

C A N A D A

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N° : 500-11-058602-208

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

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

Applicant

- and-

KPMG INC.

Monitor

SIXTH REPORT OF THE MONITOR

(Companies' Creditors Arrangement Act, R.S.C. 1985, C. C-36, As Amended)

MARCH 30, 2021

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A. INTRODUCTION

1. On July 27, 2020, Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. ("**Laura**" or the "**Company**") filed an application for the issuance of (I) a first-day initial order and (II) an amended and restated initial order (the "**Initial CCAA Application**") before the Quebec Superior Court, Commercial Division (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").
2. On July 27, 2020, KPMG Inc., in its then capacity as proposed monitor, provided the Court with a pre-filing report dated July 27, 2020 in connection with the Company's Initial CCAA Application.
3. On July 31, 2020, the Court granted the Initial CCAA Application, in part, and rendered an initial first day order which provided for, among other things, the appointment of KPMG Inc. as monitor of the Applicants (in such capacity, the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**") and a stay of proceedings until August 10, 2020 (the "**Stay Period**") as well as various priority charges (the "**First Day Initial Order**").
4. On August 6, 2020, the Monitor provided the Court with its first report as monitor in connection with the Initial CCAA Application.
5. On August 10, 2020, the Court granted the remainder of the relief sought by the Company in the Initial CCAA Application, and rendered an amended and restated initial order (the "**Amended and Restated Initial Order**") which provided for, among other things, the extension of the Stay Period until September 25, 2020 as well as increases of the amount of the priority charges (i.e. the "Administration Charge" and the "Directors' Charge" previously granted as part of the First Day Initial Order).
6. On August 21, 2020, the Company filed an *Application for a Claims Procedure Order* (the "**Claims Procedure Application**") seeking the establishment of a claims bar date (the "**Claims Bar Date**") for the filing of proofs of claims by the Company's creditors and approving the form, manner of notice, filing procedure and determination process in respect of such proofs of claims (the "**Claims Procedure**").
7. On August 26, 2020, the Monitor provided the Court with its second report as Monitor in connection with the Claims Procedure Application.
8. On August 28, 2020, the Court granted the Claims Procedure Application and rendered an order (the "**Claims Procedure Order**") authorizing the proposed Claims Procedure set out thereunder. In addition, pursuant to the Claims Procedure Order, the Stay Period was extended until October 30, 2020.

9. On September 23, 2020, the Monitor filed an application (the “**Receivership Application**”) seeking its appointment as a receiver pursuant to section 243 of the *Bankruptcy and Insolvency Act* without security, over a pool of funds of the Company (i.e. 100\$), solely for the purpose of allowing its former employees to receive some recovery pursuant the *Wage Earner Protection Program Act* .
10. On September 25, 2020, the Court granted the Receivership Application and rendered an order appointing KPMG Inc. as receiver over a pool of funds of the Company (i.e. 100\$).
11. On October 20, 2020, the Company filed an *Application for an extension of the stay of proceedings and for other relief* seeking the extension of the Stay Period until January 29, 2021 (the “**Second Stay Extension Application**”).
12. On October 22, 2020, the Monitor provided the Court with its third report as Monitor in connection with the Second Stay Extension Application.
13. On October 23, 2020, the Court granted the Second Stay Extension Application and rendered an order extending the Stay Period up to January 29, 2021.
14. On January 22, 2021, the Company filed an *Application for an extension of the stay of proceedings* seeking the extension of the Stay Period until March 31st, 2021 (the “**Third Stay Extension Application**”).
15. On January 25, 2021, the Monitor provided the Court with its fourth report as Monitor dated January 22, 2021, in connection with the Third Stay Extension Application.
16. On January 29, 2021, at the request of certain landlords, Laura agreed to reduce the extension of the Stay Period sought from the Court to February 24, 2021. On the same date, the Court granted an order extending the Stay Period to February 24, 2021.
17. On February 19, 2021, the Company filed an *Application for an extension of the stay of proceedings* (the “**Fourth Stay Extension Application**”) seeking the extension of the Stay Period until April 30, 2021.
18. On February 22, 2021, the Monitor provided the Court with its fifth report as Monitor (the “**Fifth Report**”) dated February 22, 2021, in connection with the Fourth Stay Extension Application.
19. On February 24, 2021, the Court granted the Fourth Stay Extension Application and rendered an order extending the Stay Period to April 30, 2021.
20. On March 29, 2021, the Company filed an *Application for an order authorizing the filing of a plan of compromise and arrangement, the calling of a creditors’ meeting and extending the stay of proceedings* (the “**Plan Filing Application**”) seeking the Court’s authorization for the filing of a plan of compromise and arrangement (the “**Plan**”) and the calling of a creditors’ meeting (the “**Creditors’ Meeting**”) for the purpose of allowing the Company’s creditors affected by the Plan to consider and, if deemed appropriate, vote in favour of the Plan and to extend the Stay Period to May 31, 2021.

