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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C. LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608 B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270 ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., AND 2472598 ONTARIO INC.

(Applicants)

FACTUM OF THE APPLICANTS
(RE: Stay Extension)
(Returnable October 20, 2025)

October 17, 2025

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TO: THE SERVICE LIST

PART I – OVERVIEW[1]

1. This factum is filed in support of the Applicants' motion seeking the Stay Extension Order, among other things, extending the Stay Period until and including December 12, 2025.

2. As the current Stay Period expires on October 31, 2025, the Applicants are seeking to extend the Stay Period to permit the Applicants to, among other things, respond to the outcome of the Applicants' motion seeking approval of the Central Walk Transaction and assignment of 25 Leases, complete applicable FF&E removal, conduct the Art Collection Auction and the Charter Auction Process, attend to Hardship Fund and Pension surplus matters as applicable, complete WEPPA matters, finalize shared services arrangements, in order to maximize the value of their remaining assets for the benefit of their stakeholders and advance the winddown of the Applicants.

PART II – THE FACTS

3. The facts with respect to this motion are more fully set out in the Fourth Perugini Affidavit.

4. Since the granting of the Stay Extension & Distribution Order on July 31, 2025, which extended the Stay Period until and including October 31, 2025, the Applicants, in consultation with, and with the assistance of the Monitor and their respective advisors, have continued to diligently pursue various efforts within the CCAA Proceedings to maximize the value of their assets for the benefit of their stakeholders and have addressed a variety of issues affecting the Applicants.[2] A summary of these activities is set out below.

A. Liquidation Sale Update

5. The Liquidation Sale concluded, and all Stores were closed to the public by June 1, 2025. However, material amounts of FF&E remained at the various Store locations due to the unanticipated abandonment of the unsold FF&E by the Liquidator (which characterization is disputed by the FILO Agent).[3]

6. Since completion of the Liquidation Sale the Company and Reflect, under the oversight of

[1] Capitalized terms used in this factum that are not otherwise defined have the meanings given to them in the Affidavit of Franco Perugini sworn October 15, 2025 (the "**Fourth Perugini Affidavit**").
[2] Fourth Perugini Affidavit at para. 12.
[3] *Ibid* at para. 14.

the Monitor, have been coordinating removal of the FF&E directly, and in consultation with the Landlords. These efforts have continued since the most recent stay extension of the Stay Period on July 31, 2025.[4] At this time, FF&E removal is complete at all except four of the Stores that are not the subject of the Central Walk Transaction.[5]

7. Signage has either been fully removed or is no longer the Company's obligation to remove at a total of 15 Stores. Removal of exterior signage at the Company's and the Riocan JV's Stores (other than those that are the subject of the Central Walk Transaction), was paused following receipt of a demand from the FILO Agent that the Company not incur any further costs associated with signage removal.[6]

B. SISP Update

8. Following closing of the Canadian Tire Transaction on June 25, 2025, the majority of the Applicants and Non-Applicant Stay Parties revised their legal and business names on August 12, 2025, in accordance with the requirements under the Canadian Tire APA.[7]

9. In light of the signage removal issue described above, the Applicants and Reflect have worked in a coordinated manner with Canadian Tire to seek and obtain extensions in respect of the signage removal timelines under the Canadian Tire APA.[8]

C. Art Collection Update

10. On September 25, 2025, the Applicants sought and obtained an Order approving the Art Collection Auction Procedures pursuant to which the Auctioneer will conduct the Art Collection Auction and vest the individual Lots constituting the Art Collection in the Buyers at the Art Collection Auction free and clear of all claims and encumbrances.[9]

11. The Art Collection Auction is proposed to commence online on November 12, 2025, and live, in-person at the Auction House, Heffel Gallery Limited in Toronto, on November 19, 2025. The catalogue and press release for the live auction were made available on the Heffel website as of October 9, 2025, with printed copies distributed as part of the Auctioneer's marketing

[4] *Ibid* at para. 14.
[5] *Ibid* at para. 17.
[6] *Ibid* at paras. 18-19.
[7] *Ibid* at paras. 22-24.
[8] *Ibid* at para. 25.
[9] *Ibid* at para. 29.

process. In-person viewings of the Art Collection to be auctioned live are scheduled to occur at Heffel Gallery Limited from November 11, 2025, through November 18, 2025. With respect to the online auction, individual Lots will be photographed and uploaded to the auction platform in batches, with the initial batch anticipated to go live on November 12, 2025.[10]

D. Charter Auction Update

12. In preparation for the approval of the Charter Auction, the Company, in consultation with Reflect, the Monitor, the FILO Lenders and Pathlight, developed the Charter Auction Process, with the aim of safeguarding the Charter's historical significance and ensuring its future preservation for Canadians while maximizing value for the benefit of the Applicants' estate.[11]

13. During the late evening of Sunday, September 28, 2025, on the day immediately prior to the return of the Charter Auction Process motion, the Applicants received an unsolicited proposal concerning the Charter. In light of these developments, the Applicants requested that the motion be adjourned in order to assess appropriate next steps. The Charter Auction Process motion is currently scheduled to be heard on October 20, 2025.[12]

E. Lease Monetization Process Update

14. The Objecting Landlords opposed the assignment of their respective CW Leases. As such, the Applicants brought a motion before the Court on August 28 and 29, 2025, seeking approval of the Central Walk APA, as well as an order authorizing the assignment of the CW Leases to Central Walk pursuant to the proposed CW Leases Assignment Order. The Central Walk Approval Motion was opposed by the Objecting Landlords.

15. The Lease Monetization Process also resulted in the following two transactions since the most recent extension of the Stay Period on July 31, 2025:

(a) five Leases were assigned to YM for an aggregate purchase price of $5,025,000 on August 8, 2025; and

[10] *Ibid* at para. 30.
[11] *Ibid* at para. 36.
[12] *Ibid* at para. 37.

(b) one Lease with respect to a location owned by IC was assigned to IC for an aggregate purchase price of $20,000 on August 1, 2025.[13]

16. On or about September 10, 2025, two additional Lease disclaimers were issued in respect of Riocan JV store locations, with two additional locations being subject to surrender agreements with Cadillac Fairview, as further described herein.[14]

F. RioCan JV Receivership

17. The Company and its advisors have sought and received ongoing updates in respect of the sales efforts and status of the Riocan JV locations that are subject to the Receivership Proceedings. Following receipt of the Receiver's update that it had completed its sale efforts in respect of various locations and had issued rejection notices with respect to the head leases at Scarborough Town Centre and Square One, the Company issued Lease disclaimers with respect to the subleases at these locations on September 10, 2025.[15]

18. The Company was advised by the Receiver that it had negotiated terms of a surrender agreement of two further locations, Laval and St. Bruno, to the Landlord, Cadillac Fairview. As title to these locations were held in a nominee structure, it was necessary for the Company and its advisors to participate in the discussions and documentation of the two lease surrender arrangements. Approval of the final documentation was sought in both the Receivership Proceedings and the CCAA Proceedings (as the nominee entities, 2472596 Ontario Inc. and 2472598 Ontario Inc. are CCAA Applicants).[16]

G. Update Regarding Employee Matters

(i) WEPPA

19. The Applicants and their counsel worked closely with the Monitor, the ERC, and Service Canada to facilitate the implementation of the WEPP claims process and to ensure employees are able to access their entitlements in an efficient and timely manner.[17]

20. The Monitor and the ERC prepared the Information Packages for former employees, which

[13] *Ibid* at para. 42.
[14] *Ibid* at para. 43.
[15] *Ibid* at para. 51.
[16] *Ibid* at para. 52.
[17] *Ibid* at para. 55.

included the necessary information to submit their WEPP application to Service Canada. As of July 29, 2025, approximately 8,500 packages were mailed to all eligible former employees of the Company,[18] Before Service Canada can process an employee's application, the Monitor must prepare and submit a TIF for each employee. As of September 30, 2025, substantially all TIFs had been submitted by the Monitor to Service Canada.[19]

21. Service Canada has advised the Monitor that as of October 8, 2025, approximately 4,200 WEPP applications have been submitted by former employees to Service Canada and of those submitted, Service Canada has processed approximately 1,080 applications.[20]

22. The Monitor has held regular discussions with both the ERC and Service Canada with respect to the WEPP materials being provided to employees, and the timing of the WEPP process. As part of these discussions, Service Canada has granted the Monitor an extension to submit all TIFs from September 30, 2025, to October 31, 2025. Accordingly, employees now have until December 26, 2025, to submit their applications to Service Canada, which represents 56 days from October 31, 2025.[21]

(ii) Hardship Funds

23. At the request of the ERC, and with the consent of the Monitor, the FILO Agent, and Pathlight, on or about June 10, 2025, the Company extended the payment of LTD benefits to affected employees and former employees until July 15, 2025, in order to facilitate further diligence and negotiation toward the potential establishment of hardship funds. The LTD benefits were further extended, with the consent of certain of the Applicants' secured lenders, through to November 15, 2025, to permit further negotiations.[22]

24. The ERC has been continuing direct discussions with the FILO Lenders and Pathlight in respect of potentially implementing the Hardship Funds. The Company has been kept apprised of these discussions and is working with the ERC, the FILO Agent, and Pathlight on implementation steps with respect to this issue.[23]

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[18] *Ibid* at para. 56.
[19] *Ibid* at para. 57.
[20] *Ibid* at para. 58.
[21] *Ibid* at para. 59.
[22] *Ibid* at para. 62.
[23] *Ibid* at para. 63.

(iii) Pension Surplus

25. On September 8, 2025, FSRA issued a Notice of Intended Decision (the "**NOID**") to wind-up the Pension Plan effective September 1, 2025. The NOID set out a 30 day period for interested parties to request a hearing respecting the proposed Pension Plan wind-up effective date. After a wind-up order is issued by FSRA, the Pension Administrator will communicate this information to persons who have entitlements under the Pension Plan. The Company will work with the Pension Administrator and the ERC to provide additional information to former employees and retirees in respect of the wind up date.[24]

26. It is contemplated that this process will involve the appointment of Representative Counsel for persons with entitlements to benefits under the Pension Plan, as well as direction of the Court in respect of a potential mediation process under the Court's supervision.[25]

27. The Company has worked in consultation with the Monitor, the FILO Lenders, Pathlight, and the Pension Administrator in respect of these matters and have used the time during the last stay extension to identify, organize, and provide to the Pension Administrator, the FILO Lenders, Pathlight, and Cadillac Fairview, historical Pension Plan documentation (dating back to 1961), which information should be relevant to future Pension surplus discussions.[26]

PART III – ISSUES

28. The issue to be determined on this motion is whether this Court should extend the Stay Period from October 31, 2025, until and including December 12, 2025.

PART IV – LAW & ARGUMENT

A. The Stay Extension Should be Granted

29. The current Stay Period expires on October 31, 2025. Pursuant to s. 11.02 of the CCAA, the court may grant an extension of a stay of proceedings where: (a) circumstances exist that make the order appropriate; and (b) the debtor company satisfies the court that it has acted, and is acting, in good faith and with due diligence.[27]

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[24] *Ibid* at para. 65.
[25] *Ibid* at para. 66.
[26] *Ibid* at para. 68.
[27] CCAA, s. 11.02(2) and (3).

30. Since the granting of the last order extending the Stay Period, the Applicants have also, among other things:

(a) continued their efforts to review non-Lease contracts to determine which should be disclaimed, and issued several disclaimers in connection therewith;

(b) continued discussions with Saks Global in respect of cost allocations for shared services, preparing a shared services protocol to address shared services and data retention matters for the wind-up of the CCAA Proceedings, and executed assignments of specific contracts related to these services;

(c) formulated the procedures governing the auction of the Art Collection and the Charter, initiated the Art Collection Auction, and conducted multiple consultations with the Auctioneer, Interested Parties and various stakeholders concerning both the Art Collection Auction Procedures and the Charter Auction Process.

(d) coordinated ongoing efforts with respect to the potential sale and removal of remaining FF&E, including discussions with landlords re same;

(e) continued their efforts to monetize remaining redundant assets, including the sale of the Zellers intellectual property;

(f) worked with the ERC with respect to numerous information requests and issues relating to employee matters;

(g) worked with the Receiver appointed over the JV Entities on transaction activities;

(h) engaged in various discussions with the Pension Administrator, and responded to, among other things, information requests;

(i) engaged in discussions regarding the Pension surplus;

(j) responded to creditor and stakeholder enquiries regarding these CCAA Proceedings; and

(k) engaged in numerous communications with secured lenders and their advisors in respect of the Company's cash flows, and the CCAA Proceedings generally.[28]

31. The Applicants have acted in good faith and with due diligence.[29]

32. The Applicants are seeking to extend the Stay Period from October 31, 2025, until and including December 12, 2025. The proposed extension to the Stay Period is appropriate in the circumstances to allow the Applicants to, among other things:

(a) respond to the outcome of the Applicants' motion seeking approval of the Central Walk Transaction and assignment of 25 Leases;

(b) conduct the Art Collection Auction;

(c) conduct the Charter Auction Process (if approved by this Court) and seek approval of the transaction contemplated thereunder;

(d) complete removal and/or sale of FF&E and signage remaining at Stores;

(e) complete WEPPA matters;

(f) assist the ERC with respect to developing and implementing the Hardship Funds and attend a motion with respect to the Hardship Funds;

(g) pursue Pension surplus matters in consultation with the Monitor, the FILO Agent, Pathlight, Cadillac Fairview, and the Pension Administrator in anticipation of a Pension surplus process proposal in the near term;

(h) finalize Shared Services arrangements;

(i) complete donation arrangements with the Archives of Manitoba;

(j) complete various CCAA administrative matters, including document and data retention matters; and

[28] *Ibid* at para. 69.
[29] Tenth Report of the Monitor dated October 17, 2025 (the "**Tenth Report**") at para. 3.5(a).

(k) continue to advance the maximization of the value of their estate for the benefit of their stakeholders and winding up the Applicants.[30]

33. The proposed extension of the Stay Period will not materially prejudice any of the Applicants' stakeholders.[31]

34. The Monitor supports the proposed extension of the Stay Period and has filed the Sixth Cash Flow which shows the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period.[32]

PART V – ORDER SOUGHT

35. The Applicants respectfully request that the Court grant the Stay Extension Order substantially in the form included at Tab 3 of the Motion Record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 17th day of October 2025.

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
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[30] Fourth Perugini Affidavit at para. 70.
[31] *Ibid* at para. 72; Tenth Report at para. 3.5(d).
[32] Tenth Report at para. 3.5(c).

SCHEDULE "A"
TEXT OF STATUTES AND REGULATIONS

Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36

General power of court

11 Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Stays, etc. - initial application

11.02 (1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

(a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Stays, etc. - other than initial application

(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

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