

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

No.: 500-11-058299-203

**S U P E R I O R C O U R T**  
(Commercial Division)  
(Sitting as a court designated pursuant to the  
*Companies' Creditors Arrangement Act*,  
R.S.C. 1985, c. C-36)

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**IN THE MATTER OF THE PLAN OF  
COMPROMISE OR ARRANGEMENT OF:**

**REITMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**APPLICATION FOR THE ISSUANCE OF A SANCTION ORDER**  
(Section 6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36  
(the ("CCAA"))

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**TO THE HONOURABLE JUSTICE MARTIN CASTONGUAY OR TO ONE OF THE  
HONOURABLE JUSTICES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL  
DIVISION, IN THE JUDICIAL DISTRICT OF MONTRÉAL, THE DEBTOR/PETITIONER  
RESPECTFULLY SUBMITS AS FOLLOWS:**

**I. INTRODUCTION**

1. By the present *Application for the Issuance of a Sanction Order* (the "**Application**"), the Debtor/Petitioner (the "**Debtor**") seeks the issuance of an order sanctioning the Amended and Restated Plan of Arrangement dated December 20, 2021 (the "**Plan**"), communicated herewith as **Exhibit R-1**, substantially in the form of the draft order communicated herewith as **Exhibit R-2** (the "**Proposed Sanction Order**").
2. The Debtor also seeks the issuance of an order allowing it and the Monitor to review and process certain Additional Late Claims (as defined below).

**II. BACKGROUND**

3. On May 19, 2020, a first initial order was rendered by this Court pursuant to the CCAA in relation to the Debtor (the "**First Initial Order**"), as appears from the record of this Court.
4. Pursuant to the First Initial Order, Ernst & Young Inc. was appointed as Monitor of the Debtor and a stay of proceedings (the "**Stay of Proceedings**") was ordered until and including May 29, 2020.
5. On May 29, 2020, this Court issued an Amended and Restated Initial Order (the "**A&R Initial Order**") which, among other things, extended the Stay of Proceedings until July 29, 2020, as appears from the record of this Court. A detailed description of the circumstances and the reasons for seeking the First Initial Order and the A&R Initial Order are set out in the *Petition for the issuance of an Initial Order and an Amended and Restated Initial Order* dated May 17, 2020 (the "**Petition for an Initial Order**") filed in the Court record.
6. On July 27, 2020, this Court issued a First Extension Order extending the Stay of Proceedings until September 30, 2020, as appears from the record of this Court.
7. On August 20, 2020, this Court issued a Second Amended and Restated Initial Order which, among other things, approved an interim financing facility, as appears from the record of this Court.
8. Also on August 20, 2020, this Court issued a Claims Process Order (the "**Claims Process Order**"), as appears from the record of this Court.
9. On October 16, 2020, this Court issued a Second Extension Order extending the Stay of Proceedings until January 22, 2021, as appears from the record of this Court.
10. On January 22, 2021, this Court issued a Third Extension Order extending the Stay of Proceedings until May 28, 2021, as appears from the record of this Court.
11. On May 25, 2021, this Court issued a Fourth Extension Order extending the Stay of Proceedings until September 28, 2021, as appears from the record of this Court.
12. On September 28, 2021, this Court issued a Fifth Extension Order extending the Stay of Proceedings until January 28, 2022, as appears from the record of this Court.
13. On November 26, 2021, this Court issued a Plan Filing and Meeting Order (the "**Plan Filing and Meeting Order**"), authorizing the Monitor to call, hold and conduct a meeting of the Debtor's creditors for the purpose of considering and voting on the Plan, as appears from the record of this Court.

### III. **PLAN OF COMPROMISE AND ARRANGEMENT**

14. As a result of its restructuring efforts, the Debtor, with the assistance of the Monitor, developed the Plan (Exhibit R-1). Capitalized terms used in this section of the

Application but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

15. Pursuant to the Plan, all of the Debtor's Affected Creditors are included in one class of creditors.
16. The Plan provides, *inter alia*, for the following:
  - (a) An aggregate distribution of CA \$95,000,000 (the "**Distribution Pool**") to the Affected Creditors, in accordance with the terms of the Plan;
  - (b) The distribution of the Distribution Pool to Affected Creditors as follows:
    - (i) An amount equal to the lesser of CA \$20,000 or the amount of the Affected Claim of each Affected Creditor (the "**Convenience Distribution**"); and
    - (ii) The balance of the Distribution Pool to be distributed to the Affected Creditors on a *pro rata* basis, according to amount of their respective Proven Claims, less any amount received in respect of the Convenience Distribution;
  - (c) The settlement, release and discharge of all Affected Claims against the Debtor and its directors, officers and employees to the extent permitted under the CCAA.
17. Pursuant to the Plan and subject to its terms and conditions, by no later than thirty (30) days following Plan Implementation Date, the Distribution Pool shall be paid by the Debtor to the Monitor.
18. The Monitor shall use commercially reasonable efforts to distribute the Distribution Pool to the Affected Creditors, in accordance with the Plan, within sixty (60) days of its receipt.
19. The Plan is not addressed to and does not affect the following categories of claims (which are referred to in the Plan as the "**Unaffected Claims**"):
  - (a) any Employee Priority Claims;
  - (b) any Claims secured by the Interim Financing Charge, the Administration Charge and the Directors' Charge;
  - (c) any Gift Card Claims;
  - (d) any Post-Filing Claims;
  - (e) any Crown Priority Claims;
  - (f) any Claims enumerated in sections 5.1(2) and 19(2) of the CCAA; and

(g) any TD Secured Claim.

20. The implementation of the Plan is subject to its sanction by the Court and to the fulfilment of the Plan Implementation Conditions.

### III. CREDITORS' MEETING

21. Capitalized terms used in this section of the Application but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan Filing and Meeting Order or in the Plan, as the case may be.

22. On December 2, 2021, the Monitor proceeded with the issuance and communication to the Affected Creditors of the Meeting Materials, advising them that, *inter alia*, the Creditors' Meeting would be held by videoconference on December 21, 2021 at 2 p.m., in conformity with the Plan Filing and Meeting Order.

23. On December 13, 2021, the Monitor filed its Report to the Court on the State of the Debtor's Affairs and its Plan of Arrangement dated December 13, 2021 (the "**Monitor's Plan Report**"), a copy of which is communicated herewith as **Exhibit R-3**. Also on December 13, 2021, the Monitor sent the Monitor's Plan Report to the Service List, and posted it on the Website and sent it to the Affected Creditors by email or regular mail. Also, on December 17, 2021, a French version of the Monitor's Plan Report was made available on the Website.

24. In accordance with the Meeting Order and the Meeting Materials, the Creditors' Meeting was convened and held on December 21, 2021 at 2 p.m., by videoconference.

25. As appears from a copy of the minutes of the Creditors' Meeting, communicated herewith as **Exhibit R-4**, at the Creditors' Meeting, the Plan was approved by:

(a) 98.8% of the Affected Creditors holding Voting Claims having voted either in person or by proxy, or who were deemed to have voted, in number; and

(b) 97.75% of the Affected Creditors holding Voting Claims having voted either in person or by proxy, or who were deemed to have voted, in value.

26. The implementation of the Plan remains conditional upon:

(a) The granting of the Sanction Order, which shall have become a Final Order;

(b) The full repayment of the Interim Financing by the Debtor and the termination and discharge of the Interim Financing Charge; and

(c) The fulfilment of the conditions precedent set forth in Section 10.1 and 10.2 of the Exit Financing Credit Agreement to the satisfaction of the

Bank of Montreal.

27. As mentioned above, the Debtor will remit the Distribution Amount to the Monitor within thirty (30) days following the Plan Implementation Date and the Monitor will use commercially reasonable efforts to distribute the Distribution Pool to Affected Creditors, in accordance with the Plan, within sixty (60) days of its receipt.

#### **IV. APPROVAL AND SANCTION OF THE PLAN**

28. In light of the foregoing, the Debtor respectfully submits that the Plan should be sanctioned by this Court as:
- (a) the Debtor has acted and continues to act in good faith and with due diligence;
  - (b) at all times, the Debtor has complied and continues to comply with all statutory requirements and strictly adhered to orders of this Court;
  - (c) throughout the CCAA proceedings, the Debtor fully cooperated with the Monitor, including with respect to access to information requested and internal resources required by the Monitor to perform its duties;
  - (d) the Plan is fair and reasonable, as reflected by the favorable vote of the overwhelming majority of the Affected Creditors and the support by the Monitor of the Plan.
29. The Plan is the product of significant effort on the part of the Debtor and the Monitor.
30. The amounts to be distributed pursuant to the Plan take into account the significant challenges that the Debtor has faced, and expects to continue to face, resulting from the Covid-19 pandemic, supply chain issues and the shift in consumer habits.
31. If sanctioned and implemented, the Plan will provide the best outcome available for the Debtor's creditors in the circumstances. In particular, as appears from the Monitor's Plan Report, the Plan will result in:
- (a) The payment in full of approximately 60% of all Affected Claims; and
  - (b) The payment of a dividend ranging between 60% and 100% in respect of approximately 85% of all Affected Claims.
32. The Plan allows the Convenience Creditors, which represent the majority of the Affected Creditors, to receive a significantly greater recovery than they would have in the context of a bankruptcy of the Debtor.
33. In addition, the Plan will allow all Affected Creditors to receive a significant recovery faster they would in the context of a bankruptcy of the Debtor and will avoid the uncertainties and risks associated to a liquidation of the Debtor's assets.

34. As appears from the Monitor's Plan Report, and from the Monitor's Report on the Creditors' Meeting which will be filed in support of this Application, the Monitor was and remains of the view that the Plan is fair and reasonable, represents the best available alternative for the Debtor's Affected Creditors and other stakeholders in the circumstances, and should be sanctioned.
35. Considering all of the above, the Debtor respectfully submits that the terms and conditions provided by the Plan are fair and reasonable in the circumstances and that the Plan should therefore be sanctioned by the Court.

## **V. ISSUANCE OF A LATE CLAIMS ORDER**

36. On May 25, September 28 and November 26, 2021, this Court issued orders authorizing the Monitor to review and process certain Proofs of Claim (the "**Late Claims**") filed after the Claims Bar Date (the "**Late Claims Orders**").
37. Between the issuance of the November 26, 2021 Late Claims Order and the date of this Application, the Monitor has received from various parties (each, a "**Late Claimant**") an additional 5 Proofs of Claim (the "**Additional Late Claims**") totaling a face value of approximately \$71,731.94, as detailed in **Exhibit R-5** in support of this Application.
38. As was the case with the Late Claims, the Debtor understands that the Monitor has no reason to question the motives of the Late Claimants in filing the Additional Late Claims, or to believe that the delay is attributable to causes other than inadvertence.
39. In this context, and given the modest aggregate amount of the Additional Late Claims, the Debtor submits that permitting the review of the Additional Late Claims by the Debtor and the Monitor would be fair and reasonable and would not cause any significant prejudice to the Debtor's creditors. In particular, if the authorization sought is granted and the Additional Late Claims are accepted by the Monitor, their impact on the distributions to be made under to the Plan will be immaterial.

## **VI. CONCLUSION**

40. For the reasons set forth above, the Debtor submits that the Plan should be approved and that the Monitor should be authorized to review and process the Additional Late Claims.
41. Given the need to advance the restructuring process as quickly as possible, for the benefit of all stakeholders, it is respectfully requested that the provisional execution of the orders sought pursuant to the present Application notwithstanding appeal should be granted.
42. The present Application is well founded in fact and in law.

**FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:**

**GRANT** the present *Application for the Issuance of a Sanction Order*;

**ISSUE** an order in the form of the Proposed Sanction Order communicated in support of the Application as Exhibit R-2;

**ISSUE** an order in the form of the Proposed Late Claims Order communicated in support of the Application as Exhibit R-6;

**ORDER** the provisional execution of the order to be rendered on the Application notwithstanding appeal and without security;

**THE WHOLE WITHOUT COSTS**, save in the event of contestation.

**MONTREAL**, December 22, 2021

*Davies Ward Phillips & Vineberg LLP*

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**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Attorneys for the Debtor/Petitioner

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

**S U P E R I O R C O U R T**  
(Commercial Division)  
(Sitting as a court designated pursuant to  
the *Companies' Creditors Arrangement*  
*Act*, R.S.C. 1985, c. C-36)

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No. 500-11-058299-203

**IN THE MATTER OF THE PLAN OF  
COMPROMISE OR ARRANGEMENT  
OF:**

**REITMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**AFFIDAVIT OF RICHARD WAIT**

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I, the undersigned, Richard Wait, Chief Financial Officer of Reitmans (Canada) Limited, having a place of business at 250 Sauvé Street West, in Montréal, QC H3L 1Z2, solemnly declare:

1. I am a representative of Reitmans (Canada) Limited;
2. I have read the attached *Application for the Issuance of a Sanction Order* and all of the facts alleged therein are true and to my personal knowledge.



**AND I HAVE SIGNED:**

*Richard Wait*

Richard Wait

**SOLEMNLY AFFIRMED** before me in Repentigny this 22<sup>nd</sup> day of December, 2021 by Richard Wait, whose oath was taken in Montréal (Kirkland) and received in Repentigny, the whole by technology means and in accordance with the memorandum of the Québec Ministry of Justice dated March 20, 2020



Commissioner of Oaths for the Province of Québec and outside the Province of Québec



CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

**S U P E R I O R C O U R T**  
(Commercial Division)  
(Sitting as a court designated pursuant to  
the *Companies' Creditors Arrangement*  
*Act*, R.S.C. 1985, c. C-36)

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No. 500-11-058299-203

**IN THE MATTER OF THE PLAN OF  
COMPROMISE OR ARRANGEMENT  
OF:**

**REITMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**NOTICE OF PRESENTATION**

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**TAKE NOTICE** that the present *Application for the Issuance of a Sanction Order* (the "**Application**") will be presented before the honourable Martin Castonguay of the Superior Court of Québec (Commercial Division), district of Montréal, at **9:30 a.m. on January 4, 2022**. The hearing will take place by videoconference and by telephone conference. The information to join the hearing will be provided to the service list once available.

Any party intending to contest the Application is required to so inform the undersigned attorneys by no later than **5:00 pm on December 30, 2021** and, by that date and time, provide the undersigned attorneys with a written summary of the grounds of contestation.

**DO GOVERN YOURSELVES ACCORDINGLY.**

MONTREAL, December 22, 2021

*Davies Ward Phillips & Vineberg LLP*

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**Davies Ward Phillips & Vineberg LLP**  
Attorneys for the Debtor/Petitioner

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

**S U P E R I O R C O U R T**  
(Commercial Division)  
(Sitting as a court designated pursuant to  
the *Companies' Creditors Arrangement*  
*Act*, R.S.C. 1985, c. C-36)

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No. 500-11-058299-203

**IN THE MATTER OF THE PLAN OF  
COMPROMISE OR ARRANGEMENT  
OF:**

**REITMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**LIST OF EXHIBITS**

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<b>EXHIBIT R-1</b>	Amended and Restated Plan of Arrangement
<b>EXHIBIT R-2</b>	Proposed Sanction Order
<b>EXHIBIT R-3</b>	Monitor's Plan Report
<b>EXHIBIT R-4</b>	Minutes of Creditors' Meeting
<b>EXHIBIT R-5</b>	List of Late Claims
<b>EXHIBIT R-6</b>	Proposed Late Claims Order

**MONTREAL**, December 22, 2021

*Davies Ward Phillips & Vineberg LLP*

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**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Attorneys for the Debtor/Petitioner

No. 500-11-058299-203  
**SUPERIOR COURT**  
(Commercial Division)  
District of Montréal

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**IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF:**

**RETMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**APPLICATION FOR THE ISSUANCE OF A SANCTION  
ORDER, AFFIDAVIT, LIST OF EXHIBITS AND NOTICE OF  
PRESENTATION**

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ORIGINAL

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**DAVIES**

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Canada

**AMENDED AND RESTATED PLAN OF ARRANGEMENT**

**OF**

**REITMANS (CANADA) LIMITED**

**PURSUANT TO THE**

**COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36**

**SECTION 1**  
**INTERPRETATION**

**1.1 DEFINITIONS**

Unless specified otherwise, the following words and terms are defined as follows:

- (1) **“Administration Charge”** has the meaning ascribed to such term in the Initial Order;
- (2) **“Administration Claim”** means a claim or any other indebtedness or obligation secured by the Administration Charge;
- (3) **“Affected Claim”** means any Claim other than an Unaffected Claim;
- (4) **“Affected Creditor”** means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim;
- (5) **“Applicable Law”** means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;
- (6) **“Arrangement”** or **“Plan”** means this plan of arrangement, as may be amended from time to time, in accordance with the terms hereof;
- (7) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- (8) **“Business Day”** means a day, other than a Saturday, a Sunday, or a holiday (as defined in Article 82 of the *Code of Civil Procedure* (Québec), R.S.Q., c. C-25.01, as amended);
- (9) **“CCAA”** means the *Companies' Creditors Arrangement Act*, R.S.C. (1985), c. C-36, as amended from time to time;

- (10) **“CCAA Proceedings”** means the proceedings in respect of the Debtor under the CCAA commenced pursuant to the Initial Order issued by the Superior Court of Québec in file number 500-11-058299-203;
- (11) **“Certificate of Implementation”** has the meaning set forth in Section 7.3 hereof;
- (12) **“Certificate of Non-Implementation”** has the meaning set forth in Section 7.5 hereof;
- (13) **“Certificate of Performance”** has the meaning set forth in Section 7.4 hereof;
- (14) **“Claim”** means any right of any Person against the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any nature whatsoever of the Debtor owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, due or accruing due, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date, or which would have been claims provable in bankruptcy had the Debtor become bankrupt on the Determination Date, and shall include, without limitation, any Restructuring Claim and any D&O Claim, and “Claims” means all of them. For greater certainty, “Claim” or “Claims” shall not include any Unaffected Claim;
- (15) **“Claims Bar Date”** means 5:00 p.m. (Montréal time) on October 21, 2020;
- (16) **“Claims Process Order”** means the order rendered by the Court on August 20, 2020 establishing the process for the filing and adjudication of Claims and establishing the Claims Bar Date, as may be amended from time to time;
- (17) **“Convenience Creditor”** means an Affected Creditor whose Proven Claim is less than or equal to \$20,000;
- (18) **“Court”** means the Superior Court of Québec, sitting in the Commercial Division, in the District of Montréal, the Court of Appeal of Québec and, as the case may be, the Supreme Court of Canada;
- (19) **“Creditor”** means any Person asserting a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person. For greater certainty, “Creditor” shall not include an Unaffected Creditor in respect of that Person’s claim resulting from an Unaffected Claim;
- (20) **“Creditors’ Meeting”** means the meeting of the Affected Creditors called to consider and vote on the Plan in accordance with the CCAA as well as any

adjournment, postponement or continuation thereof, as contemplated by the Meeting Order;

- (21) **“Crown Priority Claims”** means any claims of Her Majesty in Right of Canada or of a province as described in Section 6(3) or Section 38(2) of the CCAA. For greater certainty, any Claim of Her Majesty the Queen in right of Canada or in right of any Province other than Crown Priority Claims shall be an Affected Claim hereunder;
- (22) **“D&O Claim”** means any right or claim as defined in paragraph 11.03(1) of the CCAA as well as any right or claim of any Person against one or more of the Directors and Officers of any nature whatsoever, present, future, whether or not asserted, due or accruing due to such Person and any interest or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable, secured, unsecured, known or unknown, whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date;
- (23) **“Debtor”** means Reitmans (Canada) Limited;
- (24) **“Determination Date”** means May 19, 2020;
- (25) **“Directors”** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, a director or *de facto* director of the Debtor;
- (26) **“Directors’ Charge”** has the meaning ascribed to such term in the Initial Order;
- (27) **“Effective Time”** means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Debtor and the Monitor shall determine or as otherwise ordered by the Court;
- (28) **“Employee”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a current or former employee of the Debtor whether on a full-time, part-time or temporary basis, other than a Director or Officer, including any individuals on disability leave, parental leave or other absence;
- (29) **“Employee Priority Claim”** means the following Claims of Employees:
- (i) Claims equal to the amounts that Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor had become bankrupt on the Determination Date; and
  - (ii) Claims for unpaid wages, salaries, commissions or compensation for services rendered by Employees after the Determination Date and on

or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the business during the same period;

