, determines necessary, including, as appropriate, information or

materials reasonably requested by Qualified Bidders, on-site presentation by senior management of the Applicants, and facility tours. The Monitor, the Financial Advisor and the Applicants make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room; (ii) provided through the due diligence process; or (iii) otherwise made available in connection with this SISP, except to the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants. Selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants and the Financial Advisor, in consultation and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

14. A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal subject to the following requirements:

- (a) in the case of a Sale Proposal, a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;
- (b) in the case of an Investment Proposal, a duly authorized and executed investment agreement based on the Form of Investment Agreement and accompanied by a mark-up of the Form of Investment Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;

to the Financial Advisor, the Applicants and to the Monitor at the addresses specified in Schedule "A" hereto (including by email) so as to be received by it no later than 5:00 pm (Eastern Standard Time) on April 30, 2025, or such other date as determined by the Applicants, in consultation with the Financial Advisor and with the consent of the Monitor (the "**Bidding Phase Bid Deadline**").

15. A bid will be considered a "**Final Qualified Bid**" only if the bid complies with, among other things, the following requirements:

- (a) it includes a letter stating that the bidder's offer is submitted in good faith and is irrevocable until the earlier of (i) the approval by the Court of a Successful Bid and (ii) 60 days following the Bidding Phase Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;
- (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor and the Applicants, in consultation with the Financial Advisor, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;
- (c) in respect of a Sale Proposal, the Property to be included, and in the case of an Investment Proposal, any Property to be divested or disclaimed prior to closing;

- (d) it includes a redline to the Form of Sale Agreement or Form of Investment Agreement, as applicable;
- (e) it includes full details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a Sale Proposal) or shall remain as employees of the Applicants (in the case of an Investment Proposal) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;
- (f) details of any liabilities to be assumed by the Qualified Bidder;
- (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
 - (ii) obtaining financing;
- (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation, and discloses any connections or agreements with the Applicants or any of their affiliates;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (j) it identifies with particularity the contracts and leases the bidder wishes to assume or exclude, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Monitor and the Applicant, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of this SISP;
- (n) it contains other information reasonably requested by the Financial Advisor, the Monitor or the Applicants;
- (o) it is received by the Bidding Phase Bid Deadline;
- (p) it does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;

- (q) it includes a statement that the bidder will bear its own costs and expenses in connection with the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis; and
 - (r) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Applicants or the completeness of any information provided in connection therewith and/or the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement or the Investment Agreement.
16. Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal or Investment Proposal must declare such intention to the Financial Advisor and the Monitor in writing by April 7, 2025. Until such time that the Applicant or any Related Person declares no such intention, the Financial Advisor and the Monitor shall design and implement additional procedures for the SISP to limit the sharing of information with the Applicants so as to ensure and preserve the fairness of the SISP.
17. All secured creditors of the Applicants shall have the right to bid in the SISP, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the SISP, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the SISP.

Evaluation of Final Qualified Bids

18. The Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, will review each bid as set forth herein and determine if one or more of them constitute a Final Qualified Bid. For the purpose of such consultations and evaluations, the Applicants, the Financial Advisor and/or the Monitor may request clarification of the terms of any bid.
19. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such bid in relation to other bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; (h) the assets included or excluded from the bid; (i) proposed treatment of the employees; (j) any transition services required from the Applicants post-closing and any related restructuring costs; (k) the likelihood and timing of consummating the transaction; and (l) the allocation of value among the assets being acquired.

20. Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the firm, irrevocable commitment for financing the transaction; (c) the debt to equity structure post-closing; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; and (h) the likelihood and timing of consummating the transaction.
21. If one or more Final Qualified Bids is received:
 - (a) the Applicants, in consultation with the Financial Advisor, the Monitor, and the Agents, shall determine if one or more auctions (the “**Auctions**”) are required. If required, the Auctions will be held on or about May 16, 2025, in accordance with the terms outlined below; or
 - (b) the Applicants, exercising their reasonable business judgment and following consultation with the Financial Advisor, 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 (the “**Successful Bid**”).
22. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, after consultation with the Monitor, the Financial Advisor, and the Agents, to reject any or all Final Qualified Bids.
23. If no Final Qualified Bid is received, the SISF shall be automatically terminated.

