

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

N°: 500-11-058602-208

SUPERIOR COURT

(Commercial Division)
(Sitting as a court designated pursuant to
the Companies' Creditors Arrangement
Act, R.S.C. 1995, c. 36, as amended)

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

**MAGASIN LAURA (P.V.) INC. / LAURA'S
SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

**APPLICATION FOR AN EXTENSION OF THE STAY OF PROCEEDINGS
(ss. 9, 10, 11 and 11.02 of the Companies' Creditors
Arrangement Act (the "CCAA"))**

**TO THE HONOURABLE JUSTICE MARIE-ANNE PAQUETTE, J.S.C., SITTING IN THE
COMMERCIAL DIVISION OF THE SUPERIOR COURT IN THE DISTRICT OF
MONTREAL, THE APPLICANT RESPECTFULLY SUBMITS:**

I. Introduction

1. By way of the present *Application for an Extension of the Stay of Proceedings*, Magasin Laura (P.V.) Inc./Laura's Shoppe (P.V.) Inc. (the "**Applicant**") seeks an extension of the stay of proceedings (the "**Stay of Proceedings**") granted by this Court pursuant to the First-Day Initial Order rendered on July 31, 2020, as thereafter amended, from February 24, 2021 until April 30, 2021.

II. Background

2. As a result of the detrimental impact that the COVID-19 pandemic (the "**Pandemic**") had on its retail business, on July 31, 2020, the Applicant sought and obtained the protection of this Court under the CCAA (the "**CCAA Proceedings**").

3. Pursuant to the First-Day Initial Order, KPMG Inc. was appointed as the Monitor of the Applicant, and a Stay of Proceedings was ordered until and including August 10, 2020.
4. On August 10, 2020, the Court issued an Amended and Restated Initial Order (collectively with the First-Day Initial Order referred to herein as the “**Initial Order**”), which, among other things, extended the Stay of Proceedings until September 25, 2020.
5. On August 28, 2020, the Court issued a Claims Procedure Order, and at the same time, extended the Stay of Proceedings from September 25, 2020 until October 30, 2020.
6. On September 25, 2020, the Court issued an Order appointing KPMG Inc. as Receiver over a limited pool of assets of the Applicant, namely \$100, for the sole purpose of enabling employees terminated by the Applicant, or resigning from their employment with the Applicant during the course of the CCAA Proceedings, to receive certain payments under the *Wage Earner Protection Program Act*, SC 2005 c47, s1 (the “**WEPPA**”).
7. On October 23, 2020, the Court issued an order extending the Stay of Proceedings until January 29, 2021 and permitting the Monitor to accept certain late-filed claims pursuant to the Claims Procedure Order.
8. On January 29, 2021, the Court issued an order extending the Stay of Proceedings until February 24, 2021. Although the Applicant had originally requested an extension of the stay until March 31, 2021, at the request of certain of its landlords, the Applicant agreed to seek a shorter extension during which time it could attempt to resolve certain issues between itself and such landlords arising as a consequence of the latest government shutdowns of retail stores in certain provinces.
9. The Applicant is presently requesting that the Stay of Proceedings be further extended until April 30, 2021, during which extension period it currently anticipates that it should be in a position to file a Plan of Compromise or Arrangement (the “**Plan**”) and submit same to its creditors for approval, unless circumstances make it impractical to do so within such time frame, including as a result of the evolution of the Pandemic.

III. Activities Since the Commencement of the CCAA Proceedings

10. Since the commencement of the CCAA Proceedings, the Applicant has continued to manage its operations in the normal course, while implementing various measures to reduce costs and improve its cash flow during these uncertain times.

A. Lease renegotiations

11. One of the main goals of the Applicant's restructuring process was to improve its lease terms with the landlords of its stores (the "**Stores**"), in a manner that better reflects the new reality for retailers in the midst of the Pandemic, and, ultimately, to enable the Applicant to continue to carry on business in the current challenging retail environment.
12. Since the commencement of the CCAA Proceedings, the Applicant has been able to successfully renegotiate lease terms with several of its landlords, thereby resulting in a significant reduction of its rent obligations, while only disclaiming one Store lease.
13. Although agreements in principle had been reached during the fall of 2020 with most landlords, the second wave of the Pandemic (the "**Second Wave**") resulted in a need to revisit certain of these arrangements.
14. After the onset of the Second Wave, the Applicant negotiated new arrangements with certain of its landlords in order to account for the impact that the Second Wave was having on its business. Since early January 2021 and continuing after January 19, 2021, the Applicant has pursued additional discussions and negotiations with certain landlords in respect of Stores closed in January and February due to government lockdowns which were subject to fixed rents and/or to percentage rent with certain minimum revenue guarantees.

B. Merchandising

15. In terms of ongoing sourcing and supply of merchandise, proactive measures taken prior to the commencement of the CCAA Proceedings, including arrangements made with Key Suppliers (as defined in the Initial Order), have enabled the Applicant to obtain a continuous supply of merchandise to its Stores.
16. The ongoing supply of merchandise is essential to the Applicant's success, and the Applicant is continuing to work diligently with its suppliers and Key Suppliers in this regard.

