

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
N°: 500-11-

SUPERIOR COURT
(Commercial Division)

**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.

Proposed Monitor

**APPLICATION FOR THE ISSUANCE OF (I) A FIRST-DAY INITIAL ORDER AND
(II) AN AMENDED AND RESTATED INITIAL ORDER**
(Sections 4, 5, 11 and *ff.* of the *Companies' Creditors Arrangement Act* ("CCAA"))

**TO ONE OF THE HONOURABLE JUDGES OF THE COMMERCIAL DIVISION OF THE
SUPERIOR COURT IN THE DISTRICT OF MONTREAL, THE
APPLICANT RESPECTFULLY SUBMITS AS FOLLOWS:**

I. Introduction

1. Like many retailers in Quebec, Canada and indeed, around the world, the COVID-19 pandemic (the "**Pandemic**") has had a detrimental impact on the business and operations of Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Applicant**" or "**Laura**").
2. By way of the present Application (the "**Application**"), the Applicant seeks the protection of this Court pursuant to the CCAA in order to obtain the breathing room it requires in order to restructure and reorganize its affairs, with a view to maximizing the value of its assets and business, to provide it with the requisite

stability to ultimately continue as a going concern for the general benefit of its stakeholders, as a whole.

3. In particular, the Applicant seeks the issuance of a first-day initial order (the “**First-Day Initial Order**”), a draft of which is communicated herewith as **Exhibit P-1**, granting, *inter alia*, the following relief:
 - a. an order staying proceedings against the Applicant and its directors and officers for a period of ten (10) days (or any other period acceptable to the Court) (the “**Stay Period**”);
 - b. the appointment of KPMG Inc., a licenced insolvency trustee, as monitor (the “**Monitor**” or the “**Proposed Monitor**”);
 - c. an administration charge;
 - d. a directors’ charge;
 - e. authorization to pay pre-filing debts to key service providers and suppliers;
 - f. specific orders relating to rent payments in respect of leases;
 - g. orders in respect of notices pursuant to s. 32(1) CCAA;
 - h. specific orders relating to gift-card and loyalty programs;
 - i. a sealing order with respect to certain exhibits; and
 - j. other relevant first-day orders, as may be required.
4. The First-Day Initial Order is an amended version of the standard form CCAA Order of the Superior Court of Quebec, Commercial Division (the “**Standard Form Order**”). A compare version of the First-Day Initial Order, and the Standard Form Order is communicated herewith as **Exhibit P-2**.
5. The Applicant will also seek to obtain an extension of the First-Day Initial Order in the coming 10 days, and the replacement of the First-Day Initial Order by an extended initial order in the form of the draft communicated herewith as **Exhibit P-3** (the “**Amended and Restated Initial Order**”).
6. The Amended and Restated Initial Order is also an amended version of the Standard Form Order. A compare version of the Amended and Restated Initial Order, and the Standard Form Order is communicated herewith as **Exhibit P-4**.

II. Laura's Business and Corporate History

7. Laura was launched in 1930 by the late Laura Wolstein as a modest ladies' wear boutique on St. Hubert Street in Montreal and has grown throughout the years to become an important player in the Canadian women's apparel industry.
8. Laura currently operates 140 retail stores, predominately in shopping malls, across the country under the trade-names "Laura", and "Melanie Lyne" (the "**Stores**"). Prior to the arrival of the Pandemic in Canada, Laura employed 1918 full time and part time employees in Canada in its Stores and other facilities related to its operations.
9. In 2012, Laura launched its ecommerce business with the website www.laura.ca and in 2014, launched www.melanielyne.ca.
10. Laura is a privately owned company, whose shares are owned directly and indirectly by Ms. Wolstein's family, including her grandson Kalman Fisher and his wife Melanie Fisher.

III. Laura's Previous Restructuring

11. In July 2015, Laura filed a Notice of Intention (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act* as a result of issues it was facing with its then lender, Salus Capital Partners, LLC. The NOI was continued in August 2015 under the CCAA (the "**First CCAA**").
12. The First CCAA, which culminated in a plan of arrangement approved by an overwhelming majority of its creditors, is regarded as an extremely successful retail restructuring.
13. Laura emerged from the First CCAA as a stronger business, which had been successfully operating in the rapidly-changing retail landscape until very recently, when its operations were blindsided by the unprecedented and unforeseeable Pandemic.

IV. Laura's Current Financial Situation due to Challenges resulting from the Pandemic

14. Prior to the onset of the Pandemic, Laura's operations were profitable.
15. However, as described hereafter, for the months of March through July, 2020 inclusively, Laura has operated at a substantial loss.
16. In early March, 2020, retail operations began to slow down, as news reports emerged that the Pandemic had made its way to Canada.

17. In mid-March, 2020, Laura's *brick and mortar* business came to a grinding halt as it made the decision, with the view to protecting the health of its communities, to close its Stores a full week before government orders were put in place mandating retail store closures to contain the spread of COVID-19.
18. Although Laura was able to operate its online business during this time, Laura's online sales were insufficient to offset the lost revenue resulting from Store closures.
19. Starting in May, 2020, Laura gradually began reopening some of its Stores, as permitted by government decrees, with the vast majority of re-openings only taking place in mid-June. As of July 1, 2020, all of its Stores had reopened.
20. However, reopening has not meant business as usual for Laura.
21. Despite being permitted to reopen, not all retailers have decided to do so, which has greatly affected the foot traffic in malls and shopping centres, and therefore in the Stores. In addition, many customers are understandably hesitant to resume shopping in person, which has been particularly problematic for Laura in Ontario, where Laura operates 64 of its 140 stores.
22. Demands of consumers have also changed due to stay-at-home orders and work-from-home policies being implemented by many employers, as well as general financial uncertainty flowing from the crisis. Indeed, for many years, Laura has been a leading destination for eveningwear and work-wear for which there was, and continues to be, far less demand in the current environment where formal events such as weddings and proms have been cancelled and where people are increasingly working from home.
23. Without the ability to properly operate for such a prolonged period of time, and because of the changes to the retail landscape as a result of the Pandemic, Laura is now facing serious financial challenges which, if left unaddressed, imperil its ability to survive as a viable entity.
24. Laura's Stores are presently operating at approximately 45% capacity in the aggregate, in terms of operations and sales, but a significant level of fixed costs are causing liabilities to accumulate well beyond the company's revenues.
25. While Laura paid its rent in full for the month of March 2020, its sales in March 2020 were only 30% of the sales for the equivalent period in the prior year.
26. Laura has not paid rent to any of its landlords in respect of the Stores for the months of April through July, 2020 inclusively. Laura does not qualify for the Canada Emergency Commercial Rent Assistance program, which is only available to small businesses.

27. At the height of the Pandemic, Laura was also left with no choice but to temporarily lay off 100% of its retail employees, and 43% of its head office employees, who did not have sufficient work in the absence of ongoing Store operations. Since reopening, Laura has been able to hire back approximately 52% of its retail employees, and 30% of its head office employees, and is operating with approximately 55% of its pre-Pandemic staff.
28. In an effort to ensure that it will not encounter disruptions to its supply chain, which would be very detrimental to its ongoing operations, Laura has negotiated certain arrangements to mitigate its exposure to the trade creditors and limit the impacts on these stakeholders.
29. Faced with this unprecedented situation, Laura has been compelled to proactively adapt its business strategy and operations to take into account the new environment, including taking difficult and decisive steps to align its expenses with current and anticipated diminished retail revenues.
30. It is evident that the effects of this current wave of the Pandemic will be felt for a long time, certainly for the rest of 2020 and for 2021, and that serious and significant changes will be required in order for Laura to operate successfully in this new reality.