Auction Process

24. If the Applicants, in consultation with the Financial Advisor and the Monitor, determine that one or more Auctions are required, the Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:
 - (a) only Qualified Bidders who submitted Final Qualified Bid (“**Final Qualified Bidders**”) and their financial and legal advisors shall be entitled to participate in an Auction;
 - (b) the Final Qualified Bidders who wish to participate at an Auction must appear in person;
 - (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
 - (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Final Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the financial Advisor, that are the most favourable Final Qualified Bid(s) as of the date thereof (the “**Baseline Bid**”); and

- (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;
 - (e) to make a bid at the Auction, a Final Qualified Bidder will modify and resubmit its Final Qualified Bid, which shall remain exclusive of the Art Collection, which resubmission shall become its new Final Qualified Bid;
 - (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Final Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) that comply with the procedures set forth for the Auction, and such highest and best Final Qualified Bid at the time shall become the Successful Bid (and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”).
25. For greater certainty, in order for one or more Final Qualified Bids to be the Successful Bid, such Final Qualified Bid(s) must receive the written consent of the Agents, in each case as required under the Intercreditor Agreement dated December 23, 2024 attached as Exhibit “C” to the Affidavit of Jennifer Bewley sworn March 7, 2025.
26. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
27. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more Qualified Bids as Successful Bidders that did not offer the highest purchase price for the Property or the Business.

Approval Motion for Successful Bid

28. The Applicant will apply to the Court (the “**Approval Motion**”) for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.
29. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants on or before May 30, 2025.
30. All Final Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.
31. For greater certainty, paragraphs 13 through 30 of the SISP do not apply to any bids or bidders in respect of the Art Collection.

AUCTION IN RESPECT OF THE ART COLLECTION

32. The Applicants and Reflect, in consultation with the Monitor and the Auctioneer, shall design procedures for the art auction (the “**Art Auction**”). The Company will return to Court to seek approval of the art auction procedures (the “**Art Auction Procedures**”) prior to the Art Auction. In designing the Art Auction Procedures, the Applicants and Reflect shall have regard to, among other things:
- (a) the rich heritage and cultural legacy of the Art Collection;
 - (b) the various regulations and laws that apply in respect of Canadian heritage and cultural property as they relate to the Art Collection; and
 - (c) the bidders who have submitted a non-binding letter of interest indicating an interest in participating in the auction of the Art Collection.

OTHER TERMS

Deposits

33. All Deposits will be retained by the Monitor in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within thirty (30) Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid subject to the following paragraph, all Deposits will be returned to the bidders within ten (10) Business Days of the date upon which the SISF is terminated in accordance with these procedures.
34. If a Successful Bidder breaches its obligations under the terms of the SISF, its Deposit plus any interest earned thereon shall be forfeited as liquidated damages and not as a penalty.

Approvals

35. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, the terms of paragraph 47 hereof, or any other Order of the Court in order to implement a Successful Bid.

Agents Consultation

36. The Applicants, the Monitor and the Financial Advisor will communicate and consult with all Agents through the Solicitation Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Financial Advisor shall provide the Agents with any and all information reasonably requested with respect to the SISF.

Amendment

37. If there is any proposed material modification to the SISP by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Financial Advisor and the Agents, to modify the SISP from time to time.
38. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants and any Qualified Bidder, other than as specifically set forth in a definitive agreement that may be signed with the Applicants. At any time during the SISP, the Monitor may, following consultation with the Financial Advisor, and the Applicant, upon reasonable prior notice to the Agents, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Compliance with Liquidation Process Approval Order

39. In carrying out the terms of this SISP, the Applicants, the Monitor and the Financial Advisor will comply with the terms of the Liquidation Process Approval Order, and any other Order of the Court.

Reservation of Rights

40. Without detracting from the Reservation of Rights (defined below) and any rights which RioCan Real Estate Investment Trust and/or its affiliates may have, no bid shall be considered a Final Qualified Bid: (a) in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party without the prior written consent of the relevant Non-Applicant Secured Creditor (as defined in the ARIO) in respect of such Property; and (b) in respect of any Property (as defined in the SISP) of RioCan Real Estate Investment Trust without the prior written consent of RioCan Real Estate Investment Trust.
41. All consent and consultation rights provided to the Agents in this SISP in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party shall instead be provided to RioCan Real Estate Investment Trust and the relevant Non-Applicant Secured Creditor(s) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.
42. Nothing in the SISP acknowledges or declares that the interests in the Business or Property (each as defined in the SISP) being marketed within this SISP are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Business or Property (each as defined in the SISP) are expressly preserved and not derogated from (the "**Reservation of Rights**").

Schedule "A"

Address for Notices and Deliveries

To the Monitor

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company ULC
et al.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a copy to

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Financial Advisor

Reflect Advisors, LLC
4705 Benton Smith Road
Nashville, TN 37215

Attn: Adam Zalev
E-mail: azalev@reflectadvisors.com

To the Applicants

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER
(SISP Approval Order)**

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Lawyers for the Applicants

APPENDIX C
May 5 Endorsement

See attached.



**ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ENDORSEMENT

COURT FILE NO.: CV-25-00738613-00CL

DATE: May 5, 2025

NO. ON LIST: 2

TITLE OF PROCEEDING: Hudson's Bay Company, (Re)

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

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

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Chad Kopach	EY in the Receivership of Woodbine Mall Holdings Inc.	ckopach@blaney.com
Alexandra Teodorescu Nadav Amar	Schindler Elevator Corporation and TK Elevator (Canada) Ltd.	ateodorescu@blaney.com namar@blaney.com
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George Benchetrit	Nike Retail Services Inc., and PVH Canada Inc.	george@chaitons.com
Linda Galessiere	Ivanhoe Cambridge II Inc./Jones Lang LaSalle Incorporated, Morguard Investments Limited,	lgalessiere@cglegal.ca

	Salthill Property Management Inc.	
Steven Weisz Dilina Lallani	Ferragamo Canada Inc.	sweisz@cozen.com dlallani@cozen.com
David Ullman Brendan Jones	Bentall Green Oak, Primaris REIT, Quadreal Property Group	dullman@blaney.com bjones@blaney.com
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Charlie Sinclair	USW Local 1-417	csinclair@goldblattpartners.com
Carly Fox	The Assembly of Manitoba Chiefs	cfox@foxllp.ca
Wayne Drummond	Employee of Hudson's Bay Company	Wadrummond6@gmail.com
Ashley Campbell	United Food and Commercial Workers Local 1518	acampbell@ufcw1518.com

For Other:

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ENDORSEMENT OF JUSTICE OSBORNE:

1. On April 24, 2025, and for oral reasons delivered on that date and additional reasons delivered on May 1, 2025, I appointed The Hon. Herman Wilton-Siegel as Independent Third Party to evaluate the Representative Counsel proposals and make a recommendation to the Court.
2. Today, May 5, 2025, Mr. Wilton-Siegel submitted his Report in which he recommended that the firm of Ursel Phillips Fellows Hopkinson LLP be appointed as Representative Counsel.
3. Mr. Wilton-Siegel's Report (without Appendix "B") is attached as Schedule "A" to this Endorsement.
4. I have reviewed Mr. Wilton-Siegel's Report and accept his recommendation.
5. Ursel Phillips Fellows Hopkinson LLP is appointed as Representative Counsel.


Osborne J.

WILTON-SIEGEL RESOLUTIONS INC.

Report

To: The Honourable Peter J. Osborne, the Superior Court of Justice of Ontario

From: Hon. Herman J. Wilton-Siegel

Date: May 5, 2025

RE: Review of Applications for Representative Counsel for the active and former non-unionized employees of Hudson's Bay Company and its affiliates (collectively "HBC"): Court File: CV-25-00738613-00CL

Dear Mr. Justice Osborne:

Thank you for the appointment as the independent third party ("ITP") to assess the proposals of the five law firms who have applied to be representative counsel for the active and former non-unionized employees of Hudson's Bay Company and certain of its affiliates (the "Employees"). In accordance with the Court's endorsement of April 24, 2025, the scope of the representative counsel mandate (the "Scope") is set out in a letter of HBC's counsel to certain prospective candidates dated April 7, 2025 in the circumstances described below.

The proposed scope will allow the Employees to meaningfully and affordably participate on a collective basis in the proceedings regarding HBC under the *Companies Creditors Arrangement Act* before the Superior Court of Justice (the "CCAA Proceedings"). It contemplates that the representative counsel will:

- (a) advise and support the Employees in respect of employment or other workplace matters arising within the CCAA Proceedings;
- (b) file claims in any claims process approved within the CCAA Proceedings;
- (c) represent the Employees in meetings and Court hearings;
- (d) communicate with HBC and the Monitor on behalf of the Employees in respect of potential future motions and orders to be sought in the CCAA Proceedings; and
- (e) resolve and prevent conflicts and disputes.

In carrying out its responsibilities, it is anticipated that the representative counsel will, among other

things, address pre-CCAA claims of former employees, claims for severance pay for active employees as of March 7, 2025, claims for post-retirement benefits ("PRBs") and long-term disability, as well as claims under the *Wage Earner Protection Program Act*. Representative counsel will also represent the Employees on issues related to the termination of three supplementary executive retirement plans ("SERPs") and on any termination of the HBC pension plan. There is currently little information available regarding the pension plan, including membership in the plan, but the plan appears to have a significant surplus relative to the accrued pension liabilities under the plan.

A. BACKGROUND: CERTAIN ACTIONS OF HBC GIVING RISE TO POTENTIAL CLAIMS OF THE EMPLOYEES

The Second Report of Alvarez & Marsal Canada Inc. (the "Monitor") dated April 22, 2025 (the "Second Report") states that, as of February 28, 2025, HBC had approximately 9,634 employees, of which 647 were subject to collective agreements, as well as approximately 3,000 retirees receiving payments under the HBC pension plan.