- (30) **"Excluded Claim"** means any right or claim that would otherwise be a Claim that is:
- (i) a Claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
  - (ii) a Claim secured by the Administration Charge;
  - (iii) any indemnity claims of the Directors and Officers that are secured by the Directors' Charge; and
  - (iv) a Claim secured by the Interim Financing Charge.
- (31) **"Exit Financing Credit Agreement"** means the unsigned substantially final form of credit agreement attached to the commitment letter entered into on November 22, 2021 between Bank of Montreal, as lender, and the Debtor, as borrower, regarding an exit financing facility;
- (32) **"Final Order"** means a final order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal or motion for leave to appeal and as to which order any appeal periods shall have expired;
- (33) **"Gift Card Claim"** means any claim with respect to gift cards, gift certificates, customer certificates, deposits and other similar programs offered by the Debtor;
- (34) **"Governmental Authority"** means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;
- (35) **"Initial Order"** means the Order issued by the Court in the CCAA Proceedings on May 19, 2020, as subsequently amended and restated;
- (36) **"Interim Financing"** means the interim financing provided by the Interim Lender to the Debtor pursuant to the Initial Order;
- (37) **"Interim Financing Charge"** has the meaning ascribed to such term in the Initial Order;
- (38) **"Interim Financing Documents"** has the meaning ascribed to such term in the Initial Order;
- (39) **"Interim Lender"** means Bank of Montreal;



- (40) **"Meeting Order"** means the Order under the CCAA that, among other things, sets the date for the Creditors' Meeting, as same may be amended, restated or varied from time to time;
- (41) **"Monitor"** means Ernst & Young Inc. in its capacity as Court-appointed monitor of the Debtor and not in its personal or corporate capacity;
- (42) **"Notice of Revision or Disallowance"**, **"Notice of Scheduled Employee's Claim"** and **"Notice of Dispute"** have the meanings ascribed to such terms in the Claims Process Order;
- (43) **"Notice of Creditors' Meeting and Sanction Hearing"** has the meaning ascribed to such term in the Meeting Order;
- (44) **"Officers"** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, an officer or *de facto* officer of the Debtor;
- (45) **"Order"** means any order issued by the Court in the CCAA Proceedings;
- (46) **"Person"** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, governmental body or agency, the Crown or any other entity;
- (47) **"Plan"** means this amended and restated plan of arrangement, as same may be amended from time to time, in accordance with the terms hereof;
- (48) **"Plan Implementation Conditions"** has the meaning set forth in Section 7.2 hereof;
- (49) **"Plan Implementation Date"** means the Business Day on which all of the Plan Implementation Conditions have been fulfilled or waived and the Plan has become effective, as evidenced by the Certificate of Implementation, to be filed with the Court;
- (50) **"Plan Implementation Released Parties"** has the meaning set forth in Section 5.9 hereof;
- (51) **"Plan Performance Released Parties"** has the meaning set forth in Section 5.10 hereof;
- (52) **"Post-Filing Claim"** means any debt, liability or obligation that was incurred by the Debtor (a) in respect of goods or services provided to the Debtor after the Determination Date and before the Plan Implementation Date; (b) in the ordinary course of business; and (c) in compliance with the Initial Order and other Orders issued in connection with the CCAA Proceedings;
- (53) **"Proof of Claim"** has the meaning ascribed to such term in the Claims Process Order;

- (54) **"Proven Claim"** means, in respect of an Affected Creditor, the amount of the Claim of such Affected Creditor as finally determined for voting and distribution purposes in accordance with the provisions of the Plan, the CCAA and the Claims Process Order and "Proven Claims" means all of them;
- (55) **"Required Majority"** means majority in number of the Creditors representing not less than 66 2/3% in value of the Voting Claims of such Creditors who actually vote (in person or by proxy) at the Creditors' Meeting in accordance with the Plan and this Order;
- (56) **"Restructuring Claim"** means any right of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation, resiliation or termination of any contract, lease or other agreement whether written or oral, after the Determination Date; provided, however, that a Restructuring Claim shall not include an Unaffected Claim. For greater certainty, a Restructuring Claim is an Affected Claim;
- (57) **"Restructuring Claims Bar Date"** has the meaning ascribed to such term in the Claims Process Order;
- (58) **"Sanction Date"** means the date on which the Sanction Order is issued;
- (59) **"Sanction Order"** means the Order to be made by the Court sanctioning the Plan, as such order may be affirmed, amended or modified by the Court at any time prior to the Plan Implementation Date, in form and content which is satisfactory to the Debtor;
- (60) **"Scheduled Employees"** has the meaning ascribed to such term in the Claims Process Order;
- (61) **"Taxes"** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, antidumping, countervail, excise, severance, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant Person, (iii) all employment insurance premiums, Canada, Québec and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;
- (62) **"Taxing Authorities"** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any

municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and “Taxing Authority” means any one of the Taxing Authorities;

- (63) **“Tax Obligation”** means any amount of Tax owing by a Person to a Taxing Authority;
- (64) **“TD Secured Claim”** means any Claim of The Toronto-Dominion Bank, to the extent that the mortgage, hypothec, pledge, charge, lien, privilege, security interest or other rights held by The Toronto-Dominion Bank over the property of the Debtor was valid, opposable, perfected, and could be set up against third parties, on the Determination Date, failing which The Toronto-Dominion Bank will be deemed to be an “unsecured creditor”, as defined in the CCAA;
- (65) **“Unaffected Claim”** means
- (i) any Employee Priority Claims;
  - (ii) any Excluded Claims;
  - (iii) any Gift Card Claims;
  - (iv) any Post-Filing Claims;
  - (v) any Crown Priority Claims; and
  - (vi) any TD Secured Claim.
- (66) **“Unaffected Creditor”** means a Person having an Unaffected Claim but only in respect and to the extent of such Unaffected Claim;
- (67) **“Undelivered Distributions”** has the meaning set forth in Section 6.5 hereof;
- (68) **“Unresolved Claim”** means an Affected Claim or that portion thereof that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim in accordance with the Claims Process Order, the Meeting Order, or any other Order;
- (69) **“Unresolved Claims Reserve”** means the cash reserve to be established and maintained under the Plan as determined from time to time by the Monitor by holding, on account of Unresolved Claims, an amount equal to the aggregate amount that the holders of Unresolved Claims would be entitled to receive if all such Unresolved Claims had been Proven Claims as of the date of any distribution under this Plan, which cash reserve shall be held by the Monitor for distribution in accordance with the Plan;

- (70) **"Voting Claim"** means, in respect of an Affected Creditor, the amount of such Affected Creditor's Proven Claim, unless the Proven Claim of such Affected Creditor has not been finally determined at the time of the Creditors' Meeting, in which case "Voting Claim" shall mean the Claim of such Affected Creditor which has been accepted for voting purposes, in accordance with the Claims Process Order, the Plan and the CCAA;
- (71) **"Website"** means <https://www.ey.com/ca/Reitmans>;
- (72) **"Withholding Obligation"** has the meaning set forth in Section 6.6 hereof;

## 1.2 INTERPRETATION

For the purposes of this Plan,

- (1) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (2) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (3) unless otherwise specified, all references in the Plan to Sections are references to Sections of the Plan;
- (4) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan;
- (5) the division of the Plan into "articles" and "sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "articles" and "sections" intended as complete or accurate descriptions of the content thereof;
- (6) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (7) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (8) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that amends, modifies, supplements or supersedes such statute or regulation;

- (9) unless otherwise specified, all references to time made herein and in any document issued or delivered pursuant hereto shall mean local time in Montréal, Province of Québec, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Montréal time) on such Business Day;
- (10) any deeming provision in this Plan shall not be rebuttable and are conclusive and irrevocable.

### **1.3 DATE AND TIME FOR ANY ACTION**

For the purposes of the Plan:

- (1) In the event that any date on which any action (including any payment) is required to be taken under the Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day; and
- (2) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

### **1.4 GOVERNING LAW AND FORUM**

This Plan shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. All questions related to the application and implementation of this Plan, and its consequences, related to the application of any federal or provincial statute and, any proceedings taken in connection with this Plan, its provisions and its effects shall be subject to the exclusive jurisdiction of the Court.

## **SECTION 2 PURPOSE OF THE PLAN**

### **2.1 PURPOSE**

The purpose of this Plan is to provide for the compromise and settlement of all Affected Claims as finally determined for voting and distribution purposes pursuant to the Claims Process Order and the Meeting Order in an efficient and streamlined fashion, and to ensure the continued operations of the Debtor. Upon performance of the Plan, Persons having Affected Claims will have released the Debtor of all such Claims. At such time, the Directors and Officers of the Debtor will be released from all Affected Claims for which they are or may be liable by virtue of them being a Director or Officer, other than any Claims identified under section 5.1(2) of the CCAA.

It is expected that the Persons who have a valid economic interest in the Debtor will generally derive a greater benefit from the implementation of the Plan than they would derive from a bankruptcy of the Debtor.

## **2.2 PERSONS AFFECTED**

Except as specifically provided for in the Plan, the Plan will become effective on the Plan Implementation Date in accordance with its terms, and all Affected Claims against the Debtor will be fully and finally, settled, compromised and released to the extent provided for under the Plan. The Plan shall be binding on and enure to the benefit of the Debtor, the Affected Creditors, the Plan Implementation Released Parties, the Plan Performance Released Parties, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons named or referred to in, receiving the benefit of, or subject to, the Plan.

## **2.3 PERSONS NOT AFFECTED**

Except as otherwise set out in the Plan, the Plan does not affect the Unaffected Creditors but only with respect to and to the extent of their Unaffected Claims. Nothing in the Plan shall affect the Debtor's rights and defences, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to compensation, setoffs or recoupments against such Unaffected Claims.

## **SECTION 3 CLASSIFICATION OF CREDITORS**

### **3.1 CLASSIFICATION OF CREDITORS**

There shall only be one class of Affected Creditors for the purpose of voting on, and receiving distributions pursuant to the Plan.

## **SECTION 4 TREATMENT OF AFFECTED CREDITORS**

### **4.1 AFFECTED CREDITORS**

By no later than thirty (30) days following the Plan Implementation Date, the sum of \$95,000,000 (the "**Distribution Pool**") shall be paid by the Debtor to the Monitor. The Monitor shall use commercially reasonable efforts to distribute the Distribution Pool to the Affected Creditors within sixty (60) days from the receipt thereof according to the amount of their respective Proven Claims as hereinafter set forth, namely:

- (1) An amount equal to the lesser of (i) \$20,000, or (ii) the amount of the Proven Claim of each Affected Creditor; and
- (2) The balance of the Distribution Pool shall be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amount of their respective Proven Claims, less any amount received in respect of the amounts set forth in Section 4.1 (1) above.

### **4.2 UNAFFECTED CREDITORS**

Unaffected Claims shall not be compromised, released, discharged, cancelled, barred or otherwise affected by the Plan. Unaffected Creditors will not receive any consideration nor

distribution under the Plan in respect of their Unaffected Claims, and they shall not be entitled to vote on the Plan at the Creditors' Meeting in respect of their Unaffected Claims.

The following treatment shall be afforded to the specific categories of Unaffected Claims:

- (1) All Employee Priority Claims, if any, will be paid in such amounts as required under the CCAA immediately after the Sanction Date;
- (2) All Crown Priority Claims, if any, will be paid in full by the Debtor within six months immediately following the Sanction Date;
- (3) The Excluded Claims will remain in full force and effect in accordance with their terms after the Plan Implementation Date, and will be paid in full by the Debtor in the normal course of business, as and when they become due, provided that any and all claims secured by the Interim Financing Charge will be paid in full by the Debtor in accordance with Interim Financing Documents, but in any event by no later than thirty (30) days from the day on which the Sanction Order becomes a Final Order;
- (4) The Gift Card Claims will be honored in accordance with the terms of the relevant policies in respect of same; and
- (5) The Post-Filing Claims will be paid in full by the Debtor in the normal course of business as and when they become due.

#### **4.3 TREATMENT OF UNRESOLVED CLAIMS**

The Debtor and the Monitor shall use their best efforts to finally settle all disputes relating to the admissibility and amount of Affected Claims prior to any distribution under this Plan. Notwithstanding any other provision of this Plan, no distribution hereunder shall be made by the Monitor with respect to an Unresolved Claim unless and until it has become a Proven Claim. Unresolved Claims shall be dealt with in accordance with the Claims Process Order and the Plan.

Prior to each distribution, the Monitor shall establish any required Unresolved Claims Reserve in accordance with the Plan. To the extent that Unresolved Claims become Proven Claims, the Monitor shall, from time to time at its sole discretion, distribute from the Unresolved Claims Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claim had such Claims been Proven Claims on the date of any distribution. On or following the date that all Unresolved Claims have been finally resolved in accordance with the Claims Process Order, the Monitor shall, at any time which it deems appropriate in the circumstances, distribute any balance remaining in the applicable Unresolved Claims Reserve to the Affected Creditors with Proven Claims, on a *pro rata* basis.

#### **4.4 GUARANTEES AND SIMILAR COVENANTS**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised under the Plan shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.

#### **4.5 SET-OFF AND COMPENSATION**

The law of set-off and compensation applies to all Claims. For greater certainty, set-off and compensation shall not apply between any Claim and any Post-Filing Claim.

### **SECTION 5** **APPROVAL OF PLAN AND EFFECT**

#### **5.1 CREDITORS' MEETING**

The Creditors' Meeting shall be held in accordance with the Meeting Order, the Claims Process Order, the Plan and any further Order of the Court. The only Persons entitled to attend and vote at the Creditors' Meeting are those specified in the Meeting Order.

#### **5.2 VOTING AND ACCUMULATION OF VOTING CLAIMS**

Each Affected Creditor who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Process Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote equal to the dollar value (in Canadian dollars as provided in section 5.7 hereof) of its Affected Claim determined as a Voting Claim. In the case of an Affected Creditor having more than one Affected Claim against the Debtor, such Affected Creditor shall be entitled to one vote equal to the aggregate dollar value of all its Affected Claims.

Convenience Creditors shall irrevocably be deemed to vote in favour of the resolution to approve the Plan at the applicable Creditors' Meeting.

#### **5.3 PROCEDURE FOR VALUING VOTING CLAIMS**

The procedure for valuing Voting Claims and resolving disputes and entitlement to voting shall be as set forth in the Claims Process Order, the Meeting Order, the Plan and the CCAA. The Monitor, in consultation with the Debtor, shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

#### **5.4 FAILURE TO FILE A PROOF OF CLAIM**

An Affected Creditor, other than a Scheduled Employee, having failed to file a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable) shall not be entitled to vote and to participate in any distributions under this Plan, unless an order of the Court issued prior to the filing of the Plan has authorized the Monitor to review and process such Affected Creditor's Proof of Claim filed after the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), and the Debtor shall be released from such Affected Creditor's Affected Claim. The provisions of this Plan, other than those relating to the right to vote and to participate in distributions, shall apply to such Affected Creditors and Affected Claims nonetheless.

An Affected Creditor, other than a Scheduled Employee, having filed a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), but having failed to file an appeal motion within twenty (20) days of the receipt of a Notice of Revision or Disallowance, shall be entitled to vote and participate in any distributions only in accordance with the Notice of Revision or Disallowance sent to such Affected Creditor.



## **5.5 FAILURE TO FILE A NOTICE OF DISPUTE**

A Scheduled Employee having failed to file a Notice of Dispute by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable) shall be entitled to vote and participate in any distributions only in accordance with the Notice of Scheduled Employee's Claim that such Scheduled Employee received.

A Scheduled Employee having filed a Notice of Dispute by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), but having failed to file an appeal motion with the Court within twenty (20) days of the receipt of a Notice of Revision or Disallowance, shall be entitled to vote and participate in any distributions only in accordance with the Notice of Revision or Disallowance sent to such Scheduled Employee.

## **5.6 INTEREST AND EXPENSES**

Interest shall not accrue or be paid on Affected Claims after the Determination Date, and no holder of an Affected Claim shall be entitled to interest accruing nor to fees, expenses and penalties incurred in respect of an Affected Claim on or after the Determination Date and any Claims in respect of interest accruing, fees, expenses or penalties incurred on or after the Determination Date shall be deemed to be forever extinguished and released.

## **5.7 CURRENCY**

Unless specifically provided for in the Plan or the Sanction Order, all monetary amounts referred to in the Plan shall be denominated in Canadian dollars and, for the purposes of any vote and distributions under the Plan, Affected Claims shall be denominated in Canadian dollars and all payments and distributions provided for in the Plan shall be made in Canadian dollars. Any Affected Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily exchange rate in effect at the Determination Date (C \$1 = US \$0.7198; C \$1 = € 0.6581).

## **5.8 APPROVAL BY AFFECTED CREDITORS**

At the Creditors' Meeting, the Debtor will seek approval of the Plan by the affirmative vote of the Required Majority, as set forth in the Meeting Order. The result of the vote will be binding on all Affected Creditors, whether or not such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

In order for this Plan to be effective, it must receive an affirmative vote by the Required Majority.

## **5.9 RELEASE UPON PLAN IMPLEMENTATION**

At the Effective Time, (i) the Debtor's legal counsel, financial advisors, consultants and agents in relation to these CCAA Proceedings, (ii) the Monitor and the Monitor's legal counsel in relation to these CCAA Proceedings, and (iii) each and every present and former shareholder, affiliate, subsidiary, director, officer, partner, employee, consultant and agent of any of the foregoing Persons (collectively, the "**Plan Implementation Released Parties**"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, Taxes, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor, Unaffected Creditor, or any

other Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan, the carrying out of the Claims Process Order and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred (other than the right to enforce the Monitor's obligations under the Plan), all to the fullest extent permitted by Applicable Law.

#### **5.10 RELEASE UPON PLAN PERFORMANCE**

Effective upon the issuance by the Monitor of the Certificate of Performance, each of:

- (1) The Debtor; and
- (2) The Directors and Officers and the Debtor's Employees, in such capacities, but not in any other capacity;

(each, a "**Plan Performance Released Party**" and collectively, the "**Plan Performance Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert (including any and all Claims, including Taxes, in respect of statutory liabilities and any D&O Claims of all Directors and Officers and Employees of the Debtor and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be forever waived and released (other than the right to enforce the Debtor's obligations under the Plan and the Sanction Order), all to the fullest extent permitted by Applicable Law, provided that nothing herein shall release or discharge:

- (1) the Directors with respect to matters set out in Section 5.1(2) of the CCAA; and
- (2) the Debtor from and in respect of any Unaffected Claim.

#### **5.11 INJUNCTIONS**

The Sanction Order will enjoin the prosecution by on or behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

## **5.12 POST-FILING TAX OBLIGATIONS**

For greater certainty, nothing in the Plan shall have the effect of discharging or releasing the Debtor or the Directors from a Tax Obligation based on facts which occurred after the Determination Date.

## **SECTION 6 PROVISION REGARDING DISTRIBUTIONS**

### **6.1 DISTRIBUTION TO AFFECTED CREDITORS**

Distributions shall be made by the Monitor (i) at the address set forth in the Proof of Claim filed by the Affected Creditors or (ii) at the address set forth in any written notice of address change delivered to the Monitor after the date of filing of any related Proof of Claim.

### **6.2 ASSIGNMENT OF AFFECTED CLAIMS PRIOR TO THE CREDITORS' MEETING**

An Affected Creditor may transfer or assign the whole of its Affected Claim prior to the applicable Creditors' Meeting, provided that neither the Debtor nor the Monitor shall be obligated to give notice of otherwise deal with the transferee or assignee of such Affected Claim as an Affected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with (i) satisfactory evidence of its ownership of such Affected Claim and (ii) a written request to the Monitor that such transferee's or assignee's name be included on the list of Affected Creditors entitled to vote the transferor's or assignor's Affected Claim at the Creditors' Meeting in lieu of the transferor or assignor, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is five (5) Business Days prior to the date of the Creditors' Meeting, or such later time that the Monitor may exceptionally and for compelling reasons such as a force majeure situation agree to. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Process Order and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Affected Claim.