V. Laura's Assets and Indebtedness

31. Laura's main realizable assets consist of its inventory.
32. The book value of Laura's inventory is approximately \$35.7 million, including approximately \$5 million in respect of 2019 goods.
33. In addition to inventory, Laura also has fixed assets consisting of leasehold improvements and furniture, fixtures and equipment, as well as intangible assets consisting of intellectual property, all of which have limited realizable value in the current context (collectively the "**Limited Realizable Value Assets**").
34. Laura's operations are financed by the Bank of Montreal ("**BMO**"), which has security over the universality of its assets (the "**BMO Security**"), and with whom it has recently entered into a forbearance agreement (the "**Forbearance Agreement**"), a copy of which is communicated herewith *under seal* as **Exhibit P-5**.
35. As at July 22, 2020, Laura's indebtedness, to BMO includes:
 - a. approximately \$11.184 million, pursuant to an asset-based lending facility (the "**ABL Facility**"); and
 - b. approximately \$6.94 million, pursuant to a term loan agreement (the "**Term Loan**").

36. In an effort to get through the current crisis, Laura took on additional debt pursuant to the Business Credit Availability Program in the form of a loan of \$6.25 million by BMO, which is 80% guaranteed by the Business Development Bank of Canada and which required Laura's shareholders to contribute an injection of \$750,000 into the company. In fact, 9318-5494 Québec Inc., a shareholder of Laura owned by the Fisher family, loaned Laura \$750,000 in May 2020 to enable this financing to take place.
37. In order to assist Laura in responding to these unprecedented times, in May, 2020, BMO agreed to waive certain covenants in the ABL Facility until September 2020 and granted a temporary moratorium on the principal payments of the Term Loan until October 2020.
38. Laura is indebted to entities related to the Fisher family, in the amount of \$22.007 million, plus interest thereon since June 2019 at 7% per annum, and the aforesaid amount of \$750,000 with interest thereon since May 2020 at 6.95% per annum, which amounts are partially secured by a hypothec on the universality of Laura's assets which has been subordinated in favour of the BMO Security.
39. Laura has granted security on various leasehold improvements and fixed assets located in certain Stores, which security has been subordinated in favour of the BMO Security, as well as certain discrete security on specific electronic devices and vehicles.
40. Laura owes approximately \$1.84 million in capital lease liabilities for electronic equipment and software, in respect of which its creditor has asserted a right of ownership thereon.
41. Laura's most significant unsecured creditors as at July 22, 2020 include:
 - a. Landlords: Laura has not paid rent for April, May, June and July 2020, which, if owing during the period of government shutdown of the Stores, cumulatively totals approximately \$13.4 million, (not including July rent for the Percentage Rent Stores, defined below, which will only be determinable in August);
 - b. Other creditors: approximately \$10.6 million, owed predominately to suppliers; and
 - c. Customers, through loyalty programs: approximately \$2.1 million.
42. No amounts are due to tax authorities that would fall within Sections 6(3) or 38(2) CCAA.

43. All amounts owed to Laura's employees are paid in the normal course and Laura does not maintain any pension funds or retirement plans for its employees.
44. The principal headings of indebtedness described herein amount to approximately \$75.1 million in the aggregate.
45. As appears from the Applicant's balance sheet for the month of June 2020 (forming part of Exhibit P-7, filed under seal, referenced in paragraph 55 hereof), the total liabilities of Laura, including deferred lease inducements, amounted, at that time, to approximately \$103.4 million and the total assets, including the Limited Realizable Value Assets, amounted to approximately \$86.8 million.

VI. Application of the CCAA

46. As appears from the foregoing, Laura is indebted to its various creditors in an amount which far exceeds \$5 million, as required by the CCAA.
47. Laura is insolvent, as it has ceased to meet its obligations generally as they become due as a result of the effects of the Pandemic and the challenges it has faced and will continue to face in the coming months and years until the retail landscape normalizes.
48. In the context of very significant rental expenses and diminishing revenues resulting from the Pandemic, it is anticipated that absent a restructuring under the CCAA, Laura would face a looming liquidity crisis.
49. As will be described in the pre-filing report of the Proposed Monitor, it is estimated that Laura will not be able to meet its obligations as they go forward as a result of the changed retail environment and its financial situation will continue to deteriorate should its current operating structure not be reorganized.
50. Accordingly, Laura qualifies as a "debtor company" under the CCAA and the requirements thereunder are met.

VII. Laura's Need for Protection Pursuant to the CCAA

51. Despite Laura's best efforts to get through these public health-related economic disruptions, it cannot fully absorb the loss of sales resulting therefrom.
52. While Laura offers a product and shopping experience that is highly valued by its loyal customers, it recognizes that without these proceedings, it will be difficult, if not impossible, to make it through this crisis while maintaining value for its stakeholders, given the current retail climate.
53. Consequently, a court-supervised restructuring is necessary.

54. Together with the Proposed Monitor, Laura has already begun the process of exploring its restructuring options, and will be in a position to update the Court on its restructuring efforts once the business is stabilized.
55. In support of the Application, Laura communicates herewith, *under seal*, copies of:
 - a. its cash-flow projections that have been prepared with the assistance of the Proposed Monitor as **Exhibit P-6**; and
 - b. its audited financial statements for the year ending February 1, 2020 and its last internal financial statements as at June 2020, *en liasse* as **Exhibit P-7**.
56. BMO has agreed to support the present Application and to continue financing the operations of Laura in accordance with the terms set forth in the Forbearance Agreement provided that, throughout these CCAA Proceedings, it is treated as an unaffected creditor and not subject to the stay of proceedings or other limitations of creditors' rights contained in the First-Day Initial Order and the Amended and Restated Initial Order. It is crucial for Laura to have the continued support of BMO, which support is contingent on it being declared an unaffected creditor, within the meaning of the proposed Initial Order.
57. Laura intends to continue throughout the CCAA proceedings to utilize its current cash management system whereby its daily payables are paid from its chequing account, by way of funds that are deposited therein from its ABL Facility by BMO, following a drawdown request, and its daily receipts are deposited in blocked accounts and applied daily against amounts owing under the ABL Facility (the "**Cash Management System**"), the whole subject to the oversight of the Proposed Monitor.

VIII. Relief Sought

a. Appointment of the Proposed Monitor

58. The Proposed Monitor was the Monitor in the First CCAA, and has recently been retained to assist Laura with the present restructuring and is therefore already familiar with Laura's operations and financial situation.
59. The Proposed Monitor is qualified to act as it is a licensed insolvency trustee and none of the restrictions provided at section 11.7 (2) CCAA apply.
60. Subject to the authorisation of this Court, the Proposed Monitor has accepted to act as monitor in the present proceedings.

b. Administration Charge

61. Counsel for the Applicant, the Proposed Monitor and the Proposed Monitor's counsel are essential to the restructuring of the affairs of Laura and have all advised that they are prepared to continue to provide services to the Applicant if they are protected by a charge over the assets of the Applicant and that said charge should rank in priority over other rights, charges and securities held by existing creditors (the "**Administration Charge**").
62. At the stage of the First-Day Initial Order, the Applicant submits that an Administration Charge in the amount of \$150,000 is reasonable to cover work that was done in the context of the preparation of the present proceedings and the work required until the Comeback Hearing.
63. Laura will seek that the Administration Charge be increased to \$750,000 in the Amended and Restated Initial Order.

c. Directors' Charge

64. In order to carry on its business during these proceedings, the active and committed involvement and participation of the directors and officers is essential to Laura's potential success.
65. Although Laura intends to comply with all applicable laws and regulations, the directors and officers are concerned about their potential personal liability given the restructuring measures that will be put in place in the context of the present proceedings and therefore require Laura to indemnify them of all potential liabilities.
66. The Applicants have maintained directors' and officers' liability insurance ("**D&O Insurance**") which provides various coverage and deductibles depending on the nature of the loss.
67. While the D&O Insurance may provide appropriate coverage, there is no guarantee of coverage (exclusion, denial) or that the nature of the coverage and the maximum amount of coverage would be sufficient in the context of the upcoming restructuring process. It is therefore submitted that a risk of a gap in coverage exists which creates uncertainty for the directors and officers.
68. At the stage of the First-Day Initial Order, the Applicant submits that a court-ordered charge in the amount of \$1.6 million be granted over all of the Applicant's assets, property and undertakings to indemnify the directors and officers of the Applicants for any liability not already covered by the D&O Insurance, and that this charge be increased to \$5 million in the Amended and Restated Initial Order ("**Directors' Charge**").