In addition, the Second Report indicates that HBC has sponsored three SERPs in which a total of 304 employees and former employees participated. Of these three SERP's, one is partially funded through a trust and the balance were funded from general revenues of HBC.

The Second Report also states that HBC offered PRBs in the form of health and dental benefits that were paid from general revenues of HBC and life insurance policies to approximately 2,000 retirees and that HBC paid long-term disability benefits from general revenues of HBC to approximately 183 employees, 93 of whom are still currently employed by HBC.

The Second Report further reports that, since the commencement of the CCAA Proceedings, HBC has:

- (a) terminated the employment of approximately 272 corporate employees;
- (b) for all 304 SERP beneficiaries, as applicable, (i) terminated the SERP benefit payments from general revenue; and (ii) notified the trustee in respect of the partially funded SERP trust that the trust has been automatically terminated and that HBC will not make any further contributions to, or payments in respect of, the trust;
- (c) terminated salary continuation arrangements for employees terminated prior to the CCAA Proceedings; and
- (d) provided notice of termination to PRB recipients notifying them that their PRBs will be terminated effective April 30, 2025.

It is important to note that, on a preliminary basis, it appears that distributions in satisfaction of unsecured claims against HBC, including the unsecured claims of the Employees, are expected to be limited at best.

B. BACKGROUND TO THE APPOINTMENT OF THE ITP:

Prior to my appointment as the ITP, it is understood from the Monitor's Second Report that counsel for

HBC, in consultation with the Monitor, issued a request for proposals to five law firms soliciting proposals from those firms to act as representative counsel for the Employees. The request for proposals was contained in the letter of HBC's counsel dated April 7, 2025 referred to above. In response to an inquiry received by HBC from a sixth law firm, after consultation with its counsel and the Monitor, a similar request for proposals was issued to that law firm. In total five proposals were received by HBC (the "Proposals").

After a review of the Proposals, and in certain cases of a requested clarification, HBC in consultation with the Monitor determined to seek the appointment of Ursel Phillips Fellows Hopkinson LLP ("Ursel Phillips"), as representative counsel. The motion of HBC seeking a Court order confirming such appointment was opposed by Koskie Minsky LLP who had also provided a Proposal. In a cross-motion, Koskie Minsky LLP sought the appointment of an independent third party to review the Proposals and to make a recommendation to the Court regarding the appropriate representative counsel. The ITP was appointed by the Court's endorsement dated April 24, 2025.

To assess the quality of the applications, the ITP reviewed the Proposals on April 27, 2025. The ITP then conducted oral interviews with representatives from all of the candidates on April 29, 2025.

In each interview, the ITP asked the same series of questions. The questions explored potential issues which could arise from the representative counsel mandate. To be transparent and fair in the process, the candidates were told the identities of the other candidates in advance and were questioned about the advantages which they could bring over the competing firms. The questions are attached to this memorandum as Appendix "A".

As authorized by the Court's endorsement of April 24, 2025, the ITP also questioned the Monitor and its counsel regarding the Proposals as well as the background to the appointment of the ITP. The ITP did not, however, separately consult with HBC or its counsel.

C. RECOMMENDATION:

All five applicants were well qualified and had significant commercial and insolvency expertise and experience. Every candidate submitted detailed Proposals and provided thoughtful answers during the interviews. The decision to select one Proposal out of five was difficult.

However, following extensive deliberations, the ITP recommends to the Superior Court of Justice that Ursel Phillips Fellows Hopkinson LLP be appointed the Representative Counsel. Their written proposal is attached as "Appendix B" to this memorandum. The key factors involved in the assessment are as follows:

1. Independence

The successful representative counsel must be a fearless advocate for the Employees. The Employees must have confidence that they will be independently advised and represented with an absence of any real or perceived conflicts. The ITP very much appreciated the candour of each of the firms in discussing actual and potential conflicts and independence.

Several firms had a prior involvement or a current mandate that could raise potentially problematic

conflicts. While it may be possible to address potential conflicts arising from such matters, it is preferable that representative counsel be perceived to be altogether free of any potential conflict in order that all Employees can have the necessary confidence in their counsel. In addition, several firms had relationships with sub-groups of Employees who have claims in respect of any pension plan surplus. In the absence of a more complete understanding of the pension plan arrangements, it is unclear whether the Employees as a whole will have any claim in respect of the surplus. Given its significance for any recovery by the Employees, any assessment of the potential claims of the Employees in respect of any surplus should be conducted by representative counsel who have had no prior association with any sub-group of employees or former employees who assert claims on their own behalf. The ITP is satisfied that Ursel Phillips has no such mandate or relationship and is therefore completely independent in the present circumstances.