### **6.3 ASSIGNMENT OF AFFECTED CLAIMS AFTER THE CREDITORS' MEETING**

An Affected Creditor may transfer or assign the whole of its Affected Claim after the Creditors' Meeting, provided that the Debtor or the Monitor shall not be obliged to make distributions to such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of its ownership of such Affected Claim, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is five (5) Business Days prior to any distribution. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, the Plan and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

### **6.4 CALCULATION**

All amounts of consideration to be received hereunder shall be calculated to the nearest cent (\$0.01). All calculations and determinations made by the Monitor and agreed to by the Debtor,

or by the Debtor and agreed to by the Monitor, for the purposes and in accordance with the Plan including, without limitation, the allocation of consideration, shall be conclusive, binding and final upon the Affected Creditors and the Debtor.

## 6.5 TREATMENT OF UNDELIVERED DISTRIBUTIONS

If any distribution to an Affected Creditor is returned as undeliverable, or is not cashed (“**Undelivered Distribution**”), no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified in writing of the then-current address of such Affected Creditor, at which time all missed distributions shall be made to such Affected Creditor. Nothing contained in the Plan or in the Sanction Order shall require the Debtor or the Monitor to attempt to locate any Person to whom a distribution may be payable hereunder. No interest is payable in respect of an Undelivered Distribution. Any claim for an Undelivered Distribution must be made on or before the date that is six (6) months following the date of issuance of the Certificate of Performance, after which date, any entitlement with respect to such Undelivered Distributions shall be forever discharged and forever barred, without any compensation therefor, at which time such Undelivered Distributions shall be returned to the Debtor, notwithstanding any provision of the *Unclaimed Property Act* (Québec) or any provision of federal, provincial, territorial, state, local or foreign law concerning unclaimed property.

## 6.6 TAX MATTERS

- (1) Any terms and conditions of any Affected Claim which purports to deal with the ordering or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective.
- (2) Notwithstanding any provisions of the Plan, except as otherwise provided in this section, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the payment and satisfaction of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.
- (3) Any payor, including the Monitor, shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a “**Withholding Obligation**”) to be deducted and withheld with respect to such payment under any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and the Debtor such documentation prescribed by Applicable Law or otherwise required by the Debtor as will enable the Debtor to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.
- (4) All distributions made by the Monitor pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims that are not subject to any Withholding Obligation.
- (5) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated

for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.

- (6) For the avoidance of doubt, it is expressly acknowledged and agreed that neither the Monitor nor any Director or Officer will hold any assets hereunder, including cash, and make distributions, payments or disbursements deriving from any liquidation of the Debtor's assets, and no provision hereof shall be construed to have such effects.

## **SECTION 7**

### **IMPLEMENTATION OF THE PLAN**

#### **7.1 APPLICATION FOR SANCTION ORDER**

If the Required Majority of the Affected Creditors approves the Plan, the Debtor shall apply for the Sanction Order on or about January 4, 2022 or such later date as may be determined by the Debtor, in consultation with the Monitor, or such later date as the Court may set.

#### **7.2 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE PLAN**

The implementation of the Plan shall be conditional upon the fulfilment of all of the conditions precedent set forth below (the "**Plan Implementation Conditions**") by the date specified therefor, except to the extent that the Debtor, at its sole discretion, extend the time period for the fulfilment thereof:

- (1) The plan shall have been approved by the Required Majority of Affected Creditors at the Creditors' Meeting;
- (2) The Sanction Order shall have been granted by the Court by January 20, 2022 and shall have become a Final Order;
- (3) The Interim Financing shall have been repaid in full by the Debtor and the Interim Financing Charge shall have been terminated and discharged; and
- (4) The conditions precedent set forth in Section 10.1 and 10.2 of the Exit Financing Credit Agreement shall have been met to the satisfaction of the Bank of Montreal.

Upon satisfaction of the Plan Implementation Conditions, the Debtor shall provide the Monitor written notice confirming same.

#### **7.3 CERTIFICATE OF IMPLEMENTATION**

Upon receipt by the Monitor of a written notice from the Debtor of the satisfaction of all Plan Implementation Conditions, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Implementation**"), and shall post a copy of same on the Website.

#### **7.4 CERTIFICATE OF PERFORMANCE**

Upon receipt of all of the amounts that are required to be remitted to it by the Debtor pursuant to this Plan, the Monitor shall file with the Court a certificate to such effect (the “**Certificate of Performance**”), and shall post a copy of same on the Website.

#### **7.5 NULLITY OF PLAN**

In the event that all of the Plan Implementation Conditions have not occurred by the date specified therefor (as extended by the Debtor, as the case may be), the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Non-Implementation**”). Upon the issuance of such Certificate of Non-Implementation, any settlement of the Affected Claims shall automatically become null, void and of no effect whatsoever and shall remain owing by the Debtor and neither the Debtor, the Affected Creditors, the Monitor nor any other Person affected by the Plan shall be bound, obligated or affected by any of the provisions of the Plan.

### **SECTION 8 MODIFICATION OF THE PLAN**

#### **8.1 MODIFICATION OF THE PLAN**

The Debtor reserves the right at any time, and from time to time, in consultation with the Monitor, to amend, modify and/or supplement this Plan, provided that:

- (1) any such amendment, modification or supplement is set out in a written document filed with the Court, sent to the service list and posted on the Website and disclosed to the Affected Creditors before or during the Creditors’ Meeting; and/or
- (2) in the case of any amendment, modification or supplement made by the Debtor following the Creditors’ Meeting (both before and after the Sanction Order), that concerns a matter which, in the opinion of the Monitor, acting reasonably, is not materially prejudicial to the interests of the Affected Creditors under the Plan or the Sanction Order and is necessary or useful in order to give effect to the substance of the Plan or the Sanction Order. All of the foregoing shall not require any further vote by or approval by the Affected Creditors or any approval by the Court.

Any supplementary provision to the Plan filed with the Court shall be deemed to form part of and be integrated into the Plan for all purposes.

#### **8.2 PROXIES**

Any proxies containing or deemed to contain instructions to vote in favour of the Plan as initially submitted to the Affected Creditors shall be deemed to contain instructions to vote in favour of any amended, modified or supplemented plan provided that, in the opinion of the Monitor, acting reasonably, such amendment, modification or supplement does not render the Plan less advantageous to the Affected Creditors having signed and returned such proxy.

## **SECTION 9** **GENERAL**

### **9.1 BINDING EFFECT**

On the Plan Implementation Date:

- (1) the Plan will become effective;
- (2) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Debtor, all Affected Creditors, the Plan Implementation Released Parties, the Plan Performance Released Parties and all other Persons and Parties named or referred to in, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (3) all Affected Claims shall be and shall be deemed to be forever discharged and released, subject only to the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (4) each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (5) each Person named or referred to in, or subject to the Plan, shall be deemed to have executed and delivered to the Debtor all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

### **9.2 CLAIMS BAR DATE**

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.

### **9.3 PARAMOUNTCY**

From and after the Effective Time, any conflict between the Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, hypothec, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Debtor, lease or other agreement, and/or undertaking or any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Debtor as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by the Plan.

### **9.4 WAIVER OF DEFAULTS AND CONSENT**

From and after the Effective Time, all Persons (including Unaffected Creditors) shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the

Debtor, or caused by the Debtor, or arising, directly or indirectly from non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the Debtor's insolvency, the filing by the Debtor under the CCAA or the transactions contemplated by the Plan or otherwise, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded, provided that nothing shall be deemed to excuse the Debtor from performing its obligations under the Plan, or be a waiver of defaults by the Debtor under the Plan.

From and after the Plan Implementation Date, all Persons (including Unaffected Creditors) shall be deemed to have consented to all the provisions of this Plan considered in its entirety.

## **9.5 SECTIONS 38 AND 95 TO 101 BIA**

Notwithstanding Section 36.1 of the CCAA, Section 38 and Sections 95 through 101 of the BIA and any other federal and provincial law relating to preferences, fraudulent conveyances, transfers at undervalue or paulian actions shall not apply to the Plan or to any payments or distributions made in connection with transactions entered into by or on behalf of the Debtor, whether before or after the Determination Date, including to any and all of the payments, distributions, and transactions contemplated by and to be implemented pursuant to the Plan.

## **9.6 RESPONSIBILITIES OF THE MONITOR**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Debtor and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Debtor under the Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Claims Process Order, the Meeting Order, the Sanction Order and any other Orders.

## **9.7 LIMITATIONS OF LIABILITY**

The Monitor, its legal counsel and the Debtor's legal counsel shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Claims Process Order, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

## **9.8 NOTICES**

Any notice or other communication to be given hereunder must be in writing and reference this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to:

Monitor: Ernst & Young Inc.  
900 de Maisonneuve Boulevard West  
Suite 2300  
Montréal, Québec H3A 0A8



Attention: Martin Rosenthal  
Martin Carrière and  
Andrade Morabito  
Fax: 514.395.4933  
Email: reitmans.monitor@ca.ey.com

With a copy to: Osler, Hoskin & Harcourt LLP  
1000 De La Gauchetière Street West  
Suite 2100  
Montréal, Québec H3B 0A2  
Attention: Mtre Sandra Abitan  
Mtre Julien Morissette and  
Mtre Ilia Kravstov  
Fax: 514.904.8101  
Email: [sabitan@osler.com](mailto:sabitan@osler.com)  
[jmorissette@osler.com](mailto:jmorissette@osler.com)  
[ikravstov@osler.com](mailto:ikravstov@osler.com)

Debtor: Davies Ward Phillips & Vineberg LLP  
1501, McGill College Avenue  
Suite 2600  
Montréal, Québec H3B 3N9  
Attention: Mtre Denis Ferland  
Mtre Christian Lachance and  
Mtre Gabriel Lavery Lepage  
Fax: 514.841.6499  
Email: [dferland@dwpv.com](mailto:dferland@dwpv.com)  
[clachance@dwpv.com](mailto:clachance@dwpv.com)  
[glaverylepage@dwpv.com](mailto:glaverylepage@dwpv.com)

or to such other address as any party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the Business Day immediately following the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided the communication is so delivered, faxed or sent before 5:00 p.m. (Montréal time) on such day; otherwise, such communication shall be deemed to have been given and made and to have been received on the following third (3<sup>rd</sup>) Business Day.

Any notices or communication to be made or given hereunder by the Monitor or the Debtor to a Creditor may be sent by fax, e-mail, ordinary mail, registered mail, courier or facsimile transmission to the e-mail address, address or fax number specified by such Creditor in its Proof of Claim, or in any subsequent written notice of change of address given to the Monitor. A Creditor shall be deemed to have received any document sent pursuant to the Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, fax or e-mail.

## **9.9 SEVERABILITY**

If, prior to the Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtor which request shall be made in consultation with the Monitor, shall have the power to either:

- (1) sever such term or provision from the balance of the Plan and provide the Debtor with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date; or
- (2) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such severing, holding, alteration or interpretation, and provided the Debtor proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

#### **9.10 FURTHER ASSURANCES**

Each of the Persons directly or indirectly named or referred to in or subject to the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

#### **9.11 SUCCESSORS AND ASSIGNS**

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of the Debtor, the Directors and Officers, the Affected Creditors or any other Persons affected by or benefiting from the provisions of the Plan.

#### **9.12 FRENCH TRANSLATION**

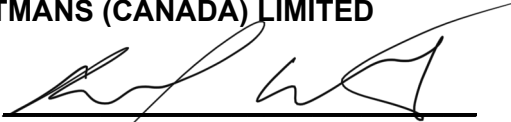
In the event of any discrepancy between any of the provisions of the English language version of the Plan and any French translation thereof, the provisions of the English version of the Plan shall, under all circumstances, prevail and govern.

***[The remainder of this page is intentionally left blank]***

**SIGNED** in Montréal, province of Quebec, this 20<sup>th</sup> day of December, 2021.

**REITMANS (CANADA) LIMITED**

Per:

A handwritten signature in black ink, appearing to read 'Richard Wait', written over a solid horizontal line.

Name: Richard Wait

Title: Executive Vice-President and Chief Financial Officer

**SUPERIOR COURT**  
(Commercial Division)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

No.: 500-11-058299-203

DATE: January 4, 2022

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**BEFORE THE HONOURABLE MARTIN CASTONGUAY, J.S.C.**

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**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:**

**REITMANS (CANADA) LIMITED**

Debtor/Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

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**SANCTION ORDER**

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**CONSIDERING** the *Application for the Issuance of a Sanction Order* (the “**Application**”) pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCA**”), of the Debtor / Petitioner, Reitmans (Canada) Limited (the “**Debtor**”) and the exhibits and the affidavit filed in support thereof;

**CONSIDERING** the Ninth Report of the Monitor dated December 13, 2021 and Tenth Report of the Monitor filed in connection with the Application;

**CONSIDERING** the representations of counsel;

**CONSIDERING** the Initial Order rendered by this Court on May 19, 2020, as amended and restated on May 29, 2020 and August 20, 2020 (the “**Initial Order**”);

**CONSIDERING** the extensions of the Stay Period (as such term is defined in the Initial Order) ordered by this Court on July 27, 2020, October 16, 2020, January 22, 2021, May 25, 2021 and September 28, 2021;

**CONSIDERING** the Claims Process Order rendered by this Court on August 20, 2020;

**CONSIDERING** the Plan Filing and Meeting Order rendered by this Court on November 26, 2020 (the “**Meeting Order**”);

**CONSIDERING** the Debtor’s Plan of Arrangement dated November 22, 2021 filed pursuant to the CCAA appended hereto as Schedule A (the “**Plan**”);

**CONSIDERING** the Creditors’ Meeting held on December 21, 2021 pursuant to the Meeting Order (the “**Creditors’ Meeting**”);

**CONSIDERING** the provisions of the CCAA;

**THE COURT HEREBY:**

[1] **GRANTS** the Application.

**A. SERVICE**

[2] **ORDERS** that any prior delay for the presentation of this Application is hereby abridged and validated so that the Application is properly returnable today and dispenses with further service thereof.

[3] **PERMITS** the service of this Sanction Order (the “**Sanction Order**”) at any time and place and by any means whatsoever.

**B. DEFINITIONS**

[4] **DECLARES** that, unless otherwise indicated, capitalized terms found herein shall have the same meanings ascribed thereto in the Plan.

**C. NOTIFICATION AND MEETING**

[5] **DECLARES** that the notification procedures set forth in the Meeting Order have been duly followed, that there has been valid and sufficient notice of the Creditors’ Meeting, that there has been valid and sufficient transmission of the Meeting Materials and that the Creditors’ Meeting has been duly convened, held and conducted in accordance with the CCAA, the Meeting Order and any and all other applicable orders of the Court.

**D. SANCTION OF THE PLAN**

[6] **DECLARES** that:

- (a) the Plan and its implementation have been duly approved by the Required Majority, in conformity with the CCAA;
- (b) the Debtor has complied with the provisions of the CCAA and the orders made by this Court in the context of these proceedings (the “**CCAA Proceedings**”) in all respects;
- (c) the Court is satisfied that the Debtor has not done or purported to do anything that is not authorized by the CCAA; and
- (d) the Plan and its implementation are fair and reasonable and in the best interest of the Debtor, its creditors and its other stakeholders.

[7] **ORDERS** that the Plan, including the compromises, transactions, arrangements and releases set out therein, and its implementation, are sanctioned and approved entirely pursuant to Section 6 of the CCAA.

#### **E. PLAN IMPLEMENTATION**

[8] **ORDERS** that the Debtor and the Monitor, as the case may be, are authorized and directed to take all steps and actions necessary or appropriate to implement the Plan, in the manner and the sequence as set forth in the Plan and this Sanction Order, and to perform their duties and functions, in accordance with and subject to the terms of the Plan, and such steps and actions are hereby approved.

[9] **ORDERS** that, upon the fulfillment of the conditions of the Plan Implementation Conditions set forth in subsection 7.2 of the Plan, the Monitor shall, as soon as reasonably practicable, (a) deliver and file with this Court the Certificate of Implementation and (b) post a copy of same on the Website.

[10] **ORDERS** that, upon receipt of all amounts to be remitted to the Monitor by the Debtor pursuant to the Plan, the Monitor shall, as soon as reasonably practicable, (a) deliver and file with this Court the Certificate of Performance and (b) post a copy of same on the Website.

[11] **ORDERS** and **DECLARES** that, upon the issuance of the Certificate of Implementation, the Plan and all associated steps, compromises, transactions, arrangements, and releases effected thereby shall be binding and effective upon the Debtor, its Creditors, the Directors, the Officer and all other Persons affected by the Plan.

[12] **ORDERS** and **DECLARES** that, upon the issuance of the Certificate of Implementation, all Persons (including Unaffected Creditors) shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed or caused by the Debtor or arising, directly or indirectly, from non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between

such Person and the Debtor arising from the Debtor's insolvency, the filing by the Debtor under the CCAA or the transactions contemplated by the Plan or otherwise, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded, provided that nothing herein shall be deemed to excuse the Debtor from performing its obligations under the Plan, or be a waiver of any default by the Debtor to perform its obligations under the Plan.

[13] **DECLARES** that there are no amounts owing pursuant to the Interim Financing Term Sheet and the Interim Financing Documents.

[14] **DECLARES** that notwithstanding:

- (a) the pendency of the CCAA Proceedings and the declarations of insolvency made therein;
- (b) the pendency of any applications for bankruptcy orders hereafter issued pursuant to the BIA in respect of the Debtor and any bankruptcy orders issued in respect of the Debtor; or
- (c) the provisions of any federal or provincial statute, including section 36.1 of the CCAA and sections 95 to 101 of the BIA;

the distributions, payments, releases and compromises contemplated to be performed or effected pursuant to the Plan, do not and shall not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions, or conduct giving rise to an oppression remedy under any applicable law, nor will they constitute a distribution of property requiring the Monitor, the Debtor, or any of the Directors and Officer to seek and obtain a certificate or authorization of any nature whatsoever, including with respect to Crown Priority Claims.

[15] **DECLARES** that the Plan and associated steps, compromises, transactions, arrangements and releases effected thereby shall be binding upon any trustee in bankruptcy or receiver that may be appointed in respect of the Debtor and shall not be void or voidable by its creditors or any other Person.

**F. DISTRIBUTIONS ADMINISTERED BY THE MONITOR AND DETERMINATION OF UNRESOLVED CLAIMS**

[16] **DECLARES** that the determination of the Affected Claims in accordance with the Claims Process Order, the Plan and this Sanction Order shall be final and binding on the Debtor and all of its Creditors.

[17] **ORDERS** that the Monitor shall be authorized and directed to finally determine the Unresolved Claims in accordance with the Claims Process Order, this Order and the Plan.

[18] **ORDERS** that the Monitor is hereby authorized and directed to administer all distributions and payments to the Affected Creditors from the Distribution Pool in accordance with the Plan and any further order of the Court.

**G. RELEASES AND DISCHARGES**

[19] **ORDERS** and **DECLARES** that each of the releases contemplated by Subsections 5.9 and 5.10 of the Plan are hereby and shall be implemented and in effect in accordance with the terms of the Plan, including, without limitation, as follows:

- (a) Upon the issuance by the Monitor of the Certificate of Implementation, (i) the Debtor's legal counsel, financial advisors, consultants and agents in relation to these CCAA Proceedings, (ii) the Monitor and the Monitor's legal counsel in relation to these CCAA Proceedings, and (iii) each and every present and former shareholder, affiliate, subsidiary, director, officer, partner, employee, consultant and agent of any of the foregoing Persons (collectively, the "**Plan Implementation Released Parties**"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, Taxes, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor, Unaffected Creditor, or any other Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan, the carrying out of the Claims Process Order and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred (other than the right to enforce the Monitor's obligations under the Plan), all to the fullest extent permitted by Applicable Law.
- (b) Upon the issuance by the Monitor of the Certificate of Performance, each of (i) the Debtor; and (ii) the Directors and Officers and the Debtor's Employees, in such capacities, but not in any other capacity (collectively, the "**Plan Performance Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert (including any and all Claims, including Taxes, in respect of statutory liabilities and any D&O Claims of all Directors and Officers and Employees of the Debtor and any



alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be forever waived and released (other than the right to enforce the Debtor's obligations under the Plan and this Sanction Order), all to the fullest extent permitted by Applicable Law, provided that nothing herein shall release or discharge (1) the Directors with respect to matters set out in Section 5.1(2) of the CCAA; and (2) the Debtor from and in respect of any Unaffected Claim.