69. Laura requests that the Directors' Charge rank in priority over other rights, charges and securities held by existing creditors, other than the Administration Charge and the BMO Security.

d. Payment of Certain Pre-filing Debts to Key Service Providers and Suppliers

70. Laura expects that it may be necessary to make certain payments to its service providers, including customs brokers, freight-forwarders, transporters, logistics providers, general contractors and warehousemen who may assert a lien, legal hypothec or right of retention over goods or assets (the "**Key Service Providers**") as well as to certain important suppliers of merchandise (the "**Key Suppliers**") to ensure, *inter alia*, that there is a continuous supply of essential goods.
71. If certain Key Service Providers were to refuse to release the merchandise in their possession or give access to certain premises, Laura's supply chain would be significantly disrupted.
72. Similarly, Laura relies on the continued provision of merchandise from certain Key Suppliers, including certain foreign entities in China who may not consider themselves to be subject to the jurisdiction of this Court, and/or who may refuse to continue to supply to Laura if certain pre-filing obligations are not paid.
73. Laura therefore submits that it should be authorized, but not required, with the consent of the Monitor, to continue making payments in the normal course of business to Key Service Providers and Key Suppliers as is required to ensure timely logistical support, and supply and release of merchandise required for its ongoing operations, even if part of the payments would cover pre-filing liabilities.

e. Rent Payments in Respect of Leases

74. Laura's Store leases provide for the payment of rent in two ways: fixed monthly rent payable on the first day of each month (the "**Fixed Rent Stores**") and variable rent based on a percentage of sales in the preceding month, payable 10 or 15 days after the end of each month (the "**Percentage Rent Stores**").
75. Due to its cash-flow restraints, Laura will request this Court to declare that with respect to its Fixed Rent Stores, it shall pay rent spread out over equal payments on the first and fifteenth day of each month, payable in advance (and not in arrears) for the period commencing from and including August 1, 2020. Notwithstanding the foregoing, Laura proposes that the first such payments of rent for the Fixed Rent Stores shall be made on August 14, 2020 and shall cover rent for the entire month of August, 2020. Laura will also request this Court to declare that with respect to the Percentage Rent Stores, it shall continue to pay rent in arrears on the tenth or fifteenth day of each month, as applicable, with the first such payments due on September 10, 2020 for the period commencing from and including August

1, 2020. Where a scheduled payment falls on a non-business day, the payment shall be made on the next business day.

76. In the circumstances, Landlords will not be prejudiced by this measure.

f. Notices pursuant to s. 32(1) CCAA

77. In order to restructure and survive the economic and health crisis resulting from the Pandemic, Laura must reduce its expenses as much as possible.

78. Laura is in the process of carefully analysing its operations to determine the need to send disclaimer notices pursuant to subsection 32(1) CCAA following the filing of these proceedings.

g. Gift Card and Loyalty Programs

79. Laura operates various gift card and loyalty programs for the benefit of its customers.

80. In the interest of maintaining customer confidence and loyalty, Laura is seeking permission to honour these pre-filing obligations to its customers, the outstanding value of which is approximately \$2.1 million.

IX. Sealing of Confidential Documents

81. Laura requests that the following exhibits be kept under seal:

- Exhibit P-5: BMO Forbearance Agreement
- Exhibit P-6: Cash-flow protections
- Exhibit P-7: Audited financial statements for the year ending February 1, 2020 and last internal financial statements for June 2020.

82. Laura is a privately-owned company, and therefore has no statutory securities disclosure obligations. It has no legal obligation to disclose its cash-flow statement and/or its financial statements to the public. Its financial statements are not public.

83. Laura does not wish to share the information contained in these document with the general public, notably, its competitors. Disclosure of such sensitive financial information would be highly prejudicial to Laura.

84. As for the Cash-flow projections, some expenses are estimated based on what Laura, with the assistance of the Proposed Monitor, anticipates to be able to negotiate with third parties. However, Laura needs to maintain a proper bargaining position and flexibility in its relations with such third parties in order to obtain the best possible terms post-filing, and the disclosure of the confidential information could impede that important objective.

X. Conclusions

85. In these uncertain times for Laura, the intervention of the Court is required to protect Laura's business, including the jobs of about 1053 employees presently working in Canada and the hundreds more that Laura would like to be in a position to hire back when conditions improve.
86. The stay of proceedings will provide Laura with: (i) the breathing room it requires to continue its operations without undue pressure from creditors; and (ii) the benefits of the tools afforded by the CCAA to restructure its business to maximize the value of its business and assets for the benefit of all stakeholders.
87. Considering the urgency of the situation, Laura submits that the notices given of the presentation for the present Application are proper and sufficient.
88. Laura respectfully submits that the Application should be granted in accordance with its conclusions.
89. The present Application is well-founded in fact and in law.

THEREFORE, MAY IT PLEASE THE COURT TO:

GRANT the present Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order;

ISSUE an order in the form of the draft Order communicated in support of the Application as Exhibit P-1;

ISSUE, at a date to be determined by the Court, an order in the form of the draft Order communicated in support of the Application as Exhibit P-3;

WITHOUT COSTS, save and except in the case of contestation.

MONTREAL, July 27, 2020

Fishman Flanz Meland Paquin LLP

FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for the Applicant

AFFIDAVIT

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


1. I am the authorized representative of the Applicant, and as such, I have cognizance of all of the facts alleged in the present matter;
2. All of the facts alleged in the Application for the issuance of (i) a First-Day Initial Order and (ii) an Amended and Restated Initial Order are true.


AND I HAVE SIGNED



KALMAN FISHER

Solemnly declared before me at Montreal
This 27th day of July, 2020



Commissioner of Oaths for  of Quebec

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
N°:

SUPERIOR COURT
(Commercial Division)

**IN THE MATTER OF THE COMPANIES'
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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

LIST OF EXHIBITS
APPLICATION FOR THE ISSUANCE OF (I) A FIRST-DAY INITIAL ORDER AND
(II) AN AMENDED AND RESTATED INITIAL ORDER

- | | |
|---------------------|--|
| Exhibit P-1. | First-Day Initial Order |
| Exhibit P-2. | Compare version of the First-Day Initial Order and the Standard Form Order |
| Exhibit P-3. | Amended and Restated Initial Order |
| Exhibit P-4. | Compare version of the Amended and Restated Initial Order, and the Standard Form Order |
| Exhibit P-5. | BMO Forbearance Agreement (under seal) |
| Exhibit P-6. | Cash-flow projections (under seal) |
| Exhibit P-7. | Audited financial statements for the year ending February 1, 2020 and last internal financial statements for June 2020 (under seal) |

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
N°: 500-11-

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**IN THE MATTER OF THE COMPANIES'
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**MAGASIN LAURA (P.V.) INC. /
LAURA'S SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Proposed Monitor

NOTICE OF PRESENTATION

TO:

Me Daniel Cantin
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Attorneys for Bank of Montreal

TAKE NOTICE that the present *Application for the issuance of (i) a First Day Initial Order and (ii) an Amended and Restated Initial Order* will be presented for adjudication before the

Honourable Marie-Anne Paquette, J.S.C., sitting in the Commercial Division for the district of Montréal, on **July 31, 2020 at 9:30 a.m.** by conference call at the following coordinates:

- Dial-in number: 514-736-8219
- Conference number: 6032449

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, July 27, 2020

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

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: 500-11-

DATE: July 31, 2020

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

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.