It is also critical that the Employees perceive the representative counsel to be free from any association with HBC, the Monitor or their respective counsel. As mentioned above, Ursel Phillips was previously selected by HBC and the Monitor in the process that was superceded by the Court's endorsement of April 24, 2025. I am satisfied however that any criticism that may be raised regarding that process does not attach to Ursel Phillips and that there is no basis for concluding that the ability of that firm to provide objective and independent advice was compromised in any manner by its prior selection by HBC and the Monitor.

2. *The Requisite Expertise*

Each of the firms demonstrated an expertise in the areas of insolvency, employment and pension law required to fulfil the role of representative counsel. However, certain firms had more extensive experience with, and therefore a deeper understanding of, some of the complexities involved in the particular circumstances of these CCAA Proceedings.

In its application and interview, counsel from Ursel Phillips demonstrated a thoughtful and sophisticated understanding of the present issues and an appreciation of the need for a balanced approach to the pursuit of claims on behalf of the Employees as well as possible alternative sources of support for the Employees.

3. *Communications with the Employees*

Each of the candidates had slightly different capabilities and approaches to the manner of communicating with the Employees depending upon the location of their offices, the availability of staff, and prior experience with large groups of clients.

As representative counsel of employees and pension beneficiaries, Ursel Phillips demonstrated recent experience in establishing communications channels with large groups of clients in the insolvency context. They also appreciated the need for the communication of realistic assessments of the position of the Employees in the CCAA Proceedings in the interests of fairness to the Employees and of maintenance of the integrity of the judicial system.

4. *Cost Issues*

The costs of representative counsel, to the extent that costs are not granted a priority claim, are also an

important consideration in the present context. While it is not possible at the present time to forecast the work involved on behalf of the Employees and therefore to develop a budget, the rates charged by Ursel Phillips were no more than the next most competitive firm in this process.

5. *Demonstrated Interest in Working with the Monitor*

While Employees require and are entitled to zealous and independent representation, their interests will best be served by being represented by counsel who recognize the importance of cooperation with the Monitor. In my interview with the representatives of Ursel Phillips, they recognized the importance of and expressed a willingness to work co-operatively with the Monitor.

D. CONCLUSION:

All of the applications from the five firms were responsive. Each candidate addressed why it was best suited for the role in a thoughtful manner. It was a difficult decision to select one Proposal. However, based on the considerations outlined above, the ITP respectfully recommends the appointment of Ursel Phillips Fellows Hopkinson LLP as representative counsel for the active and retired non-unionized employees of HBC.

Yours truly,



Hon. Herman J. Wilton-Siegel

SCHEDULE A

QUESTIONS FOR DISCUSSION WITH THE PROPOSERS

1. What involvement have they had with similar engagements?
2. What understanding and/or involvement have they regarding these CCAA proceedings?
5. How do they propose to address
3. What do they understand the scope of the engagement to entail?
4. What specific issues do they foresee addressing on behalf of the employees collectively?
5. How do they propose to address province-specific issues in respect of employees outside of Ontario?
6. What specific issues, if any, do they foresee addressing on behalf of particular sub-groups of employees?
7. What current mandates do they have in respect of the CCAA proceedings?
8. What conflicts, if any, do they perceive regarding any of these mandates?
9. Do any of the specific issues foreseen in respect of the engagement, in particular any of the issues that might be raised by particular sub-groups, give rise to the potential for any conflicts?
10. How would they propose to address any of the potential conflicts raised in the circumstances contemplated by questions 7 and 8 above?
11. How do they propose to communicate with the employees and retirees? To what extent do they have a bilingual capability?

12. How do they propose to obtain instructions from the employees and retirees?

13. What rates are proposed in respect of their proposed staffing and how do they propose to contain aggregate fees within a reasonable range?

APPENDIX D
Employee Representative Counsel Order

See attached.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.

)

MONDAY, THE 5TH DAY

JUSTICE OSBORNE

)

)

OF MAY, 2025

**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.**

EMPLOYEE REPRESENTATIVE COUNSEL ORDER

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), 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. (collectively, the "**Applicants**") was heard on April 24, 2025 at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavit of Jennifer Bewley sworn April 17, 2025 (the "**Third Bewley Affidavit**"), the second report of Alvarez & Marsal Canada Inc. ("**A&M**"), dated April 22, 2025, (the "**Second Report**"), in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavits of service of Brittney Ketwaroo sworn April 21, 2025 and April 24, 2025, and upon receiving the recommendation of the Independent Third Party dated May 5, 2025.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record of the Applicants is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used within this Order and not expressly defined herein shall have the meanings set forth in the Bewley Affidavits.