21. This report (the “**Sixth Report**” or “**Report**”) is filed in connection with the Plan Filing Application, and is intended to provide the following information to this Court:

- a) The restriction and scope limitations and disclaimer for the Report (section **B**);
 - b) The Monitor’s activities since the Fifth Report (section **C**);
 - c) The Company’s restructuring efforts since the Fifth Report (section **D**);
 - d) Update on the Claims Procedure (section **E**);
 - e) Laura’s actual receipts and disbursements for the 5-week period ended March 20, 2021, as compared to the corresponding period reflected in the cash flow projections for Laura (the “**Fourth Cash Flow Forecast**”), previously filed as part of the Fifth Report (section **F**);
 - f) Overview of cash flow projections for Laura (the “**Cash Flow Forecast**”) for the 13-week period from March 21, 2021, to June 19, 2021 (the “**Cash Flow Period**”) (section **G**);
 - g) The Monitor’s assessment of the Cash Flow Forecast (section **H**);
 - h) The request for extension of the Stay Period (section **I**);
 - i) The Plan and the Creditors’ Meeting (section **J**); and
 - j) The Monitor’s recommendations on the relief sought by the Company (section **K**);
22. The Sixth Report should be read in conjunction with all of its previous reports filed with the Court as part of the CCAA Proceedings, which include additional information which may not have been duplicated herein.

B. RESTRICTIONS AND SCOPE LIMITATIONS

23. In preparing this Sixth Report as well as its previous reports filed with the Court as part of the CCAA Proceedings, the Monitor has been provided with and has relied upon audited and unaudited financial information, books and records prepared by certain senior management of the Company (“**Senior Management**”), and discussions with Senior Management (collectively, the “**Information**”). Except as further described in this Sixth Report of the Monitor:

- a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- b) If some of the information referred to in this Sixth Report of the Monitor consists of financial forecasts and projections, an examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

24. Future oriented financial information referred to in this Sixth Report was prepared based on Senior Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections. Even if the assumptions materialize, the variations could be significant.
25. The information contained in this Sixth Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Company.
26. Unless otherwise stated, all monetary amounts contained in this Sixth Report are expressed in Canadian dollars, which is the Company's common Reporting currency.
27. This Sixth Report does not consider all future impacts of the COVID-19 pandemic on the Company's projections and future-oriented financial information and action plans either taken or considered by Laura as a result of the evolving circumstances caused by the COVID-19 pandemic. Any reference made to the impact of the pandemic on Laura in this Sixth Report of the Monitor is based entirely on preliminary discussions and is not to be interpreted as an exhaustive and/or accurate assessment of the full impact of the COVID-19 pandemic. The full potential impact of the COVID-19 pandemic on the Company's customers, suppliers, commercial counterparts (both direct and indirect to Laura's operations) and other stakeholders is unknown, cannot be quantified at this time and is continuing to evolve.