Proposed Monitor

FIRST-DAY INITIAL ORDER

ON READING the Applicant's *Application for the Issuance of (i) a First-Day Initial Order and (ii) An Amended and Restated Initial Order* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCA**") and the exhibits and the affidavit filed in support thereof (the "**Application**"), the consent of KPMG Inc., a licensed insolvency trustee, to act as monitor (the "**Monitor**"), relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the Application;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the Application.
2. **ISSUES** an order pursuant to the CCAA (the “**Order**”), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Applicant and the Property and Unaffected Creditor
 - Stay of Proceedings against the Directors and Officers
 - Possession of Property and Operations
 - No Exercise of Rights or Remedies;
 - No Interference with Rights
 - Continuation of Services
 - Non-Derogation of Rights
 - Cash Management
 - Directors’ and Officers’ Indemnification and Charge
 - Restructuring
 - Powers of the Monitor
 - Measures Relating to Rent Payments in Respect of Leases
 - Gift Cards and Loyalty Programs
 - Priorities and General Provisions Relating to CCAA Charges
 - General

Service

3. **DECLARES** that sufficient prior notice of the presentation of this Application has been given by Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Applicant**") to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA

4. **DECLARES** that the Applicant is a debtor company to which the CCAA applies.

Effective time

5. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Plan of Arrangement

6. **DECLARES** that the Applicant shall have the authority to file with this Court and to submit to its creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Stay of Proceedings against the Applicant and the Property and Unaffected Creditors

7. **ORDERS** that, subject to paragraph 9 hereof, until and including August 10, 2020 (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant, or affecting the Applicant's business operations and activities (the "**Business**") or the Property (as defined below), including as provided in paragraph 11 hereof except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business

or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

8. The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.
9. **ORDERS** and **DECLARES** that Bank of Montreal ("**BMO**") is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or any other limitations of creditors' rights or recourses herein ordered. Nothing in this Order shall prevent BMO from enforcing its security (the "**BMO Security**") against the Applicant's Property in conformity with its contractual rights, subject only to BMO providing advance notice of its intention to do so.

Stay of Proceedings against the Directors and Officers

10. **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA and subject to paragraph 9 hereof, no Proceeding may be commenced or continued against any former, present or future director or officer of the Applicant nor against any person deemed to be a director or an officer of the Applicant under subsection 11.03(3) CCAA (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Applicant where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

11. **ORDERS** that the Applicant shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the "**Property**"), the whole in accordance with the terms and conditions of this order, including, but not limited to, paragraph 23 hereof.

No Exercise of Rights or Remedies

12. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA and paragraph 9 hereof, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicant, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.
13. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Applicant or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Applicant becomes bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act (Canada)* (the “**BIA**”) is appointed in respect of the Applicant, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Applicant in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

14. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or with leave of this Court.

Continuation of Services

15. **ORDERS** that during the Stay Period and subject to paragraph 17 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Applicant, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Applicant, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant, with the consent of the Monitor, or as may be ordered by this Court.
16. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Applicant on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Applicant.
17. **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Applicant with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall

not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by the Applicant and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Applicant's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

18. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Applicant shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Cash Management

19. **ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar cash management system offered by BMO (the "**Cash Management System**"), as long as the Monitor shall have oversight over such system, and that the bank providing the Cash Management System shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under these CCAA proceedings with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

Directors' and Officers' Indemnification and Charge

20. **ORDERS** that the Applicant shall indemnify its Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the Applicant after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.
21. **ORDERS** that the Directors of the Applicant shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$1,600,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 20 of this Order as it relates to obligations and liabilities that the Directors and Officers may incur in such capacity after the Effective Time. The Directors' Charge shall have the priority set out in paragraphs 39 and 40 of this Order.
22. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 20 of this Order.

Restructuring

23. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, the Applicant shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);
- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$100,000 or \$500,000 in the aggregate;
- (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Applicant may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Applicant and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (f) subject to section 11.3 CCAA, assign any rights and obligations of Applicant.

24. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of the Applicant pursuant to section 32 of the CCAA and subsection 23(e) of this Order,

then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the Applicant and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Applicant, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

25. **ORDERS** that the Applicant shall provide to any relevant landlord notice of the Applicant's intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the Applicant has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between the Applicant and the landlord.
26. **DECLARES** that, in order to facilitate the Restructuring, the Applicant may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
27. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, and the equivalent provisions of the *Act Respecting the Protection of Personal Information in the Private Sector*, R.S.Q. c. P-39.1, the Applicant is permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Applicant binding them to maintain and protect the privacy of such information and to limit the use of such information to

the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Applicant or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Applicant.

Powers of the Monitor

28. **ORDERS** that KPMG Inc., a licensed insolvency trustee, is hereby appointed to monitor the business and financial affairs of the Applicant as an officer of this Court (the “**Monitor**”) and that the Monitor, in addition to the prescribed powers and obligations, referred to in section 23 of the CCAA:
- (a) shall, without delay, (i) publish once a week for two (2) consecutive weeks in La Presse and the Globe & Mail and (ii) within five (5) business days after the date of this Order (A) post on the Monitor’s website (the “**Website**”) a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Applicant of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;
 - (b) shall monitor the Applicant’s receipts and disbursements;

- (c) shall assist the Applicant, to the extent required by the Applicant, in dealing with its creditors and other interested Persons during the Stay Period;
- (d) shall assist the Applicant, to the extent required by the Applicant, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the Applicant, to the extent required by the Applicant, to review the Applicant's business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Applicant, to the extent required by the Applicant, with its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall assist the Applicant with its reporting obligations to BMO in accordance with the forbearance agreement entered into between the Applicant and BMO prior to the commencement of these proceedings;
- (h) shall report to the Court on the state of the business and financial affairs of the Applicant or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (i) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (j) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;

- (k) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (l) may act as a “foreign representative” of the Applicant or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (m) may give any consent or approval as may be contemplated by the Order or the CCAA; and
- (n) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Applicant, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Applicant.

29. **ORDERS** that the Applicant and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Applicant in connection with the Monitor’s duties and responsibilities hereunder.
30. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Applicant with information in response to requests made by them in writing addressed to the Monitor and copied to the Applicant’s counsel. In the case of information that the Monitor has been advised by the Applicant is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Applicant unless otherwise directed by this Court.

31. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Applicant or continues the employment of the Applicant's employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
32. **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph 28(j) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
33. **ORDERS** that Applicant shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the Applicant's legal counsel and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
34. **DECLARES** that the Monitor, the Monitor's legal counsel, if any, the Applicant's legal counsel and the Monitor and the Applicant's respective advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$150,000 (the "**Administration Charge**"), having the priority established by paragraphs 39 and 40 hereof.

Measures Relating to Rent Payments in Respect of Leases

35. **ORDERS** that until a real property or immovable lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay amounts constituting rent or payable as rent under real property or immovable leases (including for greater

certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the leases) or as otherwise may be negotiated between the Applicant and the landlord from time to time (the “**Rent**”) for the period commencing from and including August 1, 2020. In the case of Fixed Rent Stores, as defined in the Application, the Applicant shall pay Rent twice monthly in equal payments on the first and fifteenth day of each month, payable in advance (but not in arrears). Notwithstanding the foregoing, the first payments of Rent for the Fixed Rent Stores shall be made on August 14, 2020 and shall cover Rent for the entire month of August, 2020. In the case of the Percentage Rent Stores, as defined in the Application, the Applicant shall pay Rent in arrears on the tenth or fifteenth day of each month, as applicable, with the first such payments due on September 15, 2020. Where a scheduled payment of Rent falls on a non business day, the payment shall be made on the next business day.