EMPLOYEE REPRESENTATIVE COUNSEL

3. **THIS COURT ORDERS** that Ursel Phillips Fellows Hopkinson LLP ("**Employee Representative Counsel**") is hereby appointed as employee representative counsel to represent the interests of 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 (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**") in these CCAA proceedings, in any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before this Court (collectively, the "**Insolvency Proceedings**"), with respect to:

- (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; (collectively, the “**Purpose**”).

Which Purpose for greater certainty shall not include assisting with any entitlements of Current and Former Employees under the Pension Plans.

4. **THIS COURT ORDERS** that the Employee Representative Counsel shall be entitled but not required to commence the process of identifying up to -seven (7) Represented Employees to be nominated as Court-appointed representatives (hereinafter, both jointly and severally referred to as the “**Employee Committee**”) as soon as practicable following the date hereof. The Employee Committee shall, upon appointment, advise Employee Represented Counsel on behalf of all Represented Employees (excluding the Opt-Out Individuals (as hereinafter defined), if any in the Insolvency Proceedings, act in the overall best interests of the Represented Employees, and advise and where appropriate instruct Employee Representative Counsel, in each case, solely for the Purpose. Employee Representative Counsel may rely upon the advice, information and instructions received from the Employee Committee in carrying out its mandate without further communications with or instructions from the Represented Employees, except as may be recommended by Employee Representative Counsel or ordered by this Court.

5. **THIS COURT ORDERS** that, with the exception of Opt-Out Individuals, (a) the Employee Representative Counsel shall represent all Represented Employees in the Insolvency Proceedings; (b) the Represented Employees shall be bound by the actions of the Employee Representative Counsel in the Insolvency Proceedings; and (c) the Employee Representative Counsel shall be entitled, on the advice of the Employee Committee as appropriate, to advocate on behalf of the Represented Employees for the Purpose and to settle or compromise any rights, entitlements or claims of the Represented Employees.

6. **THIS COURT ORDERS** that the Applicants shall provide Employee Representative Counsel, the Employee Committee and their respective advisors, subject to confidentiality arrangements acceptable to the Applicants and the Monitor, without charge, the following information, documents and data (the “**Information**”) to only be used for the Purpose in the Insolvency Proceedings:

- (a) the names, last known addresses and last known telephone numbers and e-mail addresses (if any) of the Represented Employees (excluding Opt-Out Individuals, if any, who have opted out prior to delivery of the Information); and
- (b) upon request of Employee Representative Counsel, such documents and data as may be reasonably relevant to matters relating to the issues affecting the Represented Employees in the Insolvency Proceedings, and that, in providing all such Information, the Applicants are not required to obtain express consent from such Represented Employees authorizing disclosure of Information to Employee Representative Counsel for the Purpose and, further, in accordance with the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5. (Federal), the *Personal Information Protection Act*, S.B.C. 2003, c. 63 (British Columbia), the *Personal Information Protection Act*, S.A. 2003, c. P-6.5. (Alberta), and *An Act respecting the protection of personal information in the private sector*, R.S.Q., c. P-39.1. (Québec), this Order shall be sufficient to authorize the disclosure of the Information for the Purpose, without the knowledge or consent of the individual Represented Employees.

7. **THIS COURT ORDERS** that notice of the appointment of Employee Representative Counsel shall be provided by: (a) the Applicants delivering a letter on behalf of Employee Representative Counsel to the Represented Employees explaining the terms of such appointment; (b) the inclusion of the details of such appointment in the CCAA notice; and (c) the posting of notice of such appointment on the Monitor’s website, Hudson’s Bay’s internal website (thebay.com) and on Employee Representative Counsel’s website.

8. **THIS COURT ORDERS** that any individual Represented Employee who does not wish to be represented in the Insolvency Proceedings by the Employee Representative Counsel shall, within thirty (30) days of the date of the letter pursuant to paragraph 7 above, notify the Monitor, in writing that such Represented Employee is opting out of representation by

Employee Representative Counsel by delivering to the Monitor an opt-out notice in the form attached as Schedule “A” hereto (each an “**Opt-Out Notice**”), and shall thereafter not be bound by the actions of the Employee Representative Counsel and shall represent themselves or be represented by any counsel that such Represented Employee may retain exclusively at their own expense (any such Represented Employee that delivers an Opt-Out Notice in compliance with the terms hereof, an “**Opt-Out Individual**”). The Monitor shall deliver copies of all Opt-Out Notices received to counsel to the Applicants and Employee Representative Counsel as soon as reasonably practicable.

9. **THIS COURT ORDERS** that the Employee Representative Counsel shall be given notice of all motions in these Insolvency Proceedings and that it shall be entitled to represent those on whose behalf it is hereby appointed in all such proceedings.