C. MONITOR'S ACTIVITIES SINCE THE FIFTH REPORT

28. Since the issuance of the Fifth Report, the Monitor has, *inter alia*:
 - a) Posted on the Monitor's Website the Fifth Report, the Company's Fourth Stay Extension Application and the order rendered by the Court granting such application;
 - b) Assisted the Company with its communications with suppliers, lenders and other parties;
 - c) Responded to telephone calls, emails and inquiries and addressed concerns from creditors and other stakeholders regarding the effect of the CCAA Proceedings and completing the proof of claim forms;
 - d) Had numerous exchanges with the Bank of Montreal ("**BMO**");
 - e) Provided assistance to the Company in its reporting to BMO in accordance with the forbearance agreement, as amended from time to time, agreed between the Company and BMO (the "**Forbearance Agreement**"):
 - i. Reviewed weekly updates of the Company's cash flow forecast provided to BMO; and
 - ii. Prepared weekly variance analyses on the Company's cash flow forecast provided to BMO.

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- f) Since the Fifth Report (February 22, 2021), the Company has not submitted to the Monitor any request to approve the payments of any pre-filing claims to Key Suppliers and Key Service Providers (as defined in the First Day Initial Order), as permitted by the Court as part of the First Day Initial Order and the Amended and Restated Initial Order. As at the date of this Sixth Report, the total amount of pre-filing claims paid by the Company to Key Suppliers and Key Service Providers since the issuance of the First Day Initial Order is approximately \$2M. The Company has informed the Monitor that the remaining balance of outstanding payments to Key Suppliers and Key Service Providers is approximately \$135,000;
- g) Provided the claim package documents and support to the Company's employees who resigned or were terminated for the filing of their claims and registering to the Wage Earner Protection Program ("**WEPP**");
- h) Reviewed proofs of claims, as more detailed in section **E** hereafter; and
- l) Assisted the Company in the preparation of the Plan and the Plan and Meeting Materials.

D. THE COMPANY'S RESTRUCTURING EFFORTS SINCE THE FIFTH REPORT OF THE MONITOR

29. Since the Fifth Report, the Company has:

- a) Reopened 20 stores, such that all of its 139 stores are now open to operate its business in the normal course;
- b) Developed the Plan with the assistance of its advisors and the Monitor. The Plan is detailed in section J of this Report;
- c) Continued to carry on discussions and negotiations with its landlords. As previously discussed as part of the fourth and fifth Report of the Monitor, although new agreements had been reached with most of the Company's landlords, the lower than anticipated level of sales in October 2020, and to a greater extent in November and December 2020 and January and February 2021 due to the second wave shutdowns in Manitoba, Ontario and Québec, resulted in a need to revisit certain of these arrangements. As at the date of this Report, the Monitor understands that acceptable arrangements have been agreed with most of the landlords in respect of the aforesaid periods; and
- d) Continued its discussions with suppliers with regards to the ongoing sourcing and supply of merchandise.

E. CLAIMS PROCEDURE UPDATE

30. The Claims Bar Date pursuant to the Claims Procedure Order was October 5, 2020 for all claims other than the Renegotiated Lease Claims and the Disclaimed Lease Claims (as defined in the Claims Procedure Order).

31. Pursuant to paragraph 3 of the Claims Procedure Order, the Monitor:

- a) On September 4, 2020, published the Newspaper Notice (as defined in the Claims Procedure Order) in the newspapers La Presse (in French) and The Globe and Mail (in English);
- b) Before September 4, 2020, posted on the Monitor's websites home.kpmg/ca/laura and home.kpmg/ca/laura-fr (the "**Website**") the:
 - i. Creditors' list;
 - ii. Creditors' instructions to file a proof of claim and proof of claim form; and
 - iii. Claims Procedure Order. And,
- c) Sent a copy of the creditors' instructions and proof of claim forms (with minor modifications) to each known creditor.

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32. The Monitor and its counsel, in consultation with the Company and its legal advisors, have continued to review proofs of claims or amended proofs of claims received, especially for Renegotiated Lease Claims (as defined in the Claims Procedure Order) and notices of revision or disallowance were sent by the Monitor, mostly for mistakes in the calculation of the amounts claimed for Renegotiated Lease Claims. In most part, the notices of revision or disallowance were discussed and agreed with the creditors before being sent.