36. **ORDERS** that in the event that the Applicant disclaims or resiliates the lease in respect of any leased premises in accordance with the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any dispute concerning furnishings, fixtures, equipment or a combination thereof located in the premises under the lease (other than Rent payable for the notice period provided for in Section 32(5) CCAA) and the disclaimer of the lease shall be without prejudice to the Applicant’s’ claim to the fixtures in dispute. Furthermore, in the event that any landlord for the said leased premises for which a notice of disclaimer has been sent contests the disclaimer or resiliation, Rent shall not be payable upon the expiry of the notice period provided for in Section 32(5) CCAA until the matter is determined by the Court.
37. **ORDERS** that, subject to paragraphs 23, 24, 35 and 36, nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the leases or other occupancy agreements related to the Stores (as defined in the Application).

Gift Card and Loyalty Program

38. **AUTHORIZES**, notwithstanding anything to the contrary in this Order, the Petitioners to continue to honour or comply with any customer deposits, pre-payments, gift-cards, loyalty programs and similar programs offered by the Applicants.

Priorities and General Provisions Relating to CCAA Charges

39. **DECLARES** that the priorities of the Administration Charge, Directors' Charge (collectively, the "**CCAA Charges**") and the BMO Security, as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Administration Charge;
 - (b) second, the BMO Security;
 - (c) third, the Directors' Charge;
40. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances, except for the BMO Security which, other than as provided in paragraph 39 hereof, is unaffected by this Order.
41. **ORDERS** that, except as otherwise expressly provided for herein, the Applicant shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Applicant obtains the prior written consent of the Monitor and the prior approval of the Court.
42. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Applicant, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

43. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any application for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the Applicant or any receiving order or bankruptcy order made pursuant to any such application or any assignment in bankruptcy made or deemed to be made in respect of the Applicant; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Applicant (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the Applicant of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
44. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any application for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the Applicant and any receiving order or bankruptcy order allowing such application or any assignment in bankruptcy made or deemed to be made in respect of the Applicant, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Applicant pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances, transfers at undervalue, or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

45. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Applicant and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Applicant, for all purposes.

General

46. **DECLARES** that the Applicant is authorized, with the consent of the Monitor, but is not obliged, to continue making payments to Key Service Providers (as defined in the Application) and Key Suppliers (as defined in the Application) in the normal course of business, even if such payments relate to amounts owed by the Applicant prior to the Effective Date.
47. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Applicant or of the Monitor in relation to the Business or Property of the Applicant, without first obtaining leave of this Court, upon five (5) days written notice to the Applicant's counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
48. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Applicant under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
49. **DECLARES** that, except as otherwise specified herein, the Applicant and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Applicant and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic

transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

50. **DECLARES** that the Applicant and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses.
51. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Applicant and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the Monitor or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings.
52. **DECLARES** that the Applicant or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
53. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the Applicant, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court.
54. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
55. **DECLARES** that the Monitor, with the prior consent of the Applicant, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United

States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of the Applicant. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

56. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
57. **ORDERS** that Exhibits P-5, P-6 and P-7 shall be kept under seal until further order from this Court.
58. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

Montreal, July 31, 2020

Honourable Marie-Anne Paquette, J.S.C.

New version
May 2014

SUPERIOR COURT

CANADA

PROVINCE OF QUEBEC
DISTRICT OF
MONTREAL

CANADA
PROVINCE OF QUÉBEC
DISTRIC MONTREAL
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File: Montreal, 200
No:
500- Present: The Honourable, J.S.C., 500-11-
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DAT July 31, 2020
E:

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

**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

Petitioner

-and-

And

KPMG INC.,

Proposed Monitor

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FIRST-DAY INITIAL ORDER

INITIAL ORDER¹

~~ON READING~~ ~~the Applicant's~~ ~~petition for an initial order~~ **ON READING** the Applicant's Application for the Issuance of (i) a First-Day Initial Order and (ii) An Amended and Restated Initial Order pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, C-36 (as amended the "CCAA") and the exhibits ~~and~~ the affidavit ~~of~~ filed in support thereof (the "~~Petition~~Application"), the consent of ~~KPMG Inc., a licensed insolvency trustee,~~ to act as monitor (the "Monitor"), relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the ~~Petition~~Application;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the ~~PETITION~~Application.
2. **ISSUES** an order pursuant to the CCAA (the "**Order**"), divided under the following headings:
 - ~~Service~~
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the ~~Petitioner~~Applicant and the Property and ~~Unaffected Creditor~~
 - Stay of Proceedings against the Directors and Officers

¹ Together with the petition, a blacklined version of the initial order showing the changes made must be delivered to the Court and subsequently published on the monitor's website.

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- Possession of Property and Operations
- No Exercise of Rights or Remedies;
- No Interference with Rights
- Continuation of Services
- Non-Derogation of Rights
- ~~Interim Financing (DIP)~~
- Cash Management
- Directors' and Officers' Indemnification and Charge
- Restructuring
- Powers of the Monitor
- Measures Relating to Rent Payments in Respect of Leases
- Gift Cards and Loyalty Programs
- Priorities and General Provisions Relating to CCAA Charges
- General

Service

3. **DECLARES** that sufficient prior notice of the presentation of this ~~PETITION~~ Application has been given by Magasin Laura (P.V.) Inc. / Laura's Shoppe

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hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

8. 7.4 The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.

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9. ORDERS and DECLARES that Bank of Montreal (“BMO”) is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or any other limitations of creditors’ rights or recourses herein ordered. Nothing in this Order shall prevent BMO from enforcing its security (the “BMO Security”) against the Applicant’s Property in conformity with its contractual rights, subject only to BMO providing advance notice of its intention to do so.

Stay of Proceedings against the Directors and Officers

10. ORDERS that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA and subject to paragraph 9 hereof, no Proceeding may be commenced, or continued against any former, present or future director or officer of the PETITIONERApplicant nor against any person deemed to be a director or an officer of the PETITIONERApplicant under subsection 11.03(3) CCAA (each, a “Director”, and collectively the “Directors”) in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the PETITIONERApplicant where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

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Possession of Property and Operations

11. ORDERS that the PETITIONERApplicant shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the “Property”), the whole in accordance with the terms and conditions of this order, including, but not limited, to, paragraph 23 hereof.

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No Exercise of Rights or Remedies

10.12. ORDERS that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA and paragraph 9 hereof, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the PETITIONERApplicant, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

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11.13. DECLARES that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the PETITIONERApplicant or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the PETITIONERApplicant becomes bankrupt or a receiver as defined in subsection 243(2) of the Bankruptcy and Insolvency Act (Canada) (the “BIA”) is appointed in respect of the PETITIONERApplicant, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the PETITIONERApplicant in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

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No Interference with Rights

12.14. ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the PETITIONERApplicant, except with the written consent of the PETITIONERApplicant and the Monitor, or with leave of this Court.

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Continuation of Services

13.15. ORDERS that during the Stay Period and subject to paragraph **15.17**, hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the **PETITIONERApplicant** or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the **PETITIONERApplicant**, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the **PETITIONERApplicant**, and that the **PETITIONERApplicant** shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the **PETITIONERApplicant**, without having to provide any security deposit or any other security, in accordance with normal payment practices of the **PETITIONERApplicant** or such other practices as may be agreed upon by the supplier or service provider and the **PETITIONERApplicant**, with the consent of the Monitor, or as may be ordered by this Court.