10. **THIS COURT ORDERS** that, subject to the terms of the engagement letter between Hudson’s Bay and Employee Representative Counsel and fee arrangements thereunder as agreed to by Hudson’s Bay and Employee Representative Counsel or has have been ordered by this Court, the Employee Representative Counsel shall be paid its reasonable and documented fees and disbursements by the Applicants on a monthly basis, promptly upon rendering its accounts to the Applicants for fulfilling its mandate in accordance with this Order, and subject to such redactions to the invoices as are necessary to maintain solicitor-client privilege between Employee Representative Counsel and the Represented Employees. In the event of any disagreement with respect to such fees and disbursements, such disagreement may be remitted to this Court for determination.

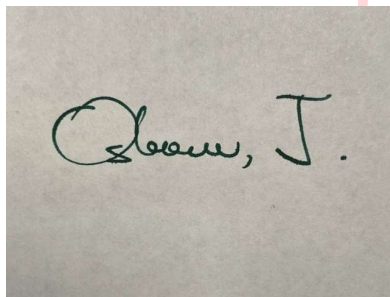
11. **THIS COURT ORDERS** that the Employee Representative Counsel shall be entitled to the benefit of the Administration Charge (as defined in the Amended and Restated Initial Order granted by this Court in these Insolvency proceedings on March 21, 2025), as security for its professional fees and disbursements incurred at its standard rates and charges, up to an aggregate maximum amount of \$100,000.

12. **THIS COURT ORDERS** that no action or proceeding may be commenced against Employee Representative Counsel or the Employee Committee in respect of the performance of their duties under this Order without leave of this court on seven (7) days notice to Employee Representative counsel, the Employee Committee, the Applicants and the Monitor.

13. **THIS COURT ORDERS** that Employee Representative Counsel is authorized to take all steps and do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto. Employee Representative counsel and the Employee Committee shall have no liability as a result of their appointment or the fulfilment of their duties in carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on their part.

14. **THIS COURT ORDERS** that the Employee Representative Counsel and Employee Committee shall be at liberty and are authorized at any time to apply to this Honourable Court for advice and directions in the discharge or variation of their powers and duties.

15. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

A rectangular box containing a handwritten signature in dark ink. The signature appears to be "Osborne, J." written in a cursive style.

Digitally signed
by Osborne J.

Date:

2025.05.06

17:05:52 -04'00'

SCHEDULE "A"

FORM OF REPRESENTED EMPLOYEE OPT-OUT NOTICE

TO: Alvarez & Marsal Canada Inc., in its capacity as Court-Appointed Monitor of the Applicants
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
PO Box 22
Toronto, ON M5J 2J1

Attention: Alvarez & Marsal

Email: HudsonsBay@alvarezandmarsal.com

I hereby provide written notice that I do not wish to be represented by Ursel Phillips Fellows Hopkinson LLP, employee representative counsel (the "**Employee Representative Counsel**") for the Represented Employees of the Applicants in their proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"). I understand that by opting out of this representation, if I wish to take part in the CCAA Proceedings, then I would need to do so as an independent party. I understand that as an independent party to these CCAA Proceedings, I would then be responsible for retaining my own legal counsel should I choose to do so, and that I would be personally liable for the costs of my own legal representation.

I understand that a copy of this Opt-Out Form will be provided to the Employee Representative Counsel and to the Applicants

Witness

Signature

Name [please print]: _____

Address _____

Telephone _____

Note: To opt out, this form must be completed and received at the above address on or before _____, 2025.

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

EMPLOYEE REPRESENTATIVE COUNSEL ORDER

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Lawyers for the Applicants

APPENDIX E
Fourth Updated Cash Flow Forecast

See attached.