- [20] **ORDERS** that the releases and the injunction set forth in Subsections 5.9, 5.10 and 5.11 of the Plan shall be effective and shall inure to the benefit of and be binding upon the Debtor, the Creditors and other Persons referred to in the Plan, the whole in accordance with the terms of the Plan.
- [21] **PRECLUDES** the prosecution by on or behalf of any Person against the Plan Implementation Released Parties and the Plan Performance Released Parties or their respective successors and assigns, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgement, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.
- [22] **ORDERS** and **DECLARES** that, upon the issuance of this Sanction Order, each of the Debtor's assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated (collectively, the "**Property**"), shall be free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, liens, assignments, security interests, charges, hypothecs, mortgages, pledges, trusts, deemed trusts, (statutory or otherwise), encumbrances securing any indebtedness or other obligation, judgements, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer and any other pre-emptive contractual rights), or other encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all Encumbrances or charges created by order of this Court and all charges or security evidenced by registration, publication or filing pursuant to any personal or real property registry systems, including without limiting the generality of the foregoing the Encumbrances listed in **Schedule B**, excluding however, the permitted encumbrances and restrictive covenants listed in **Schedule C** hereto (the "**Permitted Encumbrances**") and, for greater certainty, **ORDERS** that upon the issuance of this Sanction Order, all of the Encumbrances

affecting or relating to the Property, other than the Permitted Encumbrances, be cancelled and discharged as against the Property.

[23] **ORDERS** and **DECLARES** that, without limitation to the terms set forth in the Claims Process Order, the Meeting Order or any order issued by this Court in these CCAA Proceedings, all Proven Claims determined in accordance with the Claims Process Order and the Plan are final and binding upon the Debtor and all Affected Creditors and any Claims for which a Proof of Claim has not been filed by the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, or such later date as authorized in an order of this Court, and any Claim or portion thereof which has been revised or disallowed by the Monitor pursuant to the Claim Process Order and in respect of which an appeal by the Creditor has been dismissed or the appeal period has expired, shall be forever barred and extinguished and shall not be entitled to any distribution under the Plan.

[24] **ORDERS** that the Interim Financing Charge, the Director's Charge and the Administrative Charge are hereby terminated, released and discharged, without any further act of formality.

#### **H. MONITOR**

[25] **ORDERS** that all of the Monitor's reports filed with this Court in the context of the CCAA Proceedings (the "**Monitor's Reports**") be and are hereby approved, that all actions and conduct of the Monitor in connection with the Claims, the Plan and the CCAA Proceedings, including actions and conduct of the Monitor disclosed in the Monitor's Reports, are hereby approved and **DECLARES** that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order.

[26] **APPROVES** all conduct of the Monitor in relation to the Debtor and the present CCAA Proceedings and, except as may otherwise be provided herein, **ORDERS** that all claims against the Monitor arising from or relating to the Debtor and the present CCAA Proceedings, are barred, save and except any liability or obligations arising from a breach of its duties to act honestly and in good faith.

[27] **DECLARES** that the protections afforded to the Monitor pursuant to the terms of the Initial Order and the other orders made in the CCAA Proceedings shall not expire and terminate on the Plan Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect until further order of the Court.

[28] **DISPENSES** the Monitor from filing any further reports, including those required by Section 23(1)(b), (d)(i) and (d)(ii) of the CCAA, provided however that the Monitor may file reports as it deems necessary or advisable to inform this Court and the Creditors of any material development, including with respect to the Plan.

[29] **ORDERS** and **DECLARES** that the Monitor, the Debtor and their successors and assigns, as necessary, are authorized to take any and all actions as may be necessary or appropriate to comply with applicable Tax withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all

purposes as having been paid to the Affected Creditors in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

- [30] **ORDERS** and **DECLARES** that any distribution under the Plan and this Sanction Order shall not constitute a “distribution” and the Monitor shall not constitute a “legal representative” or a “representative” of the Debtor for the purposes of any Tax statutes given that the Monitor is only a disbursing agent under the Plan, and the Monitor in making such payments is not “distributing”, nor shall be considered to “distribute” nor to have “distributed”, such funds for the purposes of any Tax statutes, and the Monitor shall not incur any liability under any Tax statutes in respect of it making any payments ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax statutes or otherwise at law, arising in respect of payments made under the Plan and this Sanction Order and any claims of this nature are hereby forever barred.
- [31] **DECLARES** that the Monitor shall not, under any circumstances, be liable for any of the Debtor’s Tax liabilities regardless of how or when such liability may have arisen.
- [32] **ORDERS** that the Monitor shall use reasonable discretion as to the adequacy of completion and execution of any document completed and executed pursuant to this Sanction Order or the Plan and, where the Monitor is satisfied that any matter to be proven under this Sanction Order or the Plan has been adequately proven, the Monitor may waive strict compliance with the requirements of this Sanction Order as to the completion and execution of documents.
- [33] **ORDERS** that the Monitor may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Sanction Order, including, without limitation, one or more entities related to or affiliated with the Monitor.
- [34] **ORDERS** that the Monitor shall discharge its functions, powers and duties under this Sanction Order pursuant to its sole discretion and judgment.
- [35] **ORDERS** that if any distribution to an Affected Creditor is returned as undeliverable, or is not cashed (an “**Undelivered Distribution**”), and no claim for such Undelivered Distribution is made on or before the date that is six (6) months following the date of issuance of the Certificate of Performance, any entitlement with respect to such Undelivered Distribution shall be forever discharged and forever barred, without any compensation therefor, and such Undelivered Distribution shall be returned to the Debtor, notwithstanding any provision of the *Unclaimed Property Act* (Québec) or any provision of federal, provincial, territorial, state, local or foreign law concerning unclaimed property.

**I. GENERAL PROVISIONS**

- [36] **DECLARES** that the present Order shall have full force and effect in all provinces and territories in Canada.
- [37] **REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court or in the United States of America and any court or administrative body elsewhere, to give effect to this Order and to assist the Debtor, the Monitor and their respective agents in carrying out the terms of this Order. All Courts, tribunals, regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Debtor and the Monitor as may be necessary or desirable to give effect to this Order, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.
- [38] **ORDERS** that the Debtor and the Monitor may apply to this Court for advice and directions in respect of any matters arising from, in connection with or under the Plan or the CCAA Proceedings, including the releases contained in the Plan, the distribution mechanics thereunder or in respect of the proper execution of this Sanction Order.
- [39] **ORDERS** the provisional execution of this Order notwithstanding appeal and without security.

**THE WHOLE WITHOUT COSTS.**

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Martin Castonguay, J.S.C.

MTRE DENIS FERLAND  
MTRE CHRISTIAN LACHANCE  
MTRE GABRIEL LAVERY LEPAGE  
(Davies Ward Phillips & Vineberg LLP)  
COUNSEL TO THE DEBTOR

Hearing date: **January 4, 2022**

**Schedule A**

Amended and Restated Plan of Arrangement

*(see attached)*

**AMENDED AND RESTATED PLAN OF ARRANGEMENT**

**OF**

**REITMANS (CANADA) LIMITED**

**PURSUANT TO THE**

**COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36**

**SECTION 1**  
**INTERPRETATION**

**1.1 DEFINITIONS**

Unless specified otherwise, the following words and terms are defined as follows:

- (1) **“Administration Charge”** has the meaning ascribed to such term in the Initial Order;
- (2) **“Administration Claim”** means a claim or any other indebtedness or obligation secured by the Administration Charge;
- (3) **“Affected Claim”** means any Claim other than an Unaffected Claim;
- (4) **“Affected Creditor”** means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim;
- (5) **“Applicable Law”** means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;
- (6) **“Arrangement”** or **“Plan”** means this plan of arrangement, as may be amended from time to time, in accordance with the terms hereof;
- (7) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- (8) **“Business Day”** means a day, other than a Saturday, a Sunday, or a holiday (as defined in Article 82 of the *Code of Civil Procedure* (Québec), R.S.Q., c. C-25.01, as amended);
- (9) **“CCAA”** means the *Companies' Creditors Arrangement Act*, R.S.C. (1985), c. C-36, as amended from time to time;

- (10) **“CCAA Proceedings”** means the proceedings in respect of the Debtor under the CCAA commenced pursuant to the Initial Order issued by the Superior Court of Québec in file number 500-11-058299-203;
- (11) **“Certificate of Implementation”** has the meaning set forth in Section 7.3 hereof;
- (12) **“Certificate of Non-Implementation”** has the meaning set forth in Section 7.5 hereof;
- (13) **“Certificate of Performance”** has the meaning set forth in Section 7.4 hereof;
- (14) **“Claim”** means any right of any Person against the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any nature whatsoever of the Debtor owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, due or accruing due, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date, or which would have been claims provable in bankruptcy had the Debtor become bankrupt on the Determination Date, and shall include, without limitation, any Restructuring Claim and any D&O Claim, and “Claims” means all of them. For greater certainty, “Claim” or “Claims” shall not include any Unaffected Claim;
- (15) **“Claims Bar Date”** means 5:00 p.m. (Montréal time) on October 21, 2020;
- (16) **“Claims Process Order”** means the order rendered by the Court on August 20, 2020 establishing the process for the filing and adjudication of Claims and establishing the Claims Bar Date, as may be amended from time to time;
- (17) **“Convenience Creditor”** means an Affected Creditor whose Proven Claim is less than or equal to \$20,000;
- (18) **“Court”** means the Superior Court of Québec, sitting in the Commercial Division, in the District of Montréal, the Court of Appeal of Québec and, as the case may be, the Supreme Court of Canada;
- (19) **“Creditor”** means any Person asserting a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person. For greater certainty, “Creditor” shall not include an Unaffected Creditor in respect of that Person’s claim resulting from an Unaffected Claim;
- (20) **“Creditors’ Meeting”** means the meeting of the Affected Creditors called to consider and vote on the Plan in accordance with the CCAA as well as any

adjournment, postponement or continuation thereof, as contemplated by the Meeting Order;

- (21) **“Crown Priority Claims”** means any claims of Her Majesty in Right of Canada or of a province as described in Section 6(3) or Section 38(2) of the CCAA. For greater certainty, any Claim of Her Majesty the Queen in right of Canada or in right of any Province other than Crown Priority Claims shall be an Affected Claim hereunder;
- (22) **“D&O Claim”** means any right or claim as defined in paragraph 11.03(1) of the CCAA as well as any right or claim of any Person against one or more of the Directors and Officers of any nature whatsoever, present, future, whether or not asserted, due or accruing due to such Person and any interest or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable, secured, unsecured, known or unknown, whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date;
- (23) **“Debtor”** means Reitmans (Canada) Limited;
- (24) **“Determination Date”** means May 19, 2020;
- (25) **“Directors”** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, a director or *de facto* director of the Debtor;
- (26) **“Directors’ Charge”** has the meaning ascribed to such term in the Initial Order;
- (27) **“Effective Time”** means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Debtor and the Monitor shall determine or as otherwise ordered by the Court;
- (28) **“Employee”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a current or former employee of the Debtor whether on a full-time, part-time or temporary basis, other than a Director or Officer, including any individuals on disability leave, parental leave or other absence;
- (29) **“Employee Priority Claim”** means the following Claims of Employees:
- (i) Claims equal to the amounts that Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor had become bankrupt on the Determination Date; and
  - (ii) Claims for unpaid wages, salaries, commissions or compensation for services rendered by Employees after the Determination Date and on



or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the business during the same period;

- (30) **"Excluded Claim"** means any right or claim that would otherwise be a Claim that is:
- (i) a Claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
  - (ii) a Claim secured by the Administration Charge;
  - (iii) any indemnity claims of the Directors and Officers that are secured by the Directors' Charge; and
  - (iv) a Claim secured by the Interim Financing Charge.
- (31) **"Exit Financing Credit Agreement"** means the unsigned substantially final form of credit agreement attached to the commitment letter entered into on November 22, 2021 between Bank of Montreal, as lender, and the Debtor, as borrower, regarding an exit financing facility;
- (32) **"Final Order"** means a final order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal or motion for leave to appeal and as to which order any appeal periods shall have expired;
- (33) **"Gift Card Claim"** means any claim with respect to gift cards, gift certificates, customer certificates, deposits and other similar programs offered by the Debtor;
- (34) **"Governmental Authority"** means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;
- (35) **"Initial Order"** means the Order issued by the Court in the CCAA Proceedings on May 19, 2020, as subsequently amended and restated;
- (36) **"Interim Financing"** means the interim financing provided by the Interim Lender to the Debtor pursuant to the Initial Order;
- (37) **"Interim Financing Charge"** has the meaning ascribed to such term in the Initial Order;
- (38) **"Interim Financing Documents"** has the meaning ascribed to such term in the Initial Order;
- (39) **"Interim Lender"** means Bank of Montreal;

- (40) **"Meeting Order"** means the Order under the CCAA that, among other things, sets the date for the Creditors' Meeting, as same may be amended, restated or varied from time to time;
- (41) **"Monitor"** means Ernst & Young Inc. in its capacity as Court-appointed monitor of the Debtor and not in its personal or corporate capacity;
- (42) **"Notice of Revision or Disallowance"**, **"Notice of Scheduled Employee's Claim"** and **"Notice of Dispute"** have the meanings ascribed to such terms in the Claims Process Order;
- (43) **"Notice of Creditors' Meeting and Sanction Hearing"** has the meaning ascribed to such term in the Meeting Order;
- (44) **"Officers"** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, an officer or *de facto* officer of the Debtor;
- (45) **"Order"** means any order issued by the Court in the CCAA Proceedings;
- (46) **"Person"** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, governmental body or agency, the Crown or any other entity;
- (47) **"Plan"** means this amended and restated plan of arrangement, as same may be amended from time to time, in accordance with the terms hereof;
- (48) **"Plan Implementation Conditions"** has the meaning set forth in Section 7.2 hereof;
- (49) **"Plan Implementation Date"** means the Business Day on which all of the Plan Implementation Conditions have been fulfilled or waived and the Plan has become effective, as evidenced by the Certificate of Implementation, to be filed with the Court;
- (50) **"Plan Implementation Released Parties"** has the meaning set forth in Section 5.9 hereof;
- (51) **"Plan Performance Released Parties"** has the meaning set forth in Section 5.10 hereof;
- (52) **"Post-Filing Claim"** means any debt, liability or obligation that was incurred by the Debtor (a) in respect of goods or services provided to the Debtor after the Determination Date and before the Plan Implementation Date; (b) in the ordinary course of business; and (c) in compliance with the Initial Order and other Orders issued in connection with the CCAA Proceedings;
- (53) **"Proof of Claim"** has the meaning ascribed to such term in the Claims Process Order;

- (54) **"Proven Claim"** means, in respect of an Affected Creditor, the amount of the Claim of such Affected Creditor as finally determined for voting and distribution purposes in accordance with the provisions of the Plan, the CCAA and the Claims Process Order and "Proven Claims" means all of them;
- (55) **"Required Majority"** means majority in number of the Creditors representing not less than 66 2/3% in value of the Voting Claims of such Creditors who actually vote (in person or by proxy) at the Creditors' Meeting in accordance with the Plan and this Order;
- (56) **"Restructuring Claim"** means any right of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation, resiliation or termination of any contract, lease or other agreement whether written or oral, after the Determination Date; provided, however, that a Restructuring Claim shall not include an Unaffected Claim. For greater certainty, a Restructuring Claim is an Affected Claim;
- (57) **"Restructuring Claims Bar Date"** has the meaning ascribed to such term in the Claims Process Order;
- (58) **"Sanction Date"** means the date on which the Sanction Order is issued;
- (59) **"Sanction Order"** means the Order to be made by the Court sanctioning the Plan, as such order may be affirmed, amended or modified by the Court at any time prior to the Plan Implementation Date, in form and content which is satisfactory to the Debtor;
- (60) **"Scheduled Employees"** has the meaning ascribed to such term in the Claims Process Order;
- (61) **"Taxes"** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, antidumping, countervail, excise, severance, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant Person, (iii) all employment insurance premiums, Canada, Québec and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;
- (62) **"Taxing Authorities"** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any

municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and “Taxing Authority” means any one of the Taxing Authorities;

- (63) **“Tax Obligation”** means any amount of Tax owing by a Person to a Taxing Authority;
- (64) **“TD Secured Claim”** means any Claim of The Toronto-Dominion Bank, to the extent that the mortgage, hypothec, pledge, charge, lien, privilege, security interest or other rights held by The Toronto-Dominion Bank over the property of the Debtor was valid, opposable, perfected, and could be set up against third parties, on the Determination Date, failing which The Toronto-Dominion Bank will be deemed to be an “unsecured creditor”, as defined in the CCAA;
- (65) **“Unaffected Claim”** means
- (i) any Employee Priority Claims;
  - (ii) any Excluded Claims;
  - (iii) any Gift Card Claims;
  - (iv) any Post-Filing Claims;
  - (v) any Crown Priority Claims; and
  - (vi) any TD Secured Claim.
- (66) **“Unaffected Creditor”** means a Person having an Unaffected Claim but only in respect and to the extent of such Unaffected Claim;
- (67) **“Undelivered Distributions”** has the meaning set forth in Section 6.5 hereof;
- (68) **“Unresolved Claim”** means an Affected Claim or that portion thereof that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim in accordance with the Claims Process Order, the Meeting Order, or any other Order;
- (69) **“Unresolved Claims Reserve”** means the cash reserve to be established and maintained under the Plan as determined from time to time by the Monitor by holding, on account of Unresolved Claims, an amount equal to the aggregate amount that the holders of Unresolved Claims would be entitled to receive if all such Unresolved Claims had been Proven Claims as of the date of any distribution under this Plan, which cash reserve shall be held by the Monitor for distribution in accordance with the Plan;

- (70) **"Voting Claim"** means, in respect of an Affected Creditor, the amount of such Affected Creditor's Proven Claim, unless the Proven Claim of such Affected Creditor has not been finally determined at the time of the Creditors' Meeting, in which case "Voting Claim" shall mean the Claim of such Affected Creditor which has been accepted for voting purposes, in accordance with the Claims Process Order, the Plan and the CCAA;
- (71) **"Website"** means <https://www.ey.com/ca/Reitmans>;
- (72) **"Withholding Obligation"** has the meaning set forth in Section 6.6 hereof;

## 1.2 INTERPRETATION

For the purposes of this Plan,

- (1) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (2) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (3) unless otherwise specified, all references in the Plan to Sections are references to Sections of the Plan;
- (4) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan;
- (5) the division of the Plan into "articles" and "sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "articles" and "sections" intended as complete or accurate descriptions of the content thereof;
- (6) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (7) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (8) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that amends, modifies, supplements or supersedes such statute or regulation;

- (9) unless otherwise specified, all references to time made herein and in any document issued or delivered pursuant hereto shall mean local time in Montréal, Province of Québec, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Montréal time) on such Business Day;
- (10) any deeming provision in this Plan shall not be rebuttable and are conclusive and irrevocable.

### **1.3 DATE AND TIME FOR ANY ACTION**

For the purposes of the Plan:

- (1) In the event that any date on which any action (including any payment) is required to be taken under the Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day; and
- (2) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

### **1.4 GOVERNING LAW AND FORUM**

This Plan shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. All questions related to the application and implementation of this Plan, and its consequences, related to the application of any federal or provincial statute and, any proceedings taken in connection with this Plan, its provisions and its effects shall be subject to the exclusive jurisdiction of the Court.

## **SECTION 2 PURPOSE OF THE PLAN**

### **2.1 PURPOSE**

The purpose of this Plan is to provide for the compromise and settlement of all Affected Claims as finally determined for voting and distribution purposes pursuant to the Claims Process Order and the Meeting Order in an efficient and streamlined fashion, and to ensure the continued operations of the Debtor. Upon performance of the Plan, Persons having Affected Claims will have released the Debtor of all such Claims. At such time, the Directors and Officers of the Debtor will be released from all Affected Claims for which they are or may be liable by virtue of them being a Director or Officer, other than any Claims identified under section 5.1(2) of the CCAA.