14.16. ORDERS that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the **PETITIONERApplicant** on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the **PETITIONERApplicant**.

15.17. ORDERS that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the **PETITIONERApplicant** with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied

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by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by ~~PETITIONER~~the Applicant and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the ~~PETITIONER'S~~Applicant's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

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Non-Derogation of Rights

~~16.18.~~ **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the ~~PETITIONER~~Applicant shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

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Interim Financing (DIP)

~~16. — ORDERS that Petitioner be and is hereby authorized to borrow, repay and reborrow from (the "**Interim Lender**") such amounts from time to time as Petitioner may consider necessary or desirable, up to a maximum principal amount of \$ (outstanding at any time, on the terms and conditions as set forth in the Interim Financing Term Sheet attached hereto as Schedule (the "**Interim Financing Term Sheet**") and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Petitioner and to pay such other amounts as are permitted by the terms of the Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**");~~

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~~16. ORDERS that Petitioner is hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the “**Interim Financing Documents**”) as may be required by the Interim Lender in connection with the Interim Facility and the Interim Financing Term Sheet, and Petitioner is hereby authorized to perform all of its obligations under the Interim Financing Documents;~~

~~16. ORDERS that Petitioner shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the “**Interim Lender Expenses**”)) under the Interim Financing Documents and shall perform all of its other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and the Order;~~

~~16. DECLARES that all of the Property of Petitioner [or such Property as determined by the Court] is hereby subject to a charge and security for an aggregate amount of \$● (such charge and security is referred to herein as the “**Interim Lender Charge**”) in favour of the Interim Lender as security for all obligations of Petitioner to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 40 and 41 of this Order;~~

~~16. ORDERS that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Plan;~~

~~16. ORDERS that the Interim Lender may:~~

~~(-) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim~~

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~~Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and~~

~~(-) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner if the Petitioner fails to meet the provisions of the Interim Financing Term Sheet and the Interim Financing Documents;~~

~~16. ORDERS that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the "Notice Period") of a default thereunder to the Petitioner, the Monitor and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA;~~

~~16. ORDERS that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 17 to 23 hereof unless either (a) notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order;~~

Cash Management

19. ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar cash management system offered by BMO (the "Cash Management System"), as long as the Monitor shall have oversight over such system, and that the bank providing the Cash Management System shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System and shall be, in its capacity as provider of the Cash

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Management System, an unaffected creditor under these CCAA proceedings with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

Directors' and Officers' Indemnification and Charge

17-20. ORDERS that the **PETITIONERApplicant** shall indemnify its Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the **PETITIONERApplicant** after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross **NEGLIGENCEnegligence**, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

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19-21. ORDERS that the Directors of the **PETITIONERApplicant** shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of **\$1,600,000**, (the "**Directors' Charge**"), as security for the indemnity provided in paragraph **2520** of this Order as it relates to obligations and liabilities that the Directors **and Officers** may incur in such capacity after the Effective Time. **The Directors' Charge** shall have the priority set out in paragraphs **40 AND 4139 and 0** of this Order.

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21-22. ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph **2520** of this Order.

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Restructuring

22-23. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, the **PETITIONERApplicant** shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate, and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other ~~MANER~~manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);
- (c) ~~—~~ convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed ~~\$~~\$100,000 or ~~\$~~\$500,000 in the aggregate;
- (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the **PETITIONERApplicant** and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the **PETITIONERApplicant** may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the **PETITIONERApplicant** and the relevant party, or failing such

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agreement, to make provision for the consequences thereof in the Plan; and

- (f) subject to section 11.3 CCAA, assign any rights and obligations of **PETITIONERApplicant**.

~~24.~~ **29.—DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of the **PETITIONERApplicant** pursuant to section 32 of the CCAA and subsection ~~28(E)~~23(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the **PETITIONERApplicant** and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the **PETITIONERApplicant**, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

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~~31-25.~~ **ORDERS** that the **PETITIONERApplicant** shall provide to any relevant landlord notice of the **PETITIONER'sApplicant's** intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the **PETITIONERApplicant** has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between the **PETITIONERApplicant** and the landlord.

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~~33-26.~~ **DECLARES** that, in order to facilitate the Restructuring, the **PETITIONERApplicant** may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.

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35-27. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, ~~THE PETITIONER~~ and the equivalent provisions of the Act Respecting the Protection of Personal Information in the Private Sector, R.S.Q. c. P-39.1, the Applicant is permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a **“Third Party”**), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the ~~PETITIONER~~ Applicant binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the ~~PETITIONER~~ Applicant or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the ~~PETITIONER~~ Applicant.

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Powers of the Monitor

36-28. **ORDERS** that ~~KPMG Inc., a licensed insolvency trustee,~~ is hereby appointed to monitor the business and financial affairs of the ~~PETITIONER~~ Applicant as an officer of this Court (the **“Monitor”**) and that the Monitor, in addition to the prescribed powers and obligations, referred to in ~~SECTION~~ section 23 of the CCAA:

~~(b)~~ (a) shall, without delay, (i) publish once a week for two (2) consecutive weeks ~~OR AS OTHERWISE DIRECTED BY~~ in La

~~Presse and the COURT], in [NEWSPAPERS SPECIFIED BY THE COURT]Globe & Mail~~ and (ii) within five (5) business days after the date of this Order (A) post on the Monitor’s website (the “**Website**”) a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the PETITIONERApplicant of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;

~~(e)(b)~~ shall monitor the PETITIONER’SApplicant’s receipts and disbursements;

~~(d)(c)~~ shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, in dealing with its creditors and other interested Persons during the Stay Period;

~~(e)(d)~~ shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;

~~(f)(e)~~ shall advise and assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, to review the PETITIONER’SApplicant’s business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;

~~(g)(f)~~ shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, with ~~THE RESTRUCTURING AND IN~~ its negotiations with its creditors and other interested Persons and

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with the holding and administering of any meetings held to consider the Plan;

(g)- shall assist the Applicant with its reporting obligations to BMO in accordance with the forbearance agreement entered into between the Applicant and BMO prior to the commencement of these proceedings;

- (h) shall report to the Court on the state of the business and financial affairs of the ~~PETITIONER~~Applicant or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (i) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (j) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (k) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (l) may act as a "foreign representative" of the ~~PETITIONER~~Applicant or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (m) _____ may give any consent or approval as may be contemplated by the Order or the CCAA; and
- (n) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

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Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the PetitionerApplicant, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the PetitionerApplicant.

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37.29. ORDERS that the PETITIONERApplicant and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the PETITIONERApplicant in connection with the Monitor’s duties and responsibilities hereunder.

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39.30. DECLARES that the Monitor may provide creditors and other relevant stakeholders of the PETITIONERApplicant with information in response to requests made by them in writing addressed to the Monitor and copied to the PETITIONER’sApplicant’s counsel. In the case of information that the Monitor has been advised by the PETITIONERApplicant is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the PETITIONERApplicant unless otherwise directed by this Court.

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41.31. DECLARES that if the Monitor, in its capacity as Monitor, carries on the business of the PETITIONERApplicant or continues the employment of the PETITIONER’sApplicant’s employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.

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43.32. DECLARES that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the

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provisions of any order of this Court, except with prior leave of this Court, on at least seven ~~DAYS~~days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph ~~34(h)~~28(i) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

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45.33. **ORDERS** that ~~PETITIONER~~Applicant shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the ~~PETITIONER'S~~Applicant's legal counsel and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.

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47.34. **DECLARES** that the Monitor, the Monitor's legal counsel, if any, the ~~PETITIONER'S~~Applicant's legal counsel and the Monitor and the ~~PETITIONER'S~~Applicant's respective advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of ~~\$\$\$~~\$150,000 (the "**Administration Charge**"), having the priority established by paragraphs ~~40~~ 39 and ~~410~~ hereof.

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Measures Relating to Rent Payments in Respect of Leases

35. **ORDERS** that until a real property or immovable lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay amounts constituting rent or payable as rent under real property or immovable leases (including for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the leases) or as otherwise may be

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negotiated between the Applicant and the landlord from time to time (the "Rent") for the period commencing from and including August 1, 2020. In the case of Fixed Rent Stores, as defined in the Application, the Applicant shall pay Rent twice monthly in equal payments on the first and fifteenth day of each month, payable in advance (but not in arrears). Notwithstanding the foregoing, the first payments of Rent for the Fixed Rent Stores shall be made on August 14, 2020 and shall cover Rent for the entire month of August, 2020. In the case of the Percentage Rent Stores, as defined in the Application, the Applicant shall pay Rent in arrears on the tenth or fifteenth day of each month, as applicable, with the first such payments due on September 15, 2020. Where a scheduled payment of Rent falls on a non business day, the payment shall be made on the next business day.

36. **ORDERS** that in the event that the Applicant disclaims or resiliates the lease in respect of any leased premises in accordance with the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any dispute concerning furnishings, fixtures, equipment or a combination thereof located in the premises under the lease (other than Rent payable for the notice period provided for in Section 32(5) CCAA) and the disclaimer of the lease shall be without prejudice to the Applicant's' claim to the fixtures in dispute. Furthermore, in the event that any landlord for the said leased premises for which a notice of disclaimer has been sent contests the disclaimer or resiliation, Rent shall not be payable upon the expiry of the notice period provided for in Section 32(5) CCAA until the matter is determined by the Court.

37. **ORDERS** that, subject to paragraphs 23, 24, 35 and 36, nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the leases or other occupancy agreements related to the Stores (as defined in the Application).

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Gift Card and Loyalty Program

38. **AUTORIZES**, notwithstanding anything to the contrary in this Order, the Petitioners to continue to honour or comply with any customer deposits, pre-payments, gift-cards, loyalty programs and similar programs offered by the Applicants.

Priorities and General Provisions Relating to CCAA Charges

48.39. **DECLARES** that the priorities of the Administration Charge, ~~THE INTERIM LENDER CHARGE AND~~ Directors' Charge (collectively, the "CCAA Charges"), and the BMO Security, as between them with respect to any Property to which they apply, shall be as follows:

~~(a) (A)~~ first, the Administration Charge;

~~(b) (B)~~ second, the BMO Security;

~~(c) third, the~~ Directors' Charge;

~~(e) third, the Interim Lender Charge; and~~

~~(d) fourth, ●.~~

40. ~~41.~~ **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "Encumbrances") affecting the Property charged by such Encumbrances, except for the BMO Security which, other than as provided in paragraph 39 hereof, is unaffected by this Order.

43.41. **ORDERS** that, except as otherwise expressly provided for herein, the ~~PETITIONER~~ Applicant shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the

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PETITIONERApplicant obtains the prior written consent of the Monitor and the prior approval of the Court.

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45.42. DECLARES that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the **PETITIONERApplicant**, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

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47.43. DECLARES that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any **PETITIONapplication** for a receiving order **or bankruptcy order** filed pursuant to the BIA in respect of the **PETITIONERApplicant** or any receiving order **or bankruptcy order** made pursuant to any such **PETITIONapplication** or any assignment in bankruptcy made or deemed to be made in respect of the **PETITIONERApplicant**; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the **PETITIONERApplicant** (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

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(a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the **PetitionerApplicant** of any Third Party Agreement to which it is a party; and

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(b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

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~~44.~~ ~~45.~~ **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any PETITION application for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the PETITIONER Applicant and any receiving order or bankruptcy order allowing such PETITION application or any assignment in bankruptcy made or deemed to be made in respect of the PETITIONER Applicant, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the PETITIONER Applicant pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances, transfers at undervalue, or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

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~~47.~~ ~~45.~~ **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the PETITIONER Applicant and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the PETITIONER Applicant, for all purposes.

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~~46.~~ **DECLARES** that the Applicant is authorized, with the consent of the Monitor, but is not obliged, to continue making payments to Key Service Providers (as defined in the Application) and Key Suppliers (as defined in the Application) in the normal course of business, even if such payments relate to amounts owed by the Applicant prior to the Effective Date.

~~48.~~ ~~47.~~ **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the PETITIONER Applicant or of the Monitor in relation to the Business or Property of the PETITIONER Applicant, without first obtaining leave of this Court, upon five (5) days written notice to the PETITIONER'S Applicant's counsel and to all

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those referred to in this paragraph whom it is proposed be named in such Proceedings.

50.48. DECLARES that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the **PETITIONERApplicant** under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

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52.49. DECLARES that, except as otherwise specified herein, the **PETITIONERApplicant** and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the **PETITIONERApplicant** and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

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54.50. DECLARES that the **PETITIONERApplicant** and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, ~~PROVIDED THAT THE PETITIONER SHALL DELIVER "HARD COPIES" OF SUCH MATERIALS UPON REQUEST TO ANY PARTY AS SOON AS PRACTICABLE THEREAFTER.~~

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56.51. DECLARES that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person

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in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the **PETITIONERApplicant** and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the **MONITORMonitor** or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings;

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~~58-52.~~ **DECLARES** that the **PETITIONERApplicant** or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.

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~~60-53.~~ **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the **PETITIONERApplicant**, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court;

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~~62-54.~~ **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.

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~~64-55.~~ **DECLARES** that the Monitor, with the prior consent of the **PETITIONERApplicant**, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of the **PETITIONERApplicant**. All courts

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and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

~~66.56.~~ **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

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57. **ORDERS** that Exhibits P-5, P-6 and P-7 shall be kept under seal until further order from this Court.

~~67.58.~~ **ORDERS** the provisional execution of the Order notwithstanding any appeal.

_____, 20____

Honourable _____

Montreal, July 31, 2020

Honourable Marie-Anne Paquette, J.S.C.

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SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: 500-11

DATE: August __, 2020

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

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

AMENDED AND RESTATED INITIAL ORDER

ON READING the Applicant's *Application for the Issuance of (i) a First-Day Initial Order and (ii) An Amended and Restated Initial Order* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCAA**") and the exhibits and the affidavit filed in support thereof (the "**Application**"), the consent of KPMG Inc., a licensed insolvency trustee, to act as monitor (the "**Monitor**"), relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the Application;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the Application.
2. **ISSUES** an order pursuant to the CCAA (the “**Order**”), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Applicant and the Property and Unaffected Creditor
 - Stay of Proceedings against the Directors and Officers
 - Possession of Property and Operations
 - No Exercise of Rights or Remedies;
 - No Interference with Rights
 - Continuation of Services
 - Non-Derogation of Rights
 - Cash Management
 - Directors’ and Officers’ Indemnification and Charge
 - Restructuring
 - Powers of the Monitor
 - Measures Relating to Rent Payments in Respect of Leases
 - Gift Cards and Loyalty Programs
 - Priorities and General Provisions Relating to CCAA Charges
 - General

Service

3. **DECLARES** that sufficient prior notice of the presentation of this Application has been given by Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Applicant**") to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA

4. **DECLARES** that the Applicant is a debtor company to which the CCAA applies.