Appendix F – Third Updated Cash Flow Forecast

Hudson's Bay Canada
Fourth Updated Cash Flow Forecast
SCAD 000's

Cash Flow Week: Week Ending:	Note	Week 1 09-May-25	Week 2 16-May-25	Week 3 23-May-25	Week 4 30-May-25	Week 5 06-Jun-25	Week 6 13-Jun-25	Week 7 20-Jun-25	Week 8 27-Jun-25	Week 9 04-Jul-25	Week 10 11-Jul-25	Week 11 18-Jul-25	Week 12 25-Jul-25	Week 13 01-Aug-25	Total
Receipts	1	55,814	62,285	43,816	35,783	6,440	9,674	9,674	-	-	-	-	-	-	223,486
Disbursements															
Concession/Consignment Payments	2	(15,001)	(10,993)	(10,765)	(9,472)	(7,969)	(5,653)	(556)	-	-	-	-	-	-	(60,409)
Payroll & Benefits	3	(11,679)	(1,481)	(10,143)	(2,396)	(9,505)	(2,792)	(931)	(1,950)	(440)	(1,772)	(268)	(869)	(82)	(44,310)
Liquidator Share of Additional Consultant Goods	4	(3,227)	(6,160)	(5,283)	(9,509)	(9,509)	(8,452)	(986)	-	-	-	-	-	-	(43,126)
Occupancy Costs	5	-	(8,602)	-	-	(12,171)	-	(3,917)	-	-	-	-	-	-	(24,691)
Operating Expenses	6	(6,983)	(6,779)	(3,835)	(5,055)	(884)	(1,149)	(799)	(574)	(1,052)	(405)	(360)	(253)	(248)	(28,376)
Sales Tax Remittances		(18,295)	-	-	(13,824)	-	-	-	-	(7,296)	-	-	-	-	(39,415)
Liquidation Consultant Fees & Expenses	7	(5,056)	(5,586)	(2,513)	(2,558)	(2,086)	(1,955)	(821)	(1,451)	(1,451)	-	-	-	-	(23,478)
Professional Fees	8	(1,612)	(1,054)	(3,581)	(1,094)	(1,521)	(805)	(1,094)	(672)	(964)	(672)	(835)	(615)	(778)	(15,296)
Shared Service Payments	9	-	(1,732)	(1,788)	-	-	(2,799)	-	-	-	(1,928)	-	-	(1,432)	(9,680)
Inventory Purchases	10	(500)	-	-	-	-	-	-	-	-	-	-	-	-	(500)
Interest Payments & Fees	11	-	-	(4,050)	-	(1,927)	-	-	-	(1,904)	-	-	-	(1,517)	(9,398)
Total Disbursements		(62,353)	(42,386)	(41,959)	(43,908)	(45,574)	(23,605)	(9,105)	(4,646)	(13,108)	(4,777)	(1,463)	(1,736)	(4,056)	(298,678)
Net Cash Flow		(6,539)	19,900	1,857	(8,125)	(39,133)	(13,932)	569	(4,646)	(13,108)	(4,777)	(1,463)	(1,736)	(4,056)	(75,191)
Opening Cash Balance		193,981	187,442	207,342	143,701	135,575	96,442	82,510	83,079	78,433	65,325	60,548	59,085	57,348	193,981
Net Cash Flow		(6,539)	19,900	1,857	(8,125)	(39,133)	(13,932)	569	(4,646)	(13,108)	(4,777)	(1,463)	(1,736)	(4,056)	(75,191)
Cash Collateralization	12	-	-	(24,576)	-	-	-	-	-	-	-	-	-	-	(24,576)
FLO Credit Facility Paydown	13	-	-	(40,922)	-	-	-	-	-	-	-	-	-	-	(40,922)
Closing Cash Balance		187,442	207,342	143,701	135,575	96,442	82,510	83,079	78,433	65,325	60,548	59,085	57,348	53,292	53,292

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

Represents 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 \$36.1 million.

2) Concession/Consignment Payments

Represent payment to vendors related to the sale of goods pursuant to existing agreements with Participating Concession Vendors and the GB Consignment goods.

3) Payroll & Benefits

Includes salaries, wages, remittances, employee benefits and taxes for salaried and part-time employees across the stores, corporate office and distribution centres. Includes payments to the KERP Participants in accordance with the KERP.

4) Liquidator Share of Additional Consultant Goods

Represents payments related to the sale of Additional Consultant Goods.

5) Occupancy Costs

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. 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).

6) Operating Expenses

Represents payments for 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.

7) Liquidation Consultant Fees & Expenses

Includes estimated fees and expenses to the Liquidation Consultant pursuant to the Liquidation Consulting Agreement.

8) Professional Fees

Represents payments to the Applicants' legal counsel, financial advisor and Lease Monetization Consultant, the Monitor, Monitor's legal counsel, Employee Representative Counsel, and legal counsel and financial advisor to the ABL Lenders and FILO Lenders.

9) Shared Service Payments

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.

10) Inventory Purchases

Represents estimated disbursements to purchase inventory that is accretive to the Liquidation Sale.

Hudson's Bay Canada
13-Week Cash Flow Forecast
Notes and Summary of Assumptions

11) Interest Payments & Fees

Represents payments owing to the FILO Lenders for: (i) accrued and unpaid interest; and (ii) forecast interest for the period May 1 to August 1.

12) Cash Collateralization

Represents the proposed ABL Distribution to cash collateralize the Revolving Obligations owing to the ABL Lenders including the Cash Management Services obligations, the Bank Products obligations, and 104% of the sum of the L/C Obligations pursuant to the Stay Extension and Distribution Order.

13) FILO Credit Facility Paydown

Represents the proposed initial FILO Distribution to the FILO Lenders pursuant to the Stay Extension and Distribution Order.

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

THIRD REPORT OF THE MONITOR

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Counsel for Alvarez & Marsal Canada Inc., solely in its capacity
as Monitor and not in its personal or corporate capacity