33. The following table illustrates the summary of Claims received and accepted by the Monitor as at March 25, 2021.

Laura Shoppe (P.V.) Inc.				
Summary of Claims Received				
As at March 25, 2021				
	Total Received		Accepted by the Monitor	
	Number of Claims	Claims (CAD\$) (000's)	Number of Claims	Claims (CAD\$) (000's)
Unsecured Claims received before the Claim Bar Date	333	25,273	322	23,325
Unsecured Claims received after the Claim Bar Date	86	955	86	957
6(5) Claims	106	81	106	81
Restructuring Claims :				
Renegotiated Leases Claims	69	22,184	68	17,839
Disclaimed Leases Claims	2	3,547	2	661
Total	596	52,040	584	42,863

34. As of March 25, 2021, the Monitor has received and reviewed:

- a) 596 claims for an aggregate amount of \$52,04 million and has accepted 584 claims for an aggregate amount of \$42,86 million;
- b) 86 claims for an aggregate amount of \$0,96 million after the Claims Bar Date, all of which were accepted by the Monitor. It is to be noted that the vast majority of them were submitted by former employees who were terminated or had resigned just before or after the Claims Bar Date; and
- c) 106 claims for an aggregate amount of \$81,000 pursuant to section 6(5) of the CCAA. It is to be noted that these claims are unaffected by the Plan.

35. The following table illustrates the summary of accepted claims by the Monitor and the estimated outstanding claims that the Monitor expects to receive from former employees and landlords for Renegotiated Lease Claims that have not yet filed their Claims as of March 25, 2021.

Laura Shoppe (P.V.) Inc.		
Summary of Accepted Claims Received and Outstanding		
As at March 25, 2021		
	Number of Claims	Claims (CAD\$) (000's)
Total Claims Accepted by the Monitor as at March 25, 2021	584	42,863
Total Estimated Restructuring Claims to be received before the Creditor Meeting:		
Renegotiated Leases Claims	46	10,207
Employees Claims	174	82
Sub-total	804	53,153
Total 6(5) claims unaffected by the plan	(280)	(112)
Total	524	53,041

March 30, 2021

36. As of March 25, 2021, the Monitor has estimated that approximately 120 additional claims for an aggregate amount of \$10,3 million could be filed by former employees and landlords for Renegotiated Lease Claims. **Accordingly, it is important to note that the quantum of the claims totaling \$53,04 million only constitutes an estimate, which may vary depending on whether creditors actually choose to file their claims or not with the Monitor.**
37. The following table illustrates the summary of notices of revision or disallowance issued by the Monitor as at March 25, 2021.

Laura Shoppe (P.V.) Inc.			
Summary of Notices of Revision or Disallowance			
As at March 25, 2021			
	Number of Notices of Revision or Disallowance	Amount per Claims received (CAD\$) (000's)	Amount accepted by the Monitor (CAD\$) (000's)
Claims for which the Monitor has issued partial Notices of Revision or Disallowance	23	18,611	12,348
Claims for which the Monitor has issued full Notices of Revision or Disallowance	12	2,658	-
Total	35	21,269	12,348

38. As at March 25, 2021, the Monitor has issued 35 notices of revision or disallowance. In most of these cases, the 15 days period to dispute the Monitor's decision has expired. The Monitor does not expect any dispute with regards to the remaining notices where the 15 days period has not yet expired.

F. CASH FLOW RESULTS RELATIVE TO THE FOURTH CASH FLOW FORECAST

39. A table that summarizes the cash receipts and disbursements for the 5-week period from February 14, 2021 to March 20, 2021, as compared to the Fourth Cash Flow Forecast, is filed under seal of confidentiality with this Report as Appendix A;
40. As at March 20, 2021, the Company's closing net bank indebtedness was approximately \$12,214,000 which represents a favorable variance of \$4,010,000 compared to the Fourth Cash Flow Forecast.
41. Between February 14, 2021, and March 20, 2021, the Company had a negative net cash flow of \$1,075,000, which represents a favorable variance of \$4,014,000 compared to the Fourth Cash Flow Forecast, resulting in part from higher than forecasted sales during this period and, in part, from timing differences due to lower than forecasted payments for goods and services. Some of these timing differences will reverse in subsequent periods.