It is expected that the Persons who have a valid economic interest in the Debtor will generally derive a greater benefit from the implementation of the Plan than they would derive from a bankruptcy of the Debtor.

## **2.2 PERSONS AFFECTED**

Except as specifically provided for in the Plan, the Plan will become effective on the Plan Implementation Date in accordance with its terms, and all Affected Claims against the Debtor will be fully and finally, settled, compromised and released to the extent provided for under the Plan. The Plan shall be binding on and enure to the benefit of the Debtor, the Affected Creditors, the Plan Implementation Released Parties, the Plan Performance Released Parties, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons named or referred to in, receiving the benefit of, or subject to, the Plan.

## **2.3 PERSONS NOT AFFECTED**

Except as otherwise set out in the Plan, the Plan does not affect the Unaffected Creditors but only with respect to and to the extent of their Unaffected Claims. Nothing in the Plan shall affect the Debtor's rights and defences, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to compensation, setoffs or recoupments against such Unaffected Claims.

## **SECTION 3 CLASSIFICATION OF CREDITORS**

### **3.1 CLASSIFICATION OF CREDITORS**

There shall only be one class of Affected Creditors for the purpose of voting on, and receiving distributions pursuant to the Plan.

## **SECTION 4 TREATMENT OF AFFECTED CREDITORS**

### **4.1 AFFECTED CREDITORS**

By no later than thirty (30) days following the Plan Implementation Date, the sum of \$95,000,000 (the "**Distribution Pool**") shall be paid by the Debtor to the Monitor. The Monitor shall use commercially reasonable efforts to distribute the Distribution Pool to the Affected Creditors within sixty (60) days from the receipt thereof according to the amount of their respective Proven Claims as hereinafter set forth, namely:

- (1) An amount equal to the lesser of (i) \$20,000, or (ii) the amount of the Proven Claim of each Affected Creditor; and
- (2) The balance of the Distribution Pool shall be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amount of their respective Proven Claims, less any amount received in respect of the amounts set forth in Section 4.1 (1) above.

### **4.2 UNAFFECTED CREDITORS**

Unaffected Claims shall not be compromised, released, discharged, cancelled, barred or otherwise affected by the Plan. Unaffected Creditors will not receive any consideration nor

distribution under the Plan in respect of their Unaffected Claims, and they shall not be entitled to vote on the Plan at the Creditors' Meeting in respect of their Unaffected Claims.

The following treatment shall be afforded to the specific categories of Unaffected Claims:

- (1) All Employee Priority Claims, if any, will be paid in such amounts as required under the CCAA immediately after the Sanction Date;
- (2) All Crown Priority Claims, if any, will be paid in full by the Debtor within six months immediately following the Sanction Date;
- (3) The Excluded Claims will remain in full force and effect in accordance with their terms after the Plan Implementation Date, and will be paid in full by the Debtor in the normal course of business, as and when they become due, provided that any and all claims secured by the Interim Financing Charge will be paid in full by the Debtor in accordance with Interim Financing Documents, but in any event by no later than thirty (30) days from the day on which the Sanction Order becomes a Final Order;
- (4) The Gift Card Claims will be honored in accordance with the terms of the relevant policies in respect of same; and
- (5) The Post-Filing Claims will be paid in full by the Debtor in the normal course of business as and when they become due.

#### **4.3 TREATMENT OF UNRESOLVED CLAIMS**

The Debtor and the Monitor shall use their best efforts to finally settle all disputes relating to the admissibility and amount of Affected Claims prior to any distribution under this Plan. Notwithstanding any other provision of this Plan, no distribution hereunder shall be made by the Monitor with respect to an Unresolved Claim unless and until it has become a Proven Claim. Unresolved Claims shall be dealt with in accordance with the Claims Process Order and the Plan.

Prior to each distribution, the Monitor shall establish any required Unresolved Claims Reserve in accordance with the Plan. To the extent that Unresolved Claims become Proven Claims, the Monitor shall, from time to time at its sole discretion, distribute from the Unresolved Claims Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claim had such Claims been Proven Claims on the date of any distribution. On or following the date that all Unresolved Claims have been finally resolved in accordance with the Claims Process Order, the Monitor shall, at any time which it deems appropriate in the circumstances, distribute any balance remaining in the applicable Unresolved Claims Reserve to the Affected Creditors with Proven Claims, on a *pro rata* basis.

#### **4.4 GUARANTEES AND SIMILAR COVENANTS**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised under the Plan shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.



#### **4.5 SET-OFF AND COMPENSATION**

The law of set-off and compensation applies to all Claims. For greater certainty, set-off and compensation shall not apply between any Claim and any Post-Filing Claim.

### **SECTION 5** **APPROVAL OF PLAN AND EFFECT**

#### **5.1 CREDITORS' MEETING**

The Creditors' Meeting shall be held in accordance with the Meeting Order, the Claims Process Order, the Plan and any further Order of the Court. The only Persons entitled to attend and vote at the Creditors' Meeting are those specified in the Meeting Order.

#### **5.2 VOTING AND ACCUMULATION OF VOTING CLAIMS**

Each Affected Creditor who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Process Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote equal to the dollar value (in Canadian dollars as provided in section 5.7 hereof) of its Affected Claim determined as a Voting Claim. In the case of an Affected Creditor having more than one Affected Claim against the Debtor, such Affected Creditor shall be entitled to one vote equal to the aggregate dollar value of all its Affected Claims.

Convenience Creditors shall irrevocably be deemed to vote in favour of the resolution to approve the Plan at the applicable Creditors' Meeting.

#### **5.3 PROCEDURE FOR VALUING VOTING CLAIMS**

The procedure for valuing Voting Claims and resolving disputes and entitlement to voting shall be as set forth in the Claims Process Order, the Meeting Order, the Plan and the CCAA. The Monitor, in consultation with the Debtor, shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

#### **5.4 FAILURE TO FILE A PROOF OF CLAIM**

An Affected Creditor, other than a Scheduled Employee, having failed to file a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable) shall not be entitled to vote and to participate in any distributions under this Plan, unless an order of the Court issued prior to the filing of the Plan has authorized the Monitor to review and process such Affected Creditor's Proof of Claim filed after the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), and the Debtor shall be released from such Affected Creditor's Affected Claim. The provisions of this Plan, other than those relating to the right to vote and to participate in distributions, shall apply to such Affected Creditors and Affected Claims nonetheless.

An Affected Creditor, other than a Scheduled Employee, having filed a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), but having failed to file an appeal motion within twenty (20) days of the receipt of a Notice of Revision or Disallowance, shall be entitled to vote and participate in any distributions only in accordance with the Notice of Revision or Disallowance sent to such Affected Creditor.

## **5.5 FAILURE TO FILE A NOTICE OF DISPUTE**

A Scheduled Employee having failed to file a Notice of Dispute by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable) shall be entitled to vote and participate in any distributions only in accordance with the Notice of Scheduled Employee's Claim that such Scheduled Employee received.

A Scheduled Employee having filed a Notice of Dispute by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), but having failed to file an appeal motion with the Court within twenty (20) days of the receipt of a Notice of Revision or Disallowance, shall be entitled to vote and participate in any distributions only in accordance with the Notice of Revision or Disallowance sent to such Scheduled Employee.

## **5.6 INTEREST AND EXPENSES**

Interest shall not accrue or be paid on Affected Claims after the Determination Date, and no holder of an Affected Claim shall be entitled to interest accruing nor to fees, expenses and penalties incurred in respect of an Affected Claim on or after the Determination Date and any Claims in respect of interest accruing, fees, expenses or penalties incurred on or after the Determination Date shall be deemed to be forever extinguished and released.

## **5.7 CURRENCY**

Unless specifically provided for in the Plan or the Sanction Order, all monetary amounts referred to in the Plan shall be denominated in Canadian dollars and, for the purposes of any vote and distributions under the Plan, Affected Claims shall be denominated in Canadian dollars and all payments and distributions provided for in the Plan shall be made in Canadian dollars. Any Affected Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily exchange rate in effect at the Determination Date (C \$1 = US \$0.7198; C \$1 = € 0.6581).

## **5.8 APPROVAL BY AFFECTED CREDITORS**

At the Creditors' Meeting, the Debtor will seek approval of the Plan by the affirmative vote of the Required Majority, as set forth in the Meeting Order. The result of the vote will be binding on all Affected Creditors, whether or not such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

In order for this Plan to be effective, it must receive an affirmative vote by the Required Majority.

## **5.9 RELEASE UPON PLAN IMPLEMENTATION**

At the Effective Time, (i) the Debtor's legal counsel, financial advisors, consultants and agents in relation to these CCAA Proceedings, (ii) the Monitor and the Monitor's legal counsel in relation to these CCAA Proceedings, and (iii) each and every present and former shareholder, affiliate, subsidiary, director, officer, partner, employee, consultant and agent of any of the foregoing Persons (collectively, the "**Plan Implementation Released Parties**"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, Taxes, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor, Unaffected Creditor, or any

other Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan, the carrying out of the Claims Process Order and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred (other than the right to enforce the Monitor's obligations under the Plan), all to the fullest extent permitted by Applicable Law.

#### **5.10 RELEASE UPON PLAN PERFORMANCE**

Effective upon the issuance by the Monitor of the Certificate of Performance, each of:

- (1) The Debtor; and
- (2) The Directors and Officers and the Debtor's Employees, in such capacities, but not in any other capacity;

(each, a "**Plan Performance Released Party**" and collectively, the "**Plan Performance Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert (including any and all Claims, including Taxes, in respect of statutory liabilities and any D&O Claims of all Directors and Officers and Employees of the Debtor and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtor, the Plan and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be forever waived and released (other than the right to enforce the Debtor's obligations under the Plan and the Sanction Order), all to the fullest extent permitted by Applicable Law, provided that nothing herein shall release or discharge:

- (1) the Directors with respect to matters set out in Section 5.1(2) of the CCAA; and
- (2) the Debtor from and in respect of any Unaffected Claim.

#### **5.11 INJUNCTIONS**

The Sanction Order will enjoin the prosecution by on or behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

## **5.12 POST-FILING TAX OBLIGATIONS**

For greater certainty, nothing in the Plan shall have the effect of discharging or releasing the Debtor or the Directors from a Tax Obligation based on facts which occurred after the Determination Date.

## **SECTION 6 PROVISION REGARDING DISTRIBUTIONS**

### **6.1 DISTRIBUTION TO AFFECTED CREDITORS**

Distributions shall be made by the Monitor (i) at the address set forth in the Proof of Claim filed by the Affected Creditors or (ii) at the address set forth in any written notice of address change delivered to the Monitor after the date of filing of any related Proof of Claim.

### **6.2 ASSIGNMENT OF AFFECTED CLAIMS PRIOR TO THE CREDITORS' MEETING**

An Affected Creditor may transfer or assign the whole of its Affected Claim prior to the applicable Creditors' Meeting, provided that neither the Debtor nor the Monitor shall be obligated to give notice of otherwise deal with the transferee or assignee of such Affected Claim as an Affected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with (i) satisfactory evidence of its ownership of such Affected Claim and (ii) a written request to the Monitor that such transferee's or assignee's name be included on the list of Affected Creditors entitled to vote the transferor's or assignor's Affected Claim at the Creditors' Meeting in lieu of the transferor or assignor, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is five (5) Business Days prior to the date of the Creditors' Meeting, or such later time that the Monitor may exceptionally and for compelling reasons such as a force majeure situation agree to. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Process Order and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Affected Claim.

### **6.3 ASSIGNMENT OF AFFECTED CLAIMS AFTER THE CREDITORS' MEETING**

An Affected Creditor may transfer or assign the whole of its Affected Claim after the Creditors' Meeting, provided that the Debtor or the Monitor shall not be obliged to make distributions to such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of its ownership of such Affected Claim, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is five (5) Business Days prior to any distribution. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, the Plan and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

### **6.4 CALCULATION**

All amounts of consideration to be received hereunder shall be calculated to the nearest cent (\$0.01). All calculations and determinations made by the Monitor and agreed to by the Debtor,

or by the Debtor and agreed to by the Monitor, for the purposes and in accordance with the Plan including, without limitation, the allocation of consideration, shall be conclusive, binding and final upon the Affected Creditors and the Debtor.

## **6.5 TREATMENT OF UNDELIVERED DISTRIBUTIONS**

If any distribution to an Affected Creditor is returned as undeliverable, or is not cashed (“**Undelivered Distribution**”), no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified in writing of the then-current address of such Affected Creditor, at which time all missed distributions shall be made to such Affected Creditor. Nothing contained in the Plan or in the Sanction Order shall require the Debtor or the Monitor to attempt to locate any Person to whom a distribution may be payable hereunder. No interest is payable in respect of an Undelivered Distribution. Any claim for an Undelivered Distribution must be made on or before the date that is six (6) months following the date of issuance of the Certificate of Performance, after which date, any entitlement with respect to such Undelivered Distributions shall be forever discharged and forever barred, without any compensation therefor, at which time such Undelivered Distributions shall be returned to the Debtor, notwithstanding any provision of the *Unclaimed Property Act* (Québec) or any provision of federal, provincial, territorial, state, local or foreign law concerning unclaimed property.

## **6.6 TAX MATTERS**

- (1) Any terms and conditions of any Affected Claim which purports to deal with the ordering or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective.
- (2) Notwithstanding any provisions of the Plan, except as otherwise provided in this section, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the payment and satisfaction of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.
- (3) Any payor, including the Monitor, shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a “**Withholding Obligation**”) to be deducted and withheld with respect to such payment under any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and the Debtor such documentation prescribed by Applicable Law or otherwise required by the Debtor as will enable the Debtor to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.
- (4) All distributions made by the Monitor pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims that are not subject to any Withholding Obligation.
- (5) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated

for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.

- (6) For the avoidance of doubt, it is expressly acknowledged and agreed that neither the Monitor nor any Director or Officer will hold any assets hereunder, including cash, and make distributions, payments or disbursements deriving from any liquidation of the Debtor's assets, and no provision hereof shall be construed to have such effects.

## **SECTION 7**

### **IMPLEMENTATION OF THE PLAN**

#### **7.1 APPLICATION FOR SANCTION ORDER**

If the Required Majority of the Affected Creditors approves the Plan, the Debtor shall apply for the Sanction Order on or about January 4, 2022 or such later date as may be determined by the Debtor, in consultation with the Monitor, or such later date as the Court may set.

#### **7.2 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE PLAN**

The implementation of the Plan shall be conditional upon the fulfilment of all of the conditions precedent set forth below (the "**Plan Implementation Conditions**") by the date specified therefor, except to the extent that the Debtor, at its sole discretion, extend the time period for the fulfilment thereof:

- (1) The plan shall have been approved by the Required Majority of Affected Creditors at the Creditors' Meeting;
- (2) The Sanction Order shall have been granted by the Court by January 20, 2022 and shall have become a Final Order;
- (3) The Interim Financing shall have been repaid in full by the Debtor and the Interim Financing Charge shall have been terminated and discharged; and
- (4) The conditions precedent set forth in Section 10.1 and 10.2 of the Exit Financing Credit Agreement shall have been met to the satisfaction of the Bank of Montreal.

Upon satisfaction of the Plan Implementation Conditions, the Debtor shall provide the Monitor written notice confirming same.

#### **7.3 CERTIFICATE OF IMPLEMENTATION**

Upon receipt by the Monitor of a written notice from the Debtor of the satisfaction of all Plan Implementation Conditions, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Implementation**"), and shall post a copy of same on the Website.

#### **7.4 CERTIFICATE OF PERFORMANCE**

Upon receipt of all of the amounts that are required to be remitted to it by the Debtor pursuant to this Plan, the Monitor shall file with the Court a certificate to such effect (the “**Certificate of Performance**”), and shall post a copy of same on the Website.

#### **7.5 NULLITY OF PLAN**

In the event that all of the Plan Implementation Conditions have not occurred by the date specified therefor (as extended by the Debtor, as the case may be), the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Non-Implementation**”). Upon the issuance of such Certificate of Non-Implementation, any settlement of the Affected Claims shall automatically become null, void and of no effect whatsoever and shall remain owing by the Debtor and neither the Debtor, the Affected Creditors, the Monitor nor any other Person affected by the Plan shall be bound, obligated or affected by any of the provisions of the Plan.

### **SECTION 8 MODIFICATION OF THE PLAN**

#### **8.1 MODIFICATION OF THE PLAN**

The Debtor reserves the right at any time, and from time to time, in consultation with the Monitor, to amend, modify and/or supplement this Plan, provided that:

- (1) any such amendment, modification or supplement is set out in a written document filed with the Court, sent to the service list and posted on the Website and disclosed to the Affected Creditors before or during the Creditors’ Meeting; and/or
- (2) in the case of any amendment, modification or supplement made by the Debtor following the Creditors’ Meeting (both before and after the Sanction Order), that concerns a matter which, in the opinion of the Monitor, acting reasonably, is not materially prejudicial to the interests of the Affected Creditors under the Plan or the Sanction Order and is necessary or useful in order to give effect to the substance of the Plan or the Sanction Order. All of the foregoing shall not require any further vote by or approval by the Affected Creditors or any approval by the Court.

Any supplementary provision to the Plan filed with the Court shall be deemed to form part of and be integrated into the Plan for all purposes.

#### **8.2 PROXIES**

Any proxies containing or deemed to contain instructions to vote in favour of the Plan as initially submitted to the Affected Creditors shall be deemed to contain instructions to vote in favour of any amended, modified or supplemented plan provided that, in the opinion of the Monitor, acting reasonably, such amendment, modification or supplement does not render the Plan less advantageous to the Affected Creditors having signed and returned such proxy.

## **SECTION 9** **GENERAL**

### **9.1 BINDING EFFECT**

On the Plan Implementation Date:

- (1) the Plan will become effective;
- (2) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Debtor, all Affected Creditors, the Plan Implementation Released Parties, the Plan Performance Released Parties and all other Persons and Parties named or referred to in, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (3) all Affected Claims shall be and shall be deemed to be forever discharged and released, subject only to the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (4) each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (5) each Person named or referred to in, or subject to the Plan, shall be deemed to have executed and delivered to the Debtor all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

### **9.2 CLAIMS BAR DATE**

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.

### **9.3 PARAMOUNTCY**

From and after the Effective Time, any conflict between the Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, hypothec, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Debtor, lease or other agreement, and/or undertaking or any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Debtor as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by the Plan.

### **9.4 WAIVER OF DEFAULTS AND CONSENT**

From and after the Effective Time, all Persons (including Unaffected Creditors) shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the



Debtor, or caused by the Debtor, or arising, directly or indirectly from non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the Debtor's insolvency, the filing by the Debtor under the CCAA or the transactions contemplated by the Plan or otherwise, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded, provided that nothing shall be deemed to excuse the Debtor from performing its obligations under the Plan, or be a waiver of defaults by the Debtor under the Plan.

From and after the Plan Implementation Date, all Persons (including Unaffected Creditors) shall be deemed to have consented to all the provisions of this Plan considered in its entirety.

## **9.5 SECTIONS 38 AND 95 TO 101 BIA**

Notwithstanding Section 36.1 of the CCAA, Section 38 and Sections 95 through 101 of the BIA and any other federal and provincial law relating to preferences, fraudulent conveyances, transfers at undervalue or paulian actions shall not apply to the Plan or to any payments or distributions made in connection with transactions entered into by or on behalf of the Debtor, whether before or after the Determination Date, including to any and all of the payments, distributions, and transactions contemplated by and to be implemented pursuant to the Plan.

## **9.6 RESPONSIBILITIES OF THE MONITOR**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Debtor and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Debtor under the Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Claims Process Order, the Meeting Order, the Sanction Order and any other Orders.