C. Employees

17. Unfortunately, the Applicant has had to terminate a number of employees at the head office and in Stores due to the reduction in the volume of its business related to the Pandemic, and the social-distancing requirements that must be maintained in the Stores.
18. Given the changing circumstances in the Stores, and due to the nature of the business, employees continue to resign, and in some cases, continue to be terminated as part of the ongoing restructuring process.

D. Store operations

19. Despite the Applicant's efforts and successes in its current restructuring process, the Second Wave has created new and additional challenges for the Applicant.
20. During the fall and early winter, steady increases in COVID-19 cases in many parts of the country, and the government measures implemented in response to same, resulted in a greater reduction to its sales volumes than previously anticipated.
21. Effective November 12, 2020, the Manitoba government issued an order requiring the closure of non-essential retailers, while permitting online sales and curbside pick-up only. These restrictions were lifted effective January 23, 2021.
22. Effective November 23, 2020, the Ontario government increased its alert level for the Toronto and Peel region which, *inter alia*, entailed the closure of non-essential retail stores to the public, while permitting curbside pick-up only. Effective December 14, 2020, these orders were extended to the York region and on December 26, 2020 to the whole province. On February 8, 2021, the Ontario Government announced a slow reopening plan and additional announcements of upcoming permitted store openings are expected soon.
23. Effective December 4, 2020, the Quebec government introduced an order reducing the number of shoppers permitted in retail stores at any one time based on the size of the stores, and on December 25, 2020, ordered that non-essential retail stores be closed completely until January 10, 2021. On January 6, 2021, it was announced that these closures would extend until February 8, 2021; however, curbside pick-up would be permitted. Since February 8, 2021, retail stores in Quebec have been permitted to reopen.
24. At the time that the Applicant's last Application for an Extension of the Stay of Proceedings was filed (the "**January Application**"), 101 of the Applicant's 139 Stores were closed due to government restrictions. Since such time, a number of these Stores have been permitted to reopen.

E. Financing

25. Prior to filing the January Application, the Applicant had extended its forbearance agreement (the "**Forbearance Agreement**") with its secured creditor, Bank of Montreal ("**BMO**"), and at the same time, negotiated and obtained an additional loan pursuant to the Business Credit Availability Program in order to assist with its cash flow caused by the reduced sales volumes due to the Pandemic, and in particular the Second Wave.
26. The Applicant fully expects that the Forbearance Agreement, currently in effect until February 28, 2021, will be further extended.

F. Claims Procedure Status

27. Pursuant to the Claims Procedure Order, the Claims Bar Date was set at October 5, 2020 for all claims other than Renegotiated Lease Claims and Disclaimed Lease Claims (as defined in the Claims Procedure Order), for which the Claims Bar Date was set at the later of October 5, 2020 and either (a) the date of an agreement between the Applicant and the landlord in respect of a Renegotiated Lease Claim, or (b) the effective date of a notice of disclaimer from the Applicant giving rise to the Disclaimed Lease Claim.
28. Given the rolling Claims Bar Date for Renegotiated Lease Claims, and the delay in finalizing some of the renegotiated leases, the Monitor continues to receive Renegotiated Lease Claims as such agreements are signed within the permitted delays.
29. As well, pursuant to the Extension Order, the Monitor was authorized to consider any proofs of claims submitted by employees after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan, if it considers it fair and appropriate to do so in its discretion.
30. Since such time, the Monitor has continued to receive claims from employees that have either been terminated or resigned since the Claims Bar Date.
31. Since the filing of the January Application, the Monitor has continued the process of reviewing, together with the Applicant, the submitted proofs of claims, and of sending notices of acceptance or disallowance, and requesting additional information, as applicable.

IV. Grounds for the Order Sought

32. The Applicant has acted in good faith and with due diligence since the issuance of the Initial Order and continues to do so.
33. The Stay of Proceedings currently expires on February 24, 2021 and the Applicant is seeking an extension of the Stay of Proceedings until April 30, 2021.
34. The extension sought will allow the Applicant, *inter alia*, to:
 - a. bring forward, in consultation with the Monitor and BMO, a Plan that will be satisfactory to its creditors;
 - b. continue to review and analyse, together with the Monitor, the proofs of claims received, and assist in the resolution of any disputes which may arise relating thereto;
 - c. finalize the recent agreements reached with its landlords regarding its leases; and

- d. continue the implementation of measures to reduce expenses and increase sales in response to the latest challenges posed by the Pandemic.
35. The proposed extension of the Stay of Proceedings will not materially prejudice any the Applicant's creditors.

V. Conclusions

36. The Applicant respectfully submits that the Stay of Proceedings be extended until April 30, 2021, the whole in accordance with the draft *Order Extending the Stay of Proceedings* communicated herewith as **Exhibit P-1**.
37. The Applicant has been informed that the Monitor and BMO support the relief sought in the present Application, and the Monitor will be filing a report confirming same, together with updated cash flows (under seal), prior to the hearing of the present Application.
38. The present Application is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Application for an Extension of the Stay of Proceedings* (the "**Application**");

EXTEND the Stay of Proceedings (as defined in the Application) from February 24 2021 to April 30, 2021, in accordance with the draft Order Extending the Stay of Proceedings, Exhibit P-1.

ORDER the provisional execution of the Order to be rendered, notwithstanding appeal.

THE WHOLE without costs, save and except in the event of contestation;

Montreal, this 18th day of February, 2021

Fishman Flanz Meland Paquin LLP
FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for Applicant

AFFIDAVIT

I, the undersigned, **KALMAN FISHER**, businessman, having a place of business at 3000 Le Corbusier boulevard, Laval, Québec, solemnly affirm that:

1. I am the President of the Applicant; and
2. All of the facts alleged by the Applicant in the present *Application for an Extension of the Stay of Proceedings*, which do not appear of record in this Court file, are true and correct.

AND I HAVE SIGNED:



KALMAN FISHER

SOLEMNLY AFFIRMED before me,
by videoconference, at the City of
Montreal, this 18th day of February,
2021.



Commissioner of Oaths for Quebec



CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

N°: 500-11-058602-208

SUPERIOR COURT
(Commercial Division)
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SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

NOTICE OF PRESENTATION

TO: The Service List

TAKE NOTICE that the *Application for an Extension of the Stay of Proceedings* will be presented for adjudication before the Honourable Justice Marie-Anne Paquette, J.S.C., sitting in the Commercial Division of the Superior Court of Quebec for the district of Montréal on February 24, 2021 at 9:15 a.m. by videoconference Microsoft Teams in room 16.03, the Microsoft Teams link for which can be found at the following link:

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| 16.03 | <p><u>Rejoindre la réunion Microsoft Teams</u> +1 581-319-2194 Canada, Quebec (Numéro payant) (833) 450-1741 Canada (Numéro gratuit) ID de conférence : 520 962 034# Numéros locaux Réinitialiser le code confidentiel En savoir plus sur Teams Options de réunion Rejoindre à l'aide d'un dispositif de vidéoconférence teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1146970467 Autres instructions relatives à la numérotation VTC</p> |
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DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 18th day of February, 2021

Fishman Flanz Meland Paquin LLP

FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for Applicant

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-and-

KPMG INC.

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LIST OF EXHIBITS

P-1. Draft Order Extending the Stay of Proceedings

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: **500-11-058602-208**

DATE: February 24, 2021

PRESIDING: THE HONOURABLE MARIE-ANNE PAQUETTE, J.S.C.

**IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:
MAGASIN LAURA (P.V.) INC. / LAURA'S SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

ORDER EXTENDING THE STAY OF PROCEEDINGS

- [1] **ON READING** the *Application for an Extension of the Stay of Proceedings* (the "**Application**") made by Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Applicant**"), the affidavit and the exhibit in support thereof;
- [2] **SEEING** the service of the Application;
- [3] **SEEING** the submissions of the Applicant's attorneys and of other counsel present at the hearing on the Application;
- [4] **GIVEN** the:
- a. First-Day Initial Order rendered by this Court on July 31, 2020 ordering a stay of proceedings (the "**Stay of Proceedings**") until and including August 10, 2020,

- b. the Amended and Restated Initial Order rendered by this Court on August 10, 2020, *inter alia*, extending the Stay of Proceedings until September 25, 2020;
- c. the Claims Procedure Order on August 28, 2020, *inter alia*, extending the Stay of Proceedings from September 25, 2020 until October 30, 2020;
- d. the Order Extending the Stay of Proceedings and Granting Other Relief dated October 23, 2020, *inter alia*, extending the Stay of Proceedings from October 30, 2020 until January 29, 2021 and
- e. the Order Extending the Stay of Proceedings dated January 29, 2021 extending the Stay of Proceedings from January 29, 2021 until February 24, 2021

[5] **SEEING** that it is appropriate to extend the Stay of Proceedings until April 30, 2021.

WHEREFORE THE COURT:

[6] **GRANTS** the Application;

[7] **EXTENDS** the Stay of Proceedings from February 24, 2021 to April 30, 2021;

[8] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

[9] **WITHOUT COSTS.**

Montreal, February 24, 2021

NO: 500-11-058602-208

**SUPERIOR COURT
(Commercial Division)
District de Montréal**

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

**MAGASIN LAURA (P.V.) INC. /
LAURA'S SHOPPE (P.V.) INC.**

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KPMG INC.

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**APPLICATION FOR AN EXTENSION
OF THE STAY OF PROCEEDINGS
(ss. 9, 10, 11 and 11.02 of the
Companies' Creditors Arrangement Act)
And Exhibit P-1**

ORIGINAL

File: LAURAS-4

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