42. The Monitor understands that Laura has paid and continues to pay in the normal course of business for goods and services received subsequent to the date of the First Day Initial Order, including payroll, government remittances and new purchases, with the exception of some fixed rent and/or percentage rent subject to certain revenue-level guarantees in connection with the January, February and March, 2021 period. As previously mentioned in this Report, the Monitor understands that acceptable arrangements have been agreed with most of the landlords in respect of the aforesaid periods.

G. CASH FLOW FORECAST

43. The Company has prepared the Cash Flow Forecast which covers the Cash Flow Period. The Cash Flow Forecast is accompanied by the prescribed representations of the Company regarding its presentation, and by notes which support the significant assumptions and hypotheses used in preparing the Cash Flow Forecast. A copy of the Cash Flow Forecast, the prescribed representations of the Company and the notes outlining the assumptions will be filed under seal of confidentiality with this Report as Appendix B.

44. The primary assumptions supporting the Cash Flow Forecast are as follows (refer to Appendix B for further details on assumptions):

- a) Sales represent collections generated from Laura's brick and mortar stores and online sales. The Cash Flow Forecast assumes that all stores remain open throughout the Cash Flow Period;
- b) Government Wage Subsidy represents cash receipts related to the Canadian government's temporary wage subsidy program (due to the Covid-19 pandemic). The Canadian government has publicly announced that the temporary wage subsidy program would be maintained until spring/summer 2021.
- c) The disbursements for merchandise in the Cash Flow Forecast reflect payments based on Laura's latest inventory purchases and receipts projections, subject to payment terms expected to be obtained. In addition and in accordance with the First Day Initial Order, it also reflects payments for pre-filing obligations owed to certain of the Company's service providers, including its custom brokers, freight forwarders, transporters, and logistic providers ("**Key Service Providers**"), and to certain of the Company's suppliers of merchandise, including certain foreign entities in China ("**Key Suppliers**");
- d) In accordance with the First Day Initial Order, the Cash Flow Forecast reflects rental payments to landlords on a bimonthly basis for locations with a fixed monthly rent and on the tenth or fifteenth day of each month for locations with a variable rent based on a percentage of sales;
- e) The disbursement of the Distribution Amount (as defined thereafter) of \$750,000 under the Plan and the payment of the Section 6(5) Claims, subject to the approval of the Plan by resolution of the required majorities of creditors with a proven claim, and a final Sanction Order by the Court; and

- f) The rent payments represent payments based on contractual rents and on renegotiated rents for the period of March to June 2021 and represent anticipated payments during the Cash Flow Period in relation to certain unpaid rent for the months of January to March 2021, based on anticipated agreements.
45. Subject to the continued support of its operating lender, BMO, the Cash Flow Forecast reflects that the Company is projected to have enough cash flow to operate in the normal course during the Cash Flow Period. This includes operational requirements such as payroll, as well as the costs pertaining to the CCAA proceedings.
46. The Forbearance Agreement currently in effect expires on April 30, 2021, although the Monitor expects it will be further extended. In addition, BMO has confirmed to the Monitor its approval of the Cash Flow Forecast.

H. MONITOR'S ASSESSMENT OF THE CASH FLOW FORECAST

47. The Monitor has assessed the Cash Flow Forecast as to its reasonableness as required by Section 23(1)(b) of the CCAA. Pursuant to this standard, the Monitor's assessment of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by Senior Management and employees of the Company. The Monitor's procedures with respect to the assumptions considered in the Cash Flow Forecast (the "**Cash Flow Assumptions**") were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Monitor also reviewed the supporting Information provided by Senior Management for the Cash Flow Assumptions and the preparation and presentation of the Cash Flow Forecast.
48. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in any material respect, that:
- a) The Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - b) As at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Forecast given the Cash Flow Assumptions; or that
 - c) The Cash Flow Forecast does not reflect the Cash Flow Assumptions.

I. REQUEST FOR AN EXTENSION OF THE STAY PERIOD

49. The Stay Period is currently set to expire on April 30, 2021. The Company is seeking an extension of the Stay Period to May 31, 2021. This extension will allow the Company to have sufficient time to hold the Creditors' Meeting and obtain a final Sanction Order following the Creditors' Meeting, should the Plan be approved by the required majority of creditors of the Company, required by the CCAA.

50. To date, the Company has been acting diligently and in good faith. Senior Management has provided the Monitor with full co-operation and unrestricted access to the Company's books and records upon requests by the Monitor.

J. REQUEST FOR A PLAN AND MEETING ORDER

Overview of the Plan

51. The Plan Filing Application includes a request by the Company for authorization to file the Plan and to hold the Creditors' Meeting to consider, and vote, if appropriate, in favour of the Plan. Capitalized terms not otherwise defined in this section are as defined in the Plan.

52. We have summarized below the significant aspects of the Plan. All terms not otherwise defined in this section shall have the definition ascribed to them in the Plan.

Plan Implementation Date

53. The Plan provides that it will be implemented subject to the occurrence and/or fulfillment, on or prior to May 31, 2021, or a later date to be agreed upon by the Company and the Monitor, of the Plan Conditions, which conditions namely include:

- a) a favorable vote by the required majority of Affected Creditors accepting the Plan; and
- b) the issuance of a final order of the Court sanctioning the Plan ("**Sanction Order**").

Affected Creditors

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

55. Affected Creditors include all creditors holding any claim against the Company, other than the following claims which shall be unaffected under the Plan:

- a) Ordinary Course Post-Filing Claims;
- b) Administration Claims;
- c) Gift Card Claims;
- d) BMO Claims;
- e) Crown Priority Claims;
- f) Section 6(5) Claims;
- g) Section 19(2) Claims;
- h) Secured Claims;
- i) Fisher Group Claims; and
- j) Key Supplier Claims.

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56. It should be noted that the Monitor has not obtained an independent review regarding the claims and/or security interests of BMO (\$25 million), 3482731 Canada Inc. (\$5 million) or of any other members of the Fisher Group, which are related parties to the Company. Given that such creditors are unaffected creditors under the Plan, they will not receive any share in the Distribution Amount.

Distribution

57. The Company is to remit to the Monitor, by no later than August 31, 2021, the aggregate amount of \$750,000 (the "**Distribution Amount**") and the Monitor shall thereafter distribute the Distribution Amount on a *pro rata* basis to the Affected Creditors according to their respective Proven Claims.

58. The following table illustrates the estimated recovery under the Plan which may be realized by the Affected Creditors based on the Monitor's best estimate of allowable claims and the information available as of the date of the Sixth Report of the Monitor:

Laura Shoppe (P.V.) Inc.	
Estimated Distribution	
(CAD\$ 000's)	
Estimated Affected Claims	53,041 [1]
Aggregate Distribution	750
Estimated Distribution %	1.41%

[1] Represents the Monitor's best estimate of the Affected Claims as of the date of this report

59. As shown in the table above, the estimated recovery under the Plan is projected to represent an average of 1,41% of the total amount of each Proven Claim.

60. **It is important to note that the estimated realization to the Affected Creditors is based on the Monitor's best estimate of the Proven Claims and the final distribution under the Plan can vary depending on the final aggregate value of Proven Claims.**

Estimated Net Realization in a Liquidation Scenario

61. The Monitor has prepared an analysis estimating the net realization value of the Company's assets in a forced liquidation scenario. The following table illustrates the estimated recovery for unsecured creditors in the context of a forced liquidation:

Laura Shoppe (P.V.) Inc.			
Estimated Net Realization in a Forced Liquidation			
Reported Book Value as at February 28, 2021			
(CAD\$ 000's)			
Projected Net Realization Value	Book Value	Estimated Realization Value	
Gross Realization			
Inventory (Net of Provisions)	43 669	30 535	69,9% [1]
Other Short-Term Assets	2 241	802	35,8% [2]
Long-Term Assets	38 493	1 040	2,7% [3]
Total Projected Gross Realization Value	84 404	32 377	38,4%
Trustee's Fees - Liquidation Administration		(1 000)	[4]
Total Projected Net Realization Value		31 377	
Estimated Funds Available For Unsecured Creditors			
Priority Claims (Salaries and Vacations)		(1 757)	[5]
Secured Creditors		(30 296)	[6]
Estimated Funds Available For Unsecured Creditors		(676)	
Estimated Recovery For Unsecured Creditors			
Estimated Unsecured Claims in a Bankruptcy		91 855	[7]
Estimated Unsecured Creditors Recovery (%)		0,00%	

[1] Inventory includes finished goods held in the warehouse (40.681 M\$), fabrics held in the warehouse (1.557 M\$) and in-transit goods (1.431 M\$). Liquidation values established in concordance with net orderly liquidation factors of Gordon Brother's inventory appraisal dated December 14, 2020. An additional 20% reduction is included in the above calculation based on experiences in realization contexts where the final realization is generally lower than the NOLV.

[2] Other short-term assets are made of prepaids (1.023 M\$), cash (501 k\$), receivables (239 k\$) and supplies (298 k\$). The related realization value is established according to the nature of the current assets and the experiences in similar realization contexts.

[3] Long-term assets are mainly made of leasehold improvements (27.397 M\$), furnitures and fixtures (5.999 M\$) and softwares (3.708 M\$). The related realisation value is established according to the nature of the long-term assets and the experiences in similar realization contexts.

[4] Trustee's administration fee related to the liquidation is established in accordance with the anticipated 17.4 week timeline required for the orderly liquidation as presented in Gordon Brother's inventory appraisal report dated December 14, 2020.

[5] Priority claims consist of one week of unpaid wages as well as unpaid vacation up to \$2,000 per employees for all active employees and those with a 6 (5) claim in the plan.

[6] The claims of the secured creditors are based on mortgages shown on RDPRM and are composed of the debt owed to BMO (24.979 M\$), a Fisher Group claim (5.000 M\$) and a capital lease claim (317 k\$).

[7] Unsecured creditors claims are predominantly composed of suppliers claims received as of the date hereof (7.201 M\$), employee claims (7.861 M\$), unsecured Fisher Group claims (19.507 M\$), landlord's rent arrears (16.377 M\$) as well as terminated lease claims (38.596 M\$). Employees claims are based on unpaid non-priority wages and vacations as well as notices of termination according to the rules in each provinces. The landlord's terminated lease claims are based on claims for a maximum period of 18 months.

62. As shown in the table above, the estimated recovery for unsecured creditors in the context of a forced liquidation is estimated to be nil, as the forced liquidation of the Company's assets is not expected to be sufficient to cover in full the Company's stated secured claims which the Monitor has been advised of (although a previously mentioned, the Monitor has not obtained an independent security review with respect to such secured claims).
63. **It is important to note that the estimated net realization value of the Company's assets, the total value of claims and the recovery for unsecured creditors are based on the Monitor's current best estimate. For its analysis, the Monitor has used various assumptions which can vary and could negatively impact the estimated recovery for unsecured creditors.**
64. In addition, the Monitor can state that in the context of a forced liquidation, there would be many factors negatively affecting the realization for the benefit of the unsecured creditors including:
- a) The risk that the landlords do not allow a liquidation to take place on the existing store premises, or that the store premises are all or in part closed for weeks or even months due to governmental shutdown orders in connection with the Covid-19 pandemic;
 - b) The stigma of a liquidation which would negatively impact the pricing of inventory;
 - c) The inability of a receiver or trustee to make inventory purchases to improve the mix available in stores;
 - d) The loss of store personnel; and
 - e) The additional professional fees incurred as a result of a liquidation.
65. In arriving at the financial terms of the Plan:
- a) The Distribution Amount takes into account the challenges the Company continues to face resulting from the Covid-19 pandemic and was arrived at in consultation with its operating lender, BMO, which has agreed, in the Forbearance Agreement, to allow the Company to propose to its creditors an amount of a maximum of \$750,000; and,
 - b) The Plan provides Laura and its many stakeholders including employees, suppliers, customers and landlords with the continued opportunity to work and continue to do business with the Company and generate revenues.
66. The Monitor has reviewed the Company's forecast and is of the view that the Distribution Amount is reasonable in the circumstances, in particular in the context of the unprecedented disruptions associated with the Covid-19 pandemic in Canada, including new uncertainties due to virus variants which would further negatively impact the results of the Company.
67. Consequently, the expected recovery by the Affected Creditors in the context of the Plan is more advantageous than in a forced liquidation scenario.

Release and Discharge

68. Upon the sanction of the Plan, each of the following shall be released and discharged:
- a) the Monitor and its legal counsel in the CCAA proceedings; and

- b) the Company's legal counsel, financial advisors, consultants and agents of the Company (and their respective directors, officers and employees).
69. Upon the Distribution Amount being fully remitted to the Monitor, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Performance**"), and upon the issuance of same, each of the following shall be released and discharged:
- a) the Company; and
 - b) the Directors and all present and future officers and employees of the Company.
70. All claims of Affected Creditors shall be transferred to the Distribution Amount and shall be released in full upon the distribution of same to each Affected Creditor, on a pro-rata basis.

Overview of the proposed Creditor's Meeting

71. The Plan Filing Application includes a request by the Company for an order allowing it to hold a Creditors' Meeting to consider and vote on the Plan. We have summarized below the salient terms of the proposed Creditors' Meeting. Capitalized terms not defined in this section are as defined in the Plan Filing Application.
- a) The Creditors' Meeting is to be held by videoconference on April 30, 2021, or such later date within thirty (30) days following such date as may be determined by the Company, in consultation with the Monitor;
 - b) The Monitor (or its nominee) shall preside as chair of the Creditors' Meeting;
 - c) Any Creditor who wishes to appoint a Proxy shall do so prior to the Creditors' Meeting;
 - d) Any Affected Creditors who wish to attend the Creditors' Meeting must complete a registration form;
 - e) The Monitor shall post on its website the Meeting Materials and send a copy of the Meeting Materials, by regular mail, to all creditors which filed a Proof of Claim in compliance with the Claims Procedure Order at least 15 days before the Creditors' Meeting;
 - f) The Monitor shall publish a Notice to Creditors in a French language newspaper and an English language newspaper as soon as possible after the issuance of the Plan and Meeting Order, but in any event no later than 7 days before the Creditors' Meeting;
72. The Monitor is of the view that the proposed Creditors' Meeting should allow for the Company's creditors to fairly express their intention in terms of whether or not to accept the Plan.
73. In the event of a favorable vote on the Plan by the Affected Creditors, the Company intends to file a motion for the issuance of a Sanction Order. The Monitor will report the results of the proposed Creditors' Meeting to the Court at the time of the hearing for the issuance of a Sanction Order.

K. THE MONITOR'S RECOMMENDATIONS

74. The Monitor is of the view that the extension of the Stay Period until May 31, 2021, is reasonable in the circumstances, namely for the following reasons:

- a) The Company continues to operate its business in the ordinary course and in doing so, the Company has been acting diligently and in good faith;
- b) The Company needs additional time to hold its Creditors' Meeting and obtain a final Sanction Order in the event that the Plan is approved by the creditors at the Creditors' Meeting expected to be held on or around April 30, 2021; and
- c) With the support of its operating lender, BMO, the Company will have sufficient liquidity to continue its operations on a going concern basis during the extended Stay Period.

75. The Monitor is of the view that the terms of the Plan and of the Creditors' Meeting are fair and reasonable and that the Plan provides a recovery to the Affected Creditors whereas none would be achieved in a forced liquidation, based on our current estimated net realization analysis. In addition, the successful implementation of the Plan would allow for a continuing source of revenues to the Company's suppliers, landlords, employees and lenders.

This 30th day of March 2021.

KPMG INC.

in its capacity as the Monitor of
Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc.



Per: Dev A. Coossa, CIRP, LIT
Partner



Maxime Codere, CPA, CA, CIRP, LIT
Partner

**APPENDIX A – ACTUAL CASH FLOW VS FOURTH CASH FLOW
FORECAST (*UNDER SEAL*)**

APPENDIX B – CASH FLOW FORECAST (*UNDER SEAL*)