## **9.7 LIMITATIONS OF LIABILITY**

The Monitor, its legal counsel and the Debtor's legal counsel shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Claims Process Order, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

## **9.8 NOTICES**

Any notice or other communication to be given hereunder must be in writing and reference this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to:

Monitor: Ernst & Young Inc.  
900 de Maisonneuve Boulevard West  
Suite 2300  
Montréal, Québec H3A 0A8

Attention: Martin Rosenthal  
Martin Carrière and  
Andrade Morabito  
Fax: 514.395.4933  
Email: reitmans.monitor@ca.ey.com

With a copy to: Osler, Hoskin & Harcourt LLP  
1000 De La Gauchetière Street West  
Suite 2100  
Montréal, Québec H3B 0A2  
Attention: Mtre Sandra Abitan  
Mtre Julien Morissette and  
Mtre Ilia Kravstov  
Fax: 514.904.8101  
Email: [sabitan@osler.com](mailto:sabitan@osler.com)  
[jmorissette@osler.com](mailto:jmorissette@osler.com)  
[ikravstov@osler.com](mailto:ikravstov@osler.com)

Debtor: Davies Ward Phillips & Vineberg LLP  
1501, McGill College Avenue  
Suite 2600  
Montréal, Québec H3B 3N9  
Attention: Mtre Denis Ferland  
Mtre Christian Lachance and  
Mtre Gabriel Lavery Lepage  
Fax: 514.841.6499  
Email: [dferland@dwpv.com](mailto:dferland@dwpv.com)  
[clachance@dwpv.com](mailto:clachance@dwpv.com)  
[glaverylepage@dwpv.com](mailto:glaverylepage@dwpv.com)

or to such other address as any party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the Business Day immediately following the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided the communication is so delivered, faxed or sent before 5:00 p.m. (Montréal time) on such day; otherwise, such communication shall be deemed to have been given and made and to have been received on the following third (3<sup>rd</sup>) Business Day.

Any notices or communication to be made or given hereunder by the Monitor or the Debtor to a Creditor may be sent by fax, e-mail, ordinary mail, registered mail, courier or facsimile transmission to the e-mail address, address or fax number specified by such Creditor in its Proof of Claim, or in any subsequent written notice of change of address given to the Monitor. A Creditor shall be deemed to have received any document sent pursuant to the Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, fax or e-mail.

## **9.9 SEVERABILITY**

If, prior to the Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtor which request shall be made in consultation with the Monitor, shall have the power to either:

- (1) sever such term or provision from the balance of the Plan and provide the Debtor with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date; or
- (2) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such severing, holding, alteration or interpretation, and provided the Debtor proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

#### **9.10 FURTHER ASSURANCES**

Each of the Persons directly or indirectly named or referred to in or subject to the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

#### **9.11 SUCCESSORS AND ASSIGNS**

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of the Debtor, the Directors and Officers, the Affected Creditors or any other Persons affected by or benefiting from the provisions of the Plan.

#### **9.12 FRENCH TRANSLATION**

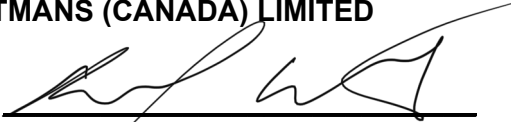
In the event of any discrepancy between any of the provisions of the English language version of the Plan and any French translation thereof, the provisions of the English version of the Plan shall, under all circumstances, prevail and govern.

***[The remainder of this page is intentionally left blank]***

**SIGNED** in Montréal, province of Quebec, this 20<sup>th</sup> day of December, 2021.

**REITMANS (CANADA) LIMITED**

Per:

A handwritten signature in black ink, appearing to read 'Richard Wait', written over a solid horizontal line.

Name: Richard Wait

Title: Executive Vice-President and Chief Financial Officer

## Schedule B

### Encumbrances to be discharged

- Movable hypothecs in favour of Hewlett-Packard Financial Services Canada Company/Compagnie De Services Financiers Hewlett-Packard Canada (“**HP**”) registered at the Register of Personal and Movable Real Rights (the “**RDPRM**”) under number 17-1344603-0001 and 18-1320531-0001.
- Reservation of ownership dated December 21, 2017, between HP and the Debtor, registered under number 17-1344431-0007 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Rights resulting from a lease dated December 21, 2017, between HP and the Debtor, registered under number 17-1344431-0006 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Lessor’s Ownership Rights dated December 21, 2017, between HP and the Debtor, registered under number 17-1344431-0005 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Reservation of ownership dated November 29, 2018, between HP and the Debtor, registered under number 18-1320531-0004 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Rights resulting from a lease dated November 29, 2018, between the HP and the Debtor, registered under number 18-1320531-0003 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Lessor’s Ownership Rights dated November 29, 2018, between HP and the Debtor, registered under number 18-1320531-0002 in the RDPRM for the universality of all present and future goods, software and other personal property now or hereafter financed or leased by HP to the Debtor.
- Registration dated November 8, 1999 by Element Fleet Management II Inc. (“**Element**”) against the Debtor, under number 5330858, as amended by 9443998, as amended by 9954052, as renewed by 11570579, as renewed by 18118307, as renewed by 25085044, as amended by 25086018 in the PPSA (New-Brunswick), against all present and future motor vehicles, automotive equipment and materials-handling equipment leased by Element to the Debtor, expiring on November 8, 2024.

- Security interest in trademark for trademark numbers TMA141827, TMA240279, TMA270644 and TMA293434 registered at the Canadian Intellectual Property Office on March 16, 1992 in favour of The Bank of Nova Scotia.

## **Schedule C**

### Permitted Encumbrances

- Movable hypothec in favour of the Toronto-Dominion Bank registered at the RDPRM under number 20-0334987-0001.



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CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
No.: 500-11-058299-203

S U P E R I O R C O U R T  
Commercial Division  
Designated tribunal under the Companies'  
Creditors Arrangement Act<sup>1</sup>

IN THE MATTER OF THE PROPOSED PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
REITMANS (CANADA) LIMITED

NINTH REPORT OF THE MONITOR – DECEMBER 13, 2021

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## INTRODUCTION AND BACKGROUND

1. On May 19, 2020, further to a petition filed by Reitmans (Canada) Limited (the "Petitioner" or "RCL"), the Superior Court of the Province of Québec for the district of Montréal (the "Court") sitting as the designated tribunal pursuant to the Companies' Creditors Arrangement Act ("CCAA") issued an order ("Initial Order") declaring that the Petitioner is a debtor company to which the CCAA applies, appointing Ernst & Young Inc., a licensed insolvency trustee, as monitor ("EY" or the "Monitor") and granting various relief measures. At a hearing held on May 29, 2020, the Court amended, restated and extended the Initial Order ("Amended Initial Order") and on July 27, 2020, the Court issued a further order extending the stay of proceedings provided for in the Initial Order and Amended Initial Order to October 16, 2020. At a hearing held on August 20, 2020, the Court amended and restated the Initial Order granting an interim lender's charge ("Second Amended Initial Order") and issued a claims process order ("Claims Process Order"). The stay of proceedings granted by the Second Amended Initial Order was extended through subsequent Court orders and is now scheduled to expire on January 28, 2022.
2. A corporate organization chart indicating the relationship between the various entities in the corporate group (collectively, "Reitmans Group") is attached as Appendix A hereof. A description of the entities comprising the Reitmans Group was included in the pre-filing report filed by EY (then as proposed monitor), dated May 18, 2020, which can be accessed on the Monitor's website at [www.ey.com/ca/reitmans](http://www.ey.com/ca/reitmans).
3. This report ("Report") is prepared in connection with the requirement under section 23(1)(d.1) CCAA, based on the information that has been made available to the Monitor. The Report also addresses the various steps taken pursuant to the Plan Filing and Meeting Order issued by the Court on November 26, 2021 (the "Meeting Order"), the filing of a plan of arrangement (the "Plan") and other relief. The Report is presented under the following headings:

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<sup>1</sup> Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended.



- Introduction and background;
- Terms of reference and disclaimer;
- Overview of the restructuring proceedings to date;
- Quarterly reporting;
- Comparison of actual and projected cash flow results;
- Cash Flow Forecast;
- Interim financing;
- Exit financing;
- Summary of Claims received under the Court approved Claims Process;
- Overview of the Plan of Arrangement;
- Releases contemplated by the Plan of Arrangement
- Conditions precedent to the implementation of the Plan of Arrangement
- Procedure for Voting on the Plan
- Liquidation Analysis;
- Recommendation
- Upcoming restructuring measures; and
- Overall comments and conclusions.

#### TERMS OF REFERENCE AND DISCLAIMER

4. The Monitor has prepared other reports since the commencement of the restructuring proceedings, which are accessible on the Monitor's website. This Report should be read in conjunction with the previous reports.
5. In preparing this Report and making the comments herein, the Monitor has been provided with and has relied upon certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Petitioner's directors, senior management team ("Management") and the Petitioner's legal advisors (collectively, the "Information"). Except as otherwise described in this Report:
  - The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption.
  - The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, this Report is based solely on the Information (financial or otherwise) provided by the Petitioner.
  - The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards

or generally accepted standards for review engagements and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

- In view of the purpose of the Report, some of the financial information therein may not comply with generally accepted accounting principles.
  - This Report does not take into account all future impacts of COVID-19 on the forecasts or projections or other actions taken by the Petitioner as a result of the evolving pandemic situation. Any references made to the impact of the pandemic on the Petitioner in this Report are based on preliminary enquiries and are not to be interpreted as a complete commentary or as an accurate assessment of the full impact of the pandemic. The potential for unknown ramifications on consumers, supply chains, commercial counterparties (both direct and indirect to RCL's operations), future decisions that Management may make as a result of the evolving pandemic situation and potentially adverse geopolitical outcomes, means that the forecasts or projections may be impacted by the ongoing pandemic. The full impact of the pandemic cannot be qualitatively or quantitatively assessed at this time.
  - Some of the information referred to in this Report consists of forecasts and projections that were prepared based on Management's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasted or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.
6. This Report has been prepared by the Monitor for purposes set forth in Paragraph 3 hereof. This Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.
7. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

#### OVERVIEW OF THE RESTRUCTURING PROCEEDINGS TO DATE

8. The activities of the Monitor from the date of the Initial Order until November 23, 2021 were described in the Monitor's previous reports. Since that date, the Monitor conducted the following activities:
- Populated the Monitor's website at [www.ey.com/ca/reitmans](http://www.ey.com/ca/reitmans) with various documents relevant to the proceedings under the CCAA.
  - Consulted with the Petitioner and its legal advisors in connection with the claims process.
  - Managed the claims process including by responding to creditor queries, receiving claims, and performing data entry in a claims database to facilitate the reconciliation process.

- Managed the ongoing process of reconciling claims that present a material discrepancy from the amount reflected in the Petitioner's books and records, in collaboration with the Petitioner's employees and the Petitioner's and the Monitor's legal counsel.
  - Prepared and sent notices of revision or disallowance to certain Scheduled Employees who sent a notice of dispute ("Notice of Dispute") to the Monitor.
  - Responded to queries from various stakeholders and assisted the Petitioner in dealing with supplier issues.
  - Worked with the Petitioner to review the Petitioner's actual cash flow as compared to the projected cash flow filed in support of the petition for an extension of the stay of proceeding and other relief dated September 13, 2021.
  - Reviewed the Petitioner's disbursements as contemplated in the Initial Order.
  - Assisted the Petitioner in providing financial information to the interim financing lender.
  - Assisted the Petitioner in updating its cash flow projections and long-term financial projections.
  - Assisted the Petitioner in the preparation of the Plan.
  - Prepared and sent the meeting materials to all 1,698 Affected Creditors, by email and/or regular mail.
  - Prepared this Report in preparation for the creditors' meeting to consider and vote on the Plan (the "Creditors' Meeting").
9. The activities of the Petitioner from the date of the Initial Order until November 23, 2021 were described in the Monitor's previous reports. Since that date, the Petitioner conducted the following significant activities:
- Continued to manage the operations in the normal course, adapting to the various governmental restrictions in the multiple provinces in which their stores are located. As at the date of this report 413 stores are open and in operation and approximately 164 stores have been permanently closed since the date of the Initial Order.
  - Continued its review of its contractual agreements to assess which contracts may need to be disclaimed or resiliated.
  - Continued to review staffing levels with a view to optimize operations.
  - Assisted the Monitor in the claims process by analyzing and reconciling claims.
  - Continued negotiations with landlords with a view to amending certain of its commercial leases.

- Negotiated with trade suppliers to obtain necessary goods and services in the context of the Petitioner's going concern operations.

#### QUARTERLY REPORTING

10. The second quarter of the current (2022)<sup>2</sup> fiscal year of the Reitmans Group ended on July 31, 2021. Reitmans Group disclosed its quarterly statements on September 23, 2021, which are annexed to the Eighth Report of the Monitor, dated November 23, 2021. The third quarter reporting is expected to be disclosed on December 16, 2021.

#### COMPARISON OF ACTUAL AND PROJECTED CASH FLOW RESULTS

11. The Petitioner reports a favourable variance in net cash flow for the 12 weeks ended December 4<sup>th</sup>, 2021, of \$32.4M. This variance is primarily attributable to better-than-expected sales (permanent difference of approximately \$24.1M), a favorable variance in the receipt of the Canada emergency wage and rent subsidies of \$2.1M and lower than projected disbursements (approximately \$5.7M). The positive disbursement variance includes \$7.3M related to capex (timing), \$3.7M related to merchandise (primarily timing), offset by a negative variance of \$6.3M related to sales taxes (permanent) and other positive and negative permanent and timing differences. An outline of the reasons for the more significant variances is attached to this Report as Appendix B.

#### CASH FLOW FORECAST

12. The Petitioner has prepared a statement of projected cash flow (the "Cash Flow Forecast"), on a weekly basis, for the 20-week period ending January 29, 2022 that was annexed to the Seventh Report of the Monitor, dated September 22, 2021. Management is of the view that the assumptions upon which the Cash Flow Forecast is based remain reasonable in the circumstances.

#### INTERIM FINANCING

13. As described in Monitor's previous reports, further to the Second Amended Initial Order granted on August 20, 2020, the interim facility ("Interim Facility") with BMO Bank of Montreal ("BMO") was put in place.
14. On May 14, 2021, the Petitioner and BMO signed an amendment to the Interim Facility ("First Amendment to the Interim Facility") which provides for:
  - Extension of the Interim Facility until December 31, 2021.
  - Interim Facility of \$30M (reduced from \$60M).
  - Commitment fee of \$67.5K.

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<sup>2</sup> The Reitmans Group refers to the fiscal year based on the calendar year in which the year-end falls. As such, the financial year ended February 1, 2021, was considered by the Reitmans Group to be the 2021 financial year, while the current financial year, ending January 29, 2022, is referred to as the 2022 financial year.

- Standby fees of 0.45% per annum on amounts committed and not drawn.
  - Interim lender's charge of \$36M (reduced from \$72M).
  - The Permitted Variance between RCL's net cash flow and the net cash flow set out in any Agreed Budget (as such terms are defined in the First Amendment to the Interim Facility) is calculated, to the period commencing on January 31, 2021.
15. Barring an event of default, the Interim Facility is expected to be repaid on the earlier of: (i) December 31, 2021, (ii) the implementation of the Plan, (iii) the conversion of these CCAA proceedings into a proceeding under the Bankruptcy and Insolvency Act<sup>3</sup>, (iv) the completion of a sale of all or substantially all assets of RCL and (v) the date on which the stay of proceedings pursuant to the Initial Order expires without being extended or on which these CCAA proceedings are terminated.
  16. The Petitioner is in regular communications with BMO and provides the required reporting as set out in the Interim Facility agreement.
  17. The Petitioner has not drawn on the Interim Facility and accordingly, there are no amounts owing thereunder as at the date hereof. Furthermore, based on the Cash Flow Forecast, the Petitioner is not expected to draw on the Interim Facility prior to the end of the stay period.
  18. The Petitioner does not intend to extend the Interim Facility beyond December 31, 2021 considering (i) the conclusion of a binding commitment letter with BMO for an exit financing, (ii) the filing of the Plan and the Creditors' Meeting scheduled for December 21, 2021, (iii) the sanction hearing in respect of the Plan scheduled for January 4, 2022 ("Sanction Hearing").

#### EXIT FINANCING

19. As described in the Eighth Monitor's Report dated November 23, 2021, the Petitioner has entered into a binding commitment letter with BMO with respect to a senior secured asset-based revolving facility of up to \$115M (the "Exit Financing Credit Agreement").
20. The conditions for the closing of the Credit Agreement include the acceptance of the Plan by the requisite majority of affected creditors at the Creditors' Meeting and the sanction of the Plan by the Court. The execution of the Exit Financing Credit Agreement is expected to occur shortly after the Sanction Hearing subject to the issuance by the Court of an order sanctioning the Plan.
21. The Monitor is of the view that the execution of the binding commitment letter by the Petitioner and BMO and the finalization of the Credit Agreement is appropriate in the circumstances and will provide the Petitioner with the needed liquidity to fund the distribution to its creditors under the Plan and maintain viable operations subsequent to emerging from the CCAA process.

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<sup>3</sup> R.S.C. 1985, c. B-3, as amended.

SUMMARY OF CLAIMS RECEIVED UNDER THE COURT APPROVED CLAIMS PROCESS

22. As of the date hereof, the Monitor has received the following claims:

Claim category	Total claims as calculated by the Monitor		Accepted Claims		Claims under review	
	(in 000's)	(#)	(in 000's)	(#)	(in 000's)	(#)
Trade and other	\$ 95,524	510	\$ 95,229	508	\$ 295	2
Landlord	\$ 49,813	287	\$ 49,209	279	\$ 604	8
SERP	\$ 21,014	11	\$ 21,014	11	\$ -	0
Employee	\$ 13,895	881	\$ 13,537	879	\$ 358	2
Government tax	\$ 5,307	3	\$ 62	1	\$ 5,245	2
Litigation	\$ 96	6	\$ 56	3	\$ 40	3
<b>Total</b>	<b>\$ 185,649</b>	<b>1698</b>	<b>\$ 179,107</b>	<b>1681</b>	<b>\$ 6,542</b>	<b>17</b>

23. Since the Claims Process Order was rendered on August 20, 2020, the Monitor has been in communication with various suppliers, employees and landlords to address their queries regarding the process to complete and file a proof of claim form or a Notice of Dispute, as the case may be.
24. The Monitor has received 1,698 claims from creditors, including Notices of Dispute from Scheduled Employees who had received a Notice of Scheduled Employee's Claim<sup>4</sup> in accordance with the Claims Process Order.
25. The Monitor is working with Petitioner, along with the Petitioner's and Monitor's respective legal counsels, to supervise the claims reconciliation process.
26. As of the date of this Report, the Monitor has accepted 1,681 Claims representing an aggregate amount of \$179.1M. It should be noted that 17 claims, representing an aggregate of \$6.5M remain under review and consideration.
27. As of the date of this Report, the Monitor had issued 48 notices of revision or disallowance ("NORDs") to creditors as follows:
- 23 to Scheduled Employee
  - 11 to landlord creditors
  - 11 to trade and other creditors
  - 3 to litigation creditors
28. Two (2) creditors have filed motions to contest the applicable NORDs but hearings have not yet been scheduled. The Monitor, with the assistance of its legal counsel are in communications with these creditors in an effort to resolve the dispute relating to their respective claims (representing an aggregate value of \$358K).

<sup>4</sup> As such term is defined in the Claims Process Order.

29. Of the 48 NORDDs, 9 claims were established by the Monitor at \$0. These creditors did not contest the Monitor's NORDDs. Therefore, these claims are not included in the table above (paragraph 22).
30. The Monitor is expecting to send an additional 7 NORDDs, during the week of December 13, 2021.
31. In addition to the claims described above, the Monitor received an amended proof of claim (the "Amended POC") from Toronto-Dominion Bank ("TD Bank") on November 9, 2021. The Amended POC asserts a contingent secured claim in connection with a letter of credit/customs bond, in an amount of up to \$2,750,000. Based on the documentation submitted, the Monitor is in view that the Amended POC is a valid contingent secured claim, against the Petitioner. The Monitor understands that as at the date of this Report, no amount has ever been drawn on the bond. Therefore, the TD Bank secured contingent claim is an Unaffected Claim (as defined in the Plan).
32. It should be noted that as at the date of this Report, an additional late claim for an aggregate amount of \$8K was received following the issuance of the Eighth Monitor's Report. The Monitor understands that the Petitioner does not intend to request Court approval in respect of any late claims submitted following the Eighth Monitor's Report. The Company may however seek such Court approval concurrently with the Application to sanction the Plan.

#### OVERVIEW OF THE PLAN OF ARRANGEMENT

33. Unless otherwise defined, all capitalized terms used in this section shall have the meaning given to them in the Plan.
34. The primary purpose of the Plan is to provide for the compromise and settlement of all Affected Claims. The Plan provides for the payment of \$95M (the "Distribution Pool") in full and final settlement of the Affected Claims.
35. As described in the Plan, there will only be one class of Affected Creditors for the purpose of voting on and receiving distributions pursuant to the Plan. As provided for under the Plan, Unaffected Claims include the following:
  - any Employee Priority Claims;
  - any Excluded Claims (i.e. any claims enumerated in section 5.1(2) and 19(2) of the CCAA and claims secured by the priority charges created by the Court in the context of the CCAA proceedings);
  - any Gift Card Claims;
  - any Post-Filing Claims;
  - any Crown Priority Claims; and
  - any TD Secured Claim.
36. Pursuant to the Plan, Unaffected Claims will not be compromised.

37. Affected Creditors holding a claim that has been determined for voting and distribution, in accordance with the Plan, the CCAA and the Claims Process Order (“Proven Claim”), will receive a distribution equal to:
  - An amount equal to the lesser of (i) \$20,000, or (ii) the amount of the Proven Claim of each Affected Creditor (“Convenience Class”); and
  - The balance of the Distribution Pool (the “Pro Rata Distribution Pool”) shall be distributed to the Affected Creditors on a pro rata basis, according to the amount of their respective Proven Claims, less any amount received in respect of the amounts set forth in the Convenience Class.
38. All Affected Creditors with a Proven Claim of \$20,000 or less, will receive a distribution equal to 100% of their Proven Claim.
39. Affected Creditors with a Proven Claim in excess of \$20,000 will receive (i) a distribution of \$20,000 under the Convenience Class; and (ii) an amount equal to their pro rata share of the Pro Rata Distribution Pool, for that portion of their Proven Claim which exceeds \$20,000 (the “Pro Rata Distribution Amount”). The Monitor currently estimates that the Pro Rata Distribution Amount should be approximately equal to 45.5% for the portion of their claim over and above \$20,000.
40. Based on the information currently available, the Monitor estimates that the Distribution Pool shall be distributed as follows: (i) \$19.4M - the Convenience Class and \$75.6M - the Pro Rata Distribution Pool. The Distribution Pool should provide for an overall average distribution rate of approximately 51.2%, with Affected Creditors recovering between 45% - 100% of their Proven Claims.
41. Approximately 1,016 Affected Creditors (or 59.8%) will receive a distribution equal to 100% of their Proven Claims, representing an aggregate amount of \$5.8M of the Distribution Pool.
42. By no later than thirty (30) days following the Plan Implementation Date, the sum of \$95M shall be paid by the Debtor to the Monitor. The Monitor shall use commercially reasonable efforts to distribute the Distribution Pool to the Affected Creditors within sixty (60) days from the receipt thereof.
43. The Creditors’ Meeting is scheduled to take place on December 21, 2021 at 2:00 p.m. (Montréal Time) by videoconference only. The purpose of the meeting will be to consider the Plan and provide the eligible creditors with the opportunity to vote thereon.
44. Should the Plan be approved by the required majorities representing 2/3 in value and a majority in number of the Proven Claims in respect of which votes are cast at the Creditors’ Meeting, either in person or by proxy (or who are deemed to have voted in favour of the approval of the Plan in accordance with the Meeting Order), the Petitioner shall be seeking the approval of the Plan by the Court on January 4, 2022 or such later date as may be determined.
45. This Report only contains a summary of certain terms of the Plan. In case of any discrepancy, the terms of the Plan shall govern.



Preferential payments, transactions at under value and other reviewable transactions

46. The CCAA imports by reference certain provisions of the Bankruptcy and Insolvency Act (“BIA”) and states that the provisions of sections 38 and 95 to 101 of the BIA apply to proceedings under the CCAA, unless the plan provides otherwise. Essentially, the sections referred to provide for the following:

- Section 38 of the BIA refers to the right of a creditor to take proceedings in its own name, at its own expense and risk, but for its own benefit, in situations where the trustee refuses or neglects to take proceedings that the creditor believes would benefit the estate; and
- Sections 95 to 101 of the BIA are sections addressing recourses to declare that a transaction is void or voidable if it was a preference, or to annul a transaction or obtain the difference between the consideration received and the fair market value of the property disposed of in the case of a transaction at undervalue, or to recover payments made in connection with dividends or redemption of shares in certain circumstances.
- As indicated above, the CCAA states that a plan may provide that sections 38 and 95 to 101 of the BIA do not apply to the plan, however, in such a circumstance, the Monitor is required to comment on the reasonableness of the decision to exclude such provisions from the plan.
- The Plan includes a provision declaring that sections 38 and 95 to 101 of the BIA shall not apply to the Petitioner’s Plan.

47. The Monitor performed an analysis, regarding the Petitioner’s financial affairs and transactions prior to the filing of the petition for the Initial Order. The Monitor’s conclusions are summarized below:

- With regards to transactions with unrelated third parties or parties dealing at arms’ length, nothing has come to the Monitor’s attention that would cause it to question the appropriateness of any payment made by the Petitioner in the 3 months preceding the Initial Order.
- With regards to transactions with related parties or parties dealing other than at arms’ length, nothing has come to the Monitor’s attention that would cause it to question the appropriateness of any payment made by the Petitioner.

RELEASES CONTEMPLATED BY THE PLAN OF ARRANGEMENT

48. The Plan provides for certain releases and discharges upon Plan implementation of:

- i. The Debtor’s legal counsel, financial advisors, consultants and agents in relation to these CCAA Proceedings,
- ii. The Monitor and the Monitor’s legal counsel in relation to these CCAA Proceedings, and

- iii. Each and every present and former shareholder, affiliate, subsidiary, director, officer, partner, employee, consultant and agent of any of the foregoing persons.

49. The Plan also provides for certain releases and discharges upon Plan performance of:

- iv. The Petitioner, and
- v. Each and every present and former shareholder, affiliate, subsidiary, director, officer, partner, employee, consultant and agent of the Petitioner.

50. The Monitor considers that the contemplated releases are reasonable and appropriate in the circumstances.

#### CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE PLAN OF ARRANGEMENT

51. The implementation of the Plan is conditional upon the fulfilment of all of the conditions precedent set forth below (the "Plan Implementation Conditions") by the date specified therefor, except to the extent that the Petitioner, at its sole discretion, extend the time period for the fulfilment thereof:

- The plan shall have been approved by the required majority of Affected Creditors at the Creditors' Meeting;
- The Sanction Order shall have been granted by the Court by January 20, 2022 and shall have become a final order;
- The Interim Facility shall have been repaid in full by the Petitioner and the Interim Facility charge shall have been terminated and discharged; and
- The conditions precedent set forth in the Exit Financing Credit Agreement shall have been met to the satisfaction of the BMO.

52. Upon satisfaction of the Plan Implementation Conditions, the Petitioner shall provide the Monitor written notice confirming same.

#### PROCEDURE FOR VOTING ON THE PLAN

53. The following documents were sent to the Affected Creditors on December 2, 2021 and have also been made available on the Monitor's website at: [www.ey.com/ca/reitmans](http://www.ey.com/ca/reitmans). In addition, the Monitor's legal counsel sent the Meeting Materials to the service list on December 2, 2021.

- Notice of Creditors' Meeting and Sanction Hearing
- Letter to Creditors
- Plan of Arrangement
- Plan Filing and Meeting Order
- Resolution of Affected Creditors at Creditors' Meeting
- Additional information for the Meeting of Creditors and Pre-registration and Proxy Form
- Voting Letter

54. The purpose of the Creditors' Meeting is for the creditors to consider and vote on the Plan. The Meeting Order and the Plan contemplate one class of Affected Creditors for the purpose of voting on and receiving distributions pursuant to the Plan. The proposed treatment of the Affected Creditors is described in this Report and in the Plan.
55. Creditors are encouraged to submit their vote, by completing and sending the voting letter, to the Monitor before the meeting of December 21, 2021, preferably by email to [reitmans.monitor@ca.ey.com](mailto:reitmans.monitor@ca.ey.com), with the subject line: "RSVP-RCL Creditors' Meeting".
56. Creditors can also vote by videoconference (including by proxy) during the meeting. The creditors must return to the Monitor the pre-registration form and proxy form, duly completed and signed, by 5:00 p.m., on December 17, 2021 in order to attend the Creditors' Meeting. As a result of the social distancing rules presently in force in Montréal, the meeting will be held by video conference only (i.e. not in person). The Monitor will send the Microsoft Teams link for the videoconference only to the creditors who pre-registered.
57. Creditors are reminded that only those creditors who have proven their claim in accordance with the Claims Process Order will be entitled to vote on the Plan.

#### LIQUIDATION ANALYSIS

58. In order to understand the potential impact on the Affected Creditors in the event that the Plan is not approved by the requisite majority of creditors, sanctioned by the Court and implemented, the Monitor prepared an analysis which provides an illustrative estimate of the potential proceeds resulting from the realization of the Petitioner's assets in a liquidation scenario (the "Liquidation Analysis").
59. The Liquidation Analysis is based on the Petitioner's balance sheet as at October 30, 2021 and incorporates certain estimates and assumptions that are subject to business and economic uncertainties. A summary of the Liquidation Analysis is attached as Appendix C to this Report.
60. The Liquidation Analysis demonstrates that the net realizable value of the Petitioner's assets in the context of a theoretical bankruptcy and liquidation, would give rise to a distribution to the creditors varying between 63% and 77%.

Reitmans (Canada) Limited				
Illustrative Estimated Liquidation Value				
As at October 30th, 2021				
(in CAD '000s, unaudited)	Notes	Book value	Low Scenario	High Scenario
<b>Assets</b>				
Cash and cash equivalents		82 521	82 521	82 521
Trade and other receivables	1	7 368	507	1 430
Inventories	2	134 605	88 968	115 462
Prepaid expenses	3	36 225	519	1 038
Due from subsidiary	4	7 250	2 503	2 503
Property and equipment	5	65 648	114 699	117 197
Intangibles	5	4 287	18 000	51 000
Right-of-use assets	6	38 350	-	-
<b>Estimated realizable value</b>		<b>376 254</b>	<b>307 717</b>	<b>371 151</b>
Less: Estimated realization costs	7		18 399	17 399
<b>Estimated net amount available to creditors</b>			<b>289 318</b>	<b>353 752</b>
<b>Liabilities and estimated distribution</b>				
Priority claims	8		7 736	7 736
Secured claims	9		794	794
Preferred claims	10		151	151
<b>Estimated amount available for distribution to unsecured creditors</b>			<b>280 637</b>	<b>345 071</b>
Unsecured and ordinary creditors	11		448 153	448 153
<b>Percentage of distribution</b>			<b>63%</b>	<b>77%</b>

## RECOMMENDATION

61. The Petitioner firmly believes that the Plan generally provides for the best possible outcome for the creditors, including, as compares to a liquidation of all the Petitioner's assets.
62. The Monitor supports the Petitioner's view, given that, among other things, the Plan will allow the Petitioner to continue operating its business and:
  - Continue the uninterrupted employment of its 5,200 employees working across the stores, distribution centre and head office;
  - Maintain the leases for the 413 stores across Canada, under its three banners: Reitmans, RW&CO and Penningtons, representing aggregate projected rent over the next 12-month period of approximately \$67.0M;
  - Maintain long-term business relationships with its current suppliers. A bankruptcy would result in significant losses for the Petitioner's current suppliers, over the next few years. The Petitioner is projecting approximately \$330.4M of purchases in the next 12-month period alone.

- Effect the following payments, namely:
  - Payment in full of 1,016 Affected Claims (representing 59.8% of all Affected Claims).
  - Payment of a dividend between 60% and 100% to 1,440 Affected Claims (representing 84.8% of all Affected Claims).

63. The Monitor is of the view that the Plan generally benefits the Petitioner's creditors and stakeholders, as it will allow for the continued operation of the business with the resulting benefits noted above, and it will allow the Convenience Class creditors, which represent the majority of the Affected Creditors, to receive a greater recovery than they would have in the context of a bankruptcy of the Petitioner. In addition, the Plan will allow the Affected Creditors to receive a material recovery significantly faster than in the context of a bankruptcy of the Petitioner and avoids the uncertainties and risks associated with a liquidation of the Petitioner's assets. Accordingly, the Monitor recommends that the creditors vote in favour of the Plan.

#### UPCOMING RESTRUCTURING MEASURES

64. The Monitor currently anticipates that approval and implementation of the Plan would follow the timeline set out below:

- i. the Creditors' Meeting is scheduled to be held on December 21, 2021 at 2:00 p.m. (Montréal time) by videoconference only;
- ii. if the Plan is accepted by the requisite majority of Affected Creditors, the Petitioner shall bring an application seeking an order sanctioning the Plan. The Sanction Hearing is scheduled to be held on January 4, 2022;
- iii. Within 30 days following the Plan Implementation Date, the Petitioner shall send the Distribution Pool to the Monitor; and
- iv. The Monitor shall use commercially reasonable efforts to distribute the Distribution Pool to the Affected Creditors within 60 days from the receipt of the Distribution Pool.

#### OVERALL COMMENTS AND CONCLUSIONS

65. Based on the work performed to date, the Monitor has no reason to question the Petitioner's diligence, good faith and proper intentions in pursuing these restructuring proceedings.

66. The Monitor considers that the restructuring efforts implemented by the Petitioner in the proceedings herein are reasonable.

67. Accordingly, and for the reasons set forth herein, the Monitor is of the view that the Plan is fair and reasonable. The Monitor recommends that the Affected Creditors vote in favour of the Resolution to approve the Plan Creditors' Meeting.

All of which is respectfully submitted this 13<sup>th</sup> day of December 2021.

ERNST & YOUNG INC.  
Licensed Insolvency Trustee  
In its capacity as the Monitor  
in the matter of the proposed plan of compromise or  
arrangement of Reitmans (Canada) Limited

**Martin P  
Rosenthal**

Digitally signed by Martin P Rosenthal  
DN: cn=Martin P. Rosenthal,  
email=Martin.Rosenthal@parthenon.ey.com  
Date: 2021.12.13 16:32:03 -05'00'

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Martin P. Rosenthal, CPA, CA, CIRP, LIT  
Senior Vice-President



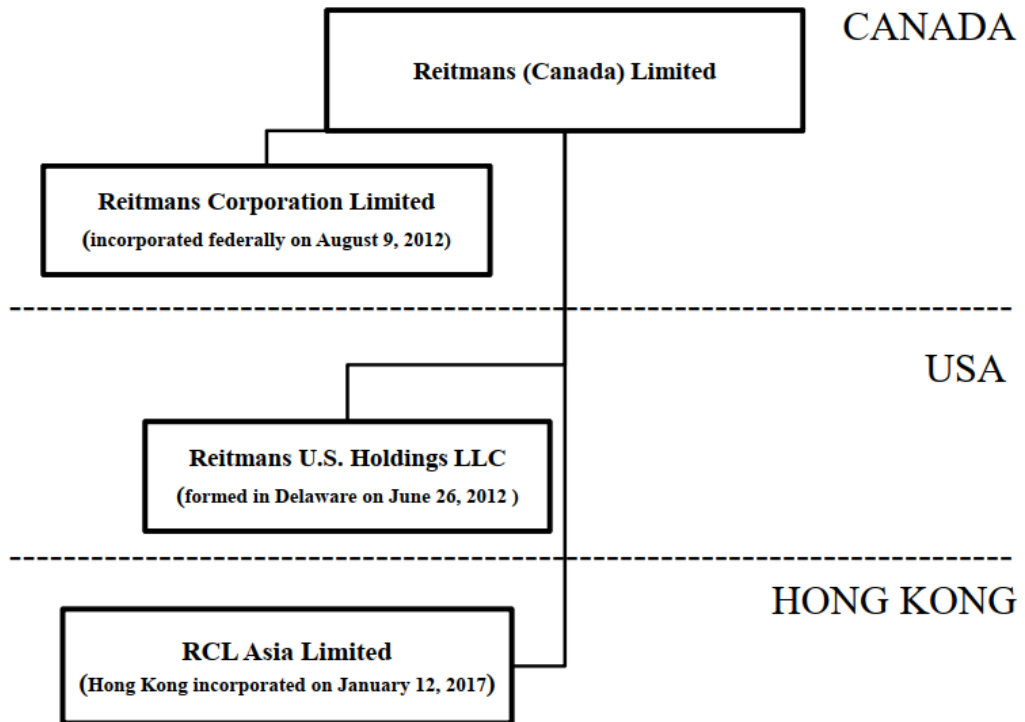
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Martin Carrière, CPA, CA, CIRP, LIT  
Senior Vice-President

# Appendix A

Appendix A

RCL Corporate Structure





## **Appendix B**

**Reitmans (Canada) Limited**

 Comparison of actual vs. projected weekly cash flow results  
 For the 12 weeks ended December 4, 2021

**Appendix B**
**Unaudited (in '000s CAD)**

Week starting Week ending	2021-09-12 2021-12-04 Cumulative actual	2021-09-12 2021-12-04 Cumulative forecasted	Difference	
			\$	%
<b>Inflows</b>				
Sales	231 805	208 823	22 982	11%
Purchases paid with gift cards	(2 999)	(4 083)	1 084	27%
Other revenue	61	-	61	100%
Gov. Wage & Rent Subsidies	2 991	921	2 070	225%
<b>Total inflows</b>	231 858	205 661	26 197	13%
<b>Outflows</b>				
Merchandise	(97 324)	(100 978)	3 654	4%
Rent	(17 279)	(16 712)	(567)	(3%)
Payroll and DAS	(34 670)	(33 669)	(1 001)	(3%)
Sales tax	(15 157)	(8 823)	(6 334)	(72%)
CapEx	(3 930)	(11 249)	7 319	65%
Advertising	(10 327)	(9 426)	(901)	(10%)
Software	(3 963)	(5 216)	1 253	24%
Consulting	(1 316)	(1 149)	(167)	(15%)
Administrative	(3 961)	(4 351)	390	9%
Utilities and telecom	(1 629)	(2 040)	411	20%
R&M and supplies	(3 477)	(3 685)	208	6%
Merchant fees	(2 419)	(2 227)	(192)	(9%)
Restructuring professional fees	(1 241)	(1 271)	30	2%
Financing fees	(239)	(60)	(179)	(298%)
Contingency	-	(1 800)	1 800	100%
<b>Total Outflows</b>	(196 932)	(202 656)	5 724	3%
FX impact on opening cash balance	433	-	433	100%
<b>Net Cash Flow</b>	35 359	3 005	32 354	1077%
<b>Beginning Cash Balance - Operations</b>	63 194	63 194	-	-
Net Cash Flow	35 359	3 005	32 354	1077%
<b>Ending Cash Balance - Operations</b>	98 553	66 199	32 354	49%
Restricted cash	2 757	2 756	1	0%
<b>Total Ending Cash Balance</b>	101 310	68 955	32 355	47%

note 1

note 2

note 3

note 4

note 5

note 6

note 7

note 8

**Reitmans (Canada) Limited**

Comparison of actual vs. projected weekly cash flow results  
For the 12 weeks ended December 4, 2021

**Appendix B**

<b>Notes</b>	<b>Line item</b>	<b>Comments</b>
1	Sales	The positive variance of approximately \$23.0M for the 12 weeks ended December 4, is a permanent variance resulting from increased online traffic created by successful marketing campaigns.
2	Government Wage & Rent Subsidies	The cumulative positive variance of \$2.1M is a permanent variance resulting from the extension of the CEWS program.
3	Merchandise	The cumulative positive variance of \$3.7M is a mix of timing and permanent differences. The assumptions for merchandise purchases are based on the date RCL takes possession of inventory in China (shipping date). Therefore, there may be timing differences from one week to another based on the actual shipping date.
4	Payroll and DAS	The cumulative negative variance of \$1.0M is a result of increased activity in stores and warehouses.
5	Sales taxes	The cumulative negative variance of \$6.3M is a result of the actual sales surpassing budget and actual taxable expenses being slightly lower than budgeted.
6	CapEx	The positive variance of \$7.3M is caused by project start delays and construction and sourcing delays.
7	Software	The positive variance of \$1.3M is a permanent difference resulting from the deferral of certain actions.
8	Contingency	The provision for contingency was not used.

## **Appendix C**

Reitmans (Canada) Limited				
Illustrative Estimated Liquidation Value				
As at October 30th, 2021				
<i>(in CAD '000s, unaudited)</i>	Notes	Book value	Low Scenario	High Scenario
<b>Assets</b>				
Cash and cash equivalents		82 521	82 521	82 521
Trade and other receivables	1	7 368	507	1 430
Inventories	2	134 605	88 968	115 462
Prepaid expenses	3	36 225	519	1 038
Due from subsidiary	4	7 250	2 503	2 503
Property and equipment	5	65 648	114 699	117 197
Intangibles	5	4 287	18 000	51 000
Right-of-use assets	6	38 350	-	-
<b>Estimated realizable value</b>		<b>376 254</b>	<b>307 717</b>	<b>371 151</b>
Less: Estimated realization costs	7		18 399	17 399
<b>Estimated net amount available to creditors</b>			<b>289 318</b>	<b>353 752</b>
<b>Liabilities and estimated distribution</b>				
Priority claims	8		7 736	7 736
Secured claims	9		794	794
Preferred claims	10		151	151
<b>Estimated amount available for distribution to unsecured creditors</b>			<b>280 637</b>	<b>345 071</b>
Unsecured and ordinary creditors	11		448 153	448 153
<b>Percentage of distribution</b>			<b>63%</b>	<b>77%</b>

- Note 1** Accounts receivable consist mainly of credit card receivables, government subsidies for rent and salaries (CEWS) as well as government tax credit receivables which would likely not be fully recoverable in a liquidation process.
- Note 2** The inventory was valued by a third party engaged by the Monitor, B. Riley Advisory Services ("B. Riley"). The high scenario assumes an orderly liquidation whereas the low scenario assumes a reduction of recovery for contingencies to reflect a forced liquidation as at October 30th, 2021.
- Note 3** Most prepaid expenses would not be recovered in a liquidation as they are related to deposits made to foreign vendors. The portion of the prepaids related to insurance and other business expenses were considered in the high and low scenarios.
- Note 4** We have considered the estimated realizable value of intercompany receivables from the three subsidiaries of Reitmans (Canada) Limited: Reitmans Corporation Limited, Reitmans U.S. Holdings LLC and RCL Asia Limited.
- Note 5** The property and equipment includes real estate (250 Sauve Street W, Montreal (head office) and 5555 Henri-Bourassa Blvd., Montreal (distribution center)), furniture, equipment and leasehold improvements. The value of the real estate was determined based on appraisals prepared for the Monitor by CBRE Limited. In addition, we have estimated the realizable value of the equipment as a percentage of the net book value.
- The intangibles include software, system development costs and trademarks. The intangible valuation is based on an appraisal prepared by B. Riley for the Monitor.
- Note 6** The right-of-use assets are assets related to the accounting application of IFRS 16 related to leases. Under IFRS 16, lessees must recognize their assets and liabilities relating to a lease. In a liquidation process, this asset is valued at nil.
- Note 7** The realization costs represent all costs that would be expected to be incurred in order to perform an orderly or forced liquidation. These costs include: head office employees salaries (human resources, IT, finance), security and safeguard measures, trustee's professional fees and expenses, trustee's legal fees and administration costs.
- Note 8** Priority claims are composed of 30-day goods, deemed trust claims related to deduction at source and priority claims related to employees, for unpaid salary and vacations as at October 30, 2021.
- Note 9** The secured claim is related to a letter of credit in favor of the Canadian Board Services Agency (CBSA) for which a restricted bank account has been set up. For both scenarios, the amount represents the outstanding unpaid invoices as at October 30, 2021.
- Note 10** Preferred claims are composed of unpaid municipal taxes and rent as per BIA section 136 (1)f).
- Note 11** For CCAA pre-filing unsecured claims, we have considered the total claims submitted by creditors and from this amount, we have removed the claims related to the disclaimed leases in order to consider only the eligible claims in the context of a bankruptcy.

To calculate unsecured claims in the context of a bankruptcy, we have considered the following :

- ▶ The balance at October 30, 2021 of the following items : accounts payable, accruals, pension plan (defined benefit), government sales tax, government corporate tax and gift cards reserve.
- ▶ Claims for cancelled purchase orders.
- ▶ For the Quebec based leases, in addition to the preferred claim for three months' arrears immediately preceding the bankruptcy date and three months' accelerated rent, the landlords may also have an unsecured claim for the unexpired portion of the lease term. We have therefore evaluated the residual value of the leases for the premises located in Quebec, excluding the 3 months to be paid as part of the liquidation process. We did not consider any unsecured claims for landlords located outside the province of Quebec, based on the legislation in the other provinces.
- ▶ It has been assumed that in the context of a theoretical liquidation, creditors with outstanding contracts with Reitmans would claim for damages related to the cancellation of the contracts.



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**CANADA  
PROVINCE OF QUÉBEC**

**SUPERIOR COURT**  
(Commercial Division)  
Designated tribunal under  
the *Companies' Creditors  
Arrangement Act*

**DISTRICT OF MONTRÉAL**  
No.: 500-11-058299-203

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**IN THE MATTER OF THE PROPOSED PLAN OF  
COMPROMISE OR ARRANGEMENT OF:**

**Reitmans (Canada) Limited**

Debtor

**Ernst & Young Inc.**

Monitor

**MINUTES OF THE CREDITORS' MEETING OF THE  
AFFECTED CREDITORS**

Date: December 21, 2021 at 2:00 p.m. (Eastern Time)

Location: Microsoft Teams Meeting

Chairman: Martin Rosenthal, CPA, CA, CIRP, LIT

## **ATTENDANCE:**

### **Monitor and Monitor Counsel**

Martin Rosenthal, CPA, CA, CIRP, LIT

Chairman of the meeting, Ernst & Young Inc.

Sandra Abitan  
Julien Morissette

Secretary of the meeting, Osler  
Osler

Martin Carrière CPA, CA, CIRP, LIT  
Andrade Morabito CPA Auditeur  
Véronique Hébert, CPA  
Alexandre Ferland CPA Auditeur

Ernst & Young Inc.  
Ernst & Young Inc.  
Ernst & Young Inc.  
Ernst & Young Inc.

### **Debtor and Debtor Counsel**

Richard Wait  
Denis Ferland  
Christian Lachance  
Gabriel Lavery Lepage

Reitmans (Canada) Limited  
Davies  
Davies  
Davies

### **Creditors**

Refer to Appendix A

### **Other**

Noah Zucker

Norton Rose

## **CALL TO ORDER**

Mr. Martin Rosenthal, the Monitor's representative, acts as the chairman of the meeting (the "**Chair**") and Mtre. Sandra Abitan acts as secretary of the meeting. The meeting commenced at 2:15 pm, after creditors present had been admitted in the Microsoft Teams Meeting.

The Chair indicated that the meeting would be conducted in English and French. Although the minutes are in English, the meeting was conducted in both languages.

The purpose of the meeting is to consider and vote on a resolution to accept the Amended and Restated Plan of Compromise and Arrangement of Reitmans (Canada) Limited ("**Reitmans**") dated December 20, 2021 (the "**Plan**").

## **QUORUM**

The Chair noted the presence of the required quorum and declares the meeting duly convened.



## OVERVIEW OF THE PLAN AND QUESTION PERIOD

The Chair presented brief background on Reitmans' CCAA Proceedings and an overview of the Plan, which was made available to the creditors in advance of the meeting. The Chair also described the alternative to the Plan and the Monitor's recommendation.

The Chair explained the preconditions to the Plan implementation and the procedure in respect of the vote.

The Chair explained the applicable procedure for submitting questions and asked the creditors to submit any questions they may have for the Monitor or the Debtor.

Martin Carrière, from Ernst & Young Inc. assisted during the question period and presented the creditors' questions posted in the conversation pane to the Chair, which questions were then addressed by the Chair.

A summary of the responses provided to the various questions is provided below. Questions were answered in the language in which they were received and, in certain cases, in both English and French.

- Claims in the amount of \$20,000 or less will be paid in full.
- Tax questions can be addressed directly with the Monitor after the meeting.
- The amount of \$95M was determined by the Debtor, in consultation with its advisors, to be appropriate, reasonable and affordable for the Debtor. The Plan is far more favourable for the vast majority of creditors as there are various other benefits (including material amounts paid to landlords as rent and to suppliers for continued supply going forward) y.
- The Plan will be approved if a majority in number representing 66 2/3% in value vote in favour.
- The conditions precedent to Plan implementation include court sanction and closing of the BMO credit facility. The Chair does not foresee any material obstacles to Plan implementation and receipt of the funds by the Monitor in late January with a distribution to the creditors as soon as possible thereafter.
- It is not necessary to vote again if the creditor has submitted its vote or proxy, unless the creditor would like to change its vote.
- With respect to questions relating to shareholder recovery, the Plan conforms with Canadian law and precedents. The Monitor is of the view that the Plan is fair and reasonable in the circumstances.
- Réponse en français sur les délais de paiements (French translation provided to question regarding timing of payments).

- The Plan structure was determined by the Debtor who prioritized providing the creditors with a prompt and material distribution, with the majority of the creditors being paid in full. There is no requirement to structure a Plan one way or another.
- L'évolution de la pandémie n'aura pas d'impact sur le plan, que l'entreprise veut compléter pour sortir du processus le plus rapidement possible, même si l'environnement n'est pas idéal et même si certains mois seront meilleurs que d'autres, en revanche si le plan n'était pas accepté, il y aurait de l'incertitude et potentiellement un effet négatif additionnel en raison de la pandémie.
- Creditors may contact the Monitor individually to discuss questions on employment insurance and other individual questions, which are better answered offline. (Même réponse donnée en français.)

### **VOTE ON THE RESOLUTION TO APPROVE THE PLAN**

The Chair read the resolution and invited creditors to cast their votes or, for any creditors who have already submitted their vote, to change their vote if they so desire.

The Chair suspended the meeting in order to proceed with the compilation of the votes, which consist of proxy and voting forms received by the Monitor prior to the meeting, and of votes received at the meeting.

Pause to allow the creditors to vote, from 3:27 p.m. to 3:57 p.m.

After the meeting resumed, the Chair communicated the results of the vote on the Plan which is described in the table below:

	<b>Number</b>	<b>Value</b>	<b>% Number</b>	<b>% Value</b>
In favour	1,481	\$148.6M	98.80%	97.75%
Against	18	\$3.4M	1.20%	2.25%
<b>Total</b>	<b>1,499</b>	<b>\$152.0M</b>	<b>100%</b>	<b>100%</b>

The Chair declared that the Plan has been approved by the required majority of creditors.

## ADJOURNMENT OF THE MEETING

There being no further items on the agenda, the meeting was adjourned at 4:00 p.m.



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Martin Rosenthal CPA, CA, CIRP, LIT  
Chairman of the meeting



---

Sandra Abitan  
Secretary of the meeting

Appendix:      Appendix A – List of creditors attending the creditors' meeting  
                     Appendix B – Resolution

# **Appendix A**

**Reitmans (Canada) Limited**  
**List of creditors attending the creditors meeting**

<b>Creditor name</b>	<b>Name of representative</b>
Coddy Global Ltd.	Aiden Nelms
Desrochers, Alexandra	Alexandra Desrochers
Sokolovskaya, Alexandra	Alexandra Sokolovskaya
Distribution HMH Inc.	Alexandrine Foulon
Allen Rubin	Allen Rubin
Energy Network Services Inc.	Andrew Valentini
Cudmore, Ann	Ann Cudmore
Annabelle Deschenes	Annabelle Deschenes
Leadeo Annie Gauthier Inc.	Annie Gauthier
Annie Shaar	Annie Shaar
Lague, Annie-Claude	Annie-Claude Lague
Simco Pak Inc	Benjamin Simco
Dynamix Medias Inc.	Betty Gurvits
MightyHive, Inc.	Branimir Milovanovic
Bri Foster	Bri Foster
Jiangsu Sainty Techowear Co.Ltd.	Brittany Moore
AX Property Management L.P.	Bruce Geiger & Mark Siry
RAND ACCESSORIES	Bryan Oberg
Salomon, Dorothy	Caralee Salomon
Foglia, Carmie	Carmie Foglia
Caroline Phaneuf Communications	Caroline Phaneuf
Cathy Cockerton	Cathy Cockerton
Makow, Celeste	Celeste Makow
Chereen Sabiston	Chereen Sabiston
SKECHERS USA CANADA INC..	Christine Smith
Postes Canada	Christopher Watchorn
CMS Payments Intelligence Inc	Crystal Whitfield
James, Daphne	Daphne James
Turgeon, Delphine	Delphine Turgeon
MacLeod, Donna	Donna MacLeod
Talentex Limited	Emile Catimel-Marchand
Martino, Enrica	Enrica Martino
BTB Méga Centre Rive-Sud Inc.	Ève Charbonneau
Binetti, Giuseppina	Giuseppina Binetti
Marriott Courtyard	Hansen Rone
Hezar, Heidi	Hedie Hezar
Fiederer, Henry	Henry Fiederer
Louarn, Isabelle	Isabelle Louarn
Brasil, Jennifer	Jennifer Brasil
Da Costa, Jennifer	Jennifer Da Costa
Multiple landlords	Jessica Wuthmann
Noakes, Jo-Anne	Jo-Anne Noakes
GDI Services (Québec) SEC	Jocelyn Trottier
Solid Gem Properties Ltd.	John Casuga
FLS TRANSPORTATION SERVICES LIMITED	John Franklin
Bowick, Jolene	Jolene Bowick
Danis, Josee	Josee Danis

Diaz, Karin	Karin Diaz
WESTERN GLOVE WORKS..	Kim Boyes
Plazacorp Property Holdings Inc.	Kimberly Strange
Rafferty, Krystal	Krystal Rafferty
Garner, Laura	Laura Garner
Fazio, Linda	Linda Fazio
Silletta, Lisa	Lisa Silletta
Tisi, Lora	Lora Tisi
Centura	Louise Alain
Daudier, Lourdes	Lourdes Daudier
Dion, Magali	Magali Dion
Wong, Man Yan Christine	Man Yan Christine Wong
Bligouras, Maria	Maria Bligouras
Conseils Informatiques M.C.C. Inc.	Mario C Charest
Crombie Development Limited	Michael Citak
Larochelle Groupe Conseil Inc	Michel O. Côté
HAWK Painting & Construction Ltd	Michelle Nadasdi
Flores, Miguel	Miguel Flores
Minchillo, Nadia	Nadia Minchillo
Goel, Nimisha	Nimisha Goel
1445006 Alberta Ltd.	Philip Wallner
Dituri, Pina	Pina Dituri
Kumari, Pushpam	Pushpam Kumari
Petrova, Ralitsa	Ralitsa Petrova
Groupe Marcelle	Ravin Dabeea
Sierra Springs Shopping Centre Ltd.	Reta Labiuk
Rivard, Maite	Rivard, Maite
Feliciani, Romy	Romy Feliciani
Zarra, Rosa	Elvio Pizzola
Collin, Roxane	Roxan Collin
Rayata Accessories	Ryan Martin
Babar, Sana	Sana Babar
BTB Méga Centre Rive-Sud Inc.	Sébastien Beaulieu
Webley, Shawn	Shawn Webley
Gardium Sécurité Inc.	Simon Laflamme
Sztrajt, Simone	Simone Sztrajt
INTEXTEIS BCN,S.L.	Sonia Ermacora
Panza, Sonia	Sonia Panza
Champagne, Sophie	Sophie Champagne
Silletta, Stefania	Stefania Silletta
Tartaglia, Stefanie-Ann	Stefanie-Ann Tartaglia
Stephanie Perrier	Stephanie Perrier
Nardone, Tania	Tania Nardone
Messore, Tanya	Tanya Messore
Salesforce.com Canada Corporation	Thomas M.Gaa
Sims, Tiffany	Tiffany Sims
Pather Plastics Canada Inc.	Tracy Pather
Canuel, Valérie	Valérie Canuel
Valérie Fournier	Valérie Fournier
Labrador City Shopping Centre Ltd.	Vanessa Sotos

Bo, Zhiwen	Zhiwen Bo
Godin, Isabelle	Isabelle Godin
Ontrea Inc.	Alexandre Forest
SKECHERS USA CANADA INC..	David Beecroft
Durand, Cindy	Cindy Durand

# **Appendix B**



CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

**SUPERIOR COURT**  
(Commercial Division)

(Sitting as a court designated pursuant to the *Companies'*  
*Creditors Arrangement Act*,  
RSC 1985, c C-36)

No.: 500-11-058299-203

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**IN THE MATTER OF THE PLAN OF ARRANGEMENT  
OF:**

**REITMANS (CANADA) LIMITED**

Debtor / Petitioner

-and-

**ERNST & YOUNG INC.**

Monitor

---

**RESOLUTION OF AFFECTED CREDITORS AT THE CREDITORS' MEETING**

---

**BE IT RESOLVED THAT:**

1. the Amended and Restated Plan of Arrangement dated December 20, 2021 filed by the Petitioner under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as may be further amended, restated or supplemented from time to time in accordance with its terms (the "**Plan**"), which Plan has been presented to this Creditors' Meeting, be and is hereby accepted, approved and authorized;
2. any director or officer of the Petitioner is hereby authorized, empowered and instructed, acting for, and in the name of the Petitioner, to execute and deliver, or cause to be executed and delivered, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer determines to be necessary or desirable in order to carry out the Plan, such determination to be conclusively evidenced by the execution and delivery by such directors or officers of such documents, agreements or instruments or the doing of any such act or thing.
3. notwithstanding that this Resolution has been passed and the Plan has been approved by the Affected Creditors and the Court, the directors of the Petitioner are authorized and empowered to amend the Plan or not proceed to implement the Plan subject to and in accordance with the terms thereof.

REITMANS (CANADA) LIMITED  
APPENDIX - LIST OF LATE CLAIMS  
As at December 22, 2021

APPENDIX

Creditor name	Claim received after November 26, 2021 Court Order	Date claim was received by the Monitor
9294-9379 Quebec Inc. (MKL Design)	\$ 47,150.06	12/13/2021
Yangzhou Silk Road Foreign	\$ 8,252.44	12/7/2021
Bulle bijouterie pour mamans Inc.	\$ 7,070.97	12/17/2021
Oshawa Power	\$ 4,630.74	12/16/2021
MDA Environnement	\$ 4,627.72	12/14/2021
<b>Total</b>	<b>\$ 71,731.94</b>	

**SUPERIOR COURT  
(Commercial Division)**

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

Nº: 500-11-058299-203

DATE : January 4, 2022

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**BY THE HONOURABLE MARTIN CASTONGUAY, J.S.C.**

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

**REITMANS (CANADA) LIMITED**

Debtor

-and-

**ERNST & YOUNG INC.**

Monitor

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**ORDER AUTHORIZING THE REVIEW OF LATE CLAIMS**

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- [1] **ON READING** the Debtor's *Application for the Issuance of a Sanction Order* (the "**Application**"), the exhibits and the affidavit filed in support thereof;
- [2] **GIVEN** the Monitor's report filed in connection with the Application (the "**Monitor's Report**");
- [3] **GIVEN** the terms of the Order of this Court with respect to the claims process, dated August 20, 2020 (as may be subsequently amended from time to time, the "**Claims Process Order**");
- [4] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act*;

**WHEREFORE, THE COURT:**

- [5] **GRANTS** the Application;

- [6] **DECLARES** that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Initial Order;
- [7] **DECLARES** that any prior delay for the presentation of the Application is hereby abridged and validated so that the Application is properly returnable today and hereby dispenses with further service thereof;
- [8] **ORDERS** and **DECLARES** that the claims described in Exhibit **R-5** filed in support of the Application (each, an “**Additional Late Claim**”) shall be deemed to have been filed with the Monitor on or before the Claims Bar Date (as defined in the Claims Process Order);
- [9] **AUTHORIZES** the Monitor, in consultation with the Debtor, to review and process the Additional Late Claims with a view to allowing, revising or disallowing them, the whole as provided in the Claims Process Order;
- [10] **ORDERS** the provisional execution of the Order to be rendered notwithstanding appeal;
- [11] **THE WHOLE** without costs.

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The Honourable Martin Castonguay, J.S.C.