Effective time

5. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Plan of Arrangement

6. **DECLARES** that the Applicant shall have the authority to file with this Court and to submit to its creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Stay of Proceedings against the Applicant and the Property and Unaffected Creditor

7. **ORDERS** that, subject to paragraph 9 hereof, until and including October 7, 2020 (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant, or affecting the Applicant's business operations and activities (the "**Business**") or the Property (as defined below), including as provided in paragraph 11 hereof except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

8. The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.
9. **ORDERS** and **DECLARES** that Bank of Montreal (“**BMO**”) is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or any other limitations of creditors’ rights or recourses herein ordered. Nothing in this Order shall prevent BMO from enforcing its security (the “**BMO Security**”) against the Applicant’s Property in conformity with its contractual rights, subject only to BMO providing advance notice of its intention to do so.

Stay of Proceedings against the Directors and Officers

10. **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA and subject to paragraph 9 hereof, no Proceeding may be commenced or continued against any former, present or future director or officer of the Applicant nor against any person deemed to be a director or an officer of the Applicant under subsection 11.03(3) CCAA (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Applicant where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

11. **ORDERS** that the Applicant shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the “**Property**”), the whole in accordance with the terms and conditions of this Order.

No Exercise of Rights or Remedies

12. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA and paragraph 9 hereof, all rights and remedies of any individual, natural

person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicant, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

13. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Applicant or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Applicant becomes bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) is appointed in respect of the Applicant, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Applicant in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

14. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or with leave of this Court.

Continuation of Services

15. **ORDERS** that during the Stay Period, subject to paragraph 17 hereof, subsection 11.01 CCAA and the terms and conditions of the Forbearance Agreement (Exhibit P-5), all Persons having verbal or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods or services, including

without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Applicant, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Applicant, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant, with the consent of the Monitor, or as may be ordered by this Court.

16. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Applicant on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Applicant.
17. **ORDERS** that, without limiting the generality of the foregoing, and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Applicant with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by the Applicant and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the

Applicant's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

18. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Applicant shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Cash Management

19. **ORDERS** that, subject to the terms and conditions of the BMO Forbearance Agreement (Exhibit P-5), the Applicant shall be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar cash management system offered by BMO (the "**Cash Management System**"), as long as the Monitor shall have oversight over such system, and that the bank providing the Cash Management System shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under these CCAA proceedings with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

Directors' and Officers' Indemnification and Charge

20. **ORDERS** that the Applicant shall indemnify its Directors and Officers from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or

officers of the Applicant after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

21. **ORDERS** that the Directors and Officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$5,000,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 20 of this Order as it relates to obligations and liabilities that the Directors and Officers may incur in such capacity after the Effective Time. The Directors' Charge shall have the priority set out in paragraphs 39 and 40 of this Order.
22. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors and Officers are entitled to be indemnified in accordance with paragraph 20 of this Order.

Restructuring

23. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, the Applicant shall have the right, subject to approval of the Monitor or further order of the Court, to:
 - (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
 - (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in

whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);

- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$100,000 or \$500,000 in the aggregate;
- (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Applicant may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Applicant and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (f) subject to section 11.3 CCAA, assign any rights and obligations of Applicant.

24. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of the Applicant pursuant to section 32 of the CCAA and subsection 23(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the Applicant and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and

re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Applicant, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

25. **ORDERS** that the Applicant shall provide to any relevant landlord notice of the Applicant's intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the Applicant has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between the Applicant and the landlord.
26. **DECLARES** that, in order to facilitate the Restructuring, the Applicant may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
27. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the Personal Information Protection and Electronic Documents Act, S.C. 2000, c.5, and the equivalent provisions of the *Act Respecting the Protection of Personal Information in the Private Sector*, R.S.Q. c. P-39.1, the Applicant is permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Applicant binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Applicant or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a

transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Applicant.

Powers of the Monitor

28. **ORDERS** that KPMG Inc., a licensed insolvency trustee, is hereby appointed to monitor the business and financial affairs of the Applicant as an officer of this Court (the “**Monitor**”) and that the Monitor, in addition to the prescribed powers and obligations, referred to in section 23 of the CCAA:
- (a) shall, without delay, (i) publish once a week for two (2) consecutive weeks in La Presse and the Globe & Mail and (ii) within five (5) business days after the date of this Order (A) post on the Monitor’s website (the “**Website**”) a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Applicant of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;
 - (b) shall monitor the Applicant’s receipts and disbursements;
 - (c) shall assist the Applicant, to the extent required by the Applicant, in dealing with its creditors and other interested Persons during the Stay Period;
 - (d) shall assist the Applicant, to the extent required by the Applicant, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;

- (e) shall advise and assist the Applicant, to the extent required by the Applicant, to review the Applicant's business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Applicant, to the extent required by the Applicant, with its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall assist the Applicant with its reporting obligations to BMO in accordance with the forbearance agreement entered into between the Applicant and BMO prior to the commencement of these proceedings;
- (h) shall report to the Court on the state of the business and financial affairs of the Applicant or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (i) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (j) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (k) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (l) may act as a "foreign representative" of the Applicant or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;

- (m) may give any consent or approval as may be contemplated by the Order or the CCAA; and
- (n) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Applicant, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Applicant.

29. **ORDERS** that the Applicant and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Applicant in connection with the Monitor's duties and responsibilities hereunder.
30. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Applicant with information in response to requests made by them in writing addressed to the Monitor and copied to the Applicant's counsel. In the case of information that the Monitor has been advised by the Applicant is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Applicant unless otherwise directed by this Court.
31. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Applicant or continues the employment of the Applicant's employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
32. **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days' notice to the Monitor and its counsel. The entities related to or

affiliated with the Monitor referred to in subparagraph 28(j) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

33. **ORDERS** that Applicant shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the Applicant's legal counsel and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
34. **DECLARES** that the Monitor, the Monitor's legal counsel, if any, the Applicant's legal counsel and the Monitor and the Applicant's respective advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$750,000 (the "**Administration Charge**"), having the priority established by paragraphs 39 and 40 hereof.

Measures Relating to Rent Payments in Respect of Leases

35. **ORDERS** that until a real property or immovable lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay amounts constituting rent or payable as rent under real property or immovable leases (including for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the leases) or as otherwise may be negotiated between the Applicant and the landlord from time to time (the "**Rent**") for the period commencing from and including August 1, 2020. In the case of Fixed Rent Stores, as defined in the Application, the Applicant shall pay Rent twice monthly in equal payments on the first and fifteenth day of each month, payable in advance (but not in arrears). Notwithstanding the foregoing, the first payments of Rent for the Fixed Rent Stores shall be made on August 14, 2020 and shall cover

Rent for the entire month of August, 2020. In the case of the Percentage Rent Stores, as defined in the Application, the Applicant shall pay Rent in arrears on the tenth or fifteenth day of each month, as applicable, with the first such payments due on September 10, 2020. Where a scheduled payment of Rent falls on a non business day, the payment shall be made on the next business day.

36. **ORDERS** that in the event that the Applicant disclaims or resiliates the lease in respect of any leased premises in accordance with the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any dispute concerning furnishings, fixtures, equipment or a combination thereof located in the premises under the lease (other than Rent payable for the notice period provided for in Section 32(5) CCAA) and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute. Furthermore, in the event that any landlord for the said leased premises for which a notice of disclaimer has been sent contests the disclaimer or resiliation, Rent shall not be payable upon the expiry of the notice period provided for in Section 32(5) CCAA until the matter is determined by the Court.
37. **ORDERS** that, subject to paragraphs 23, 24, 36 and 37, nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the leases or other occupancy agreements related to the Stores (as defined in the Application).

Gift Card and Loyalty Program

38. **AUTHORIZES**, notwithstanding anything to the contrary in this Order, the Petitioners to continue to honour or comply with any customer deposits, pre-payments, gift-cards, loyalty programs and similar programs offered by the Applicant.

Priorities and General Provisions Relating to CCAA Charges

39. **DECLARES** that the priorities of the Administration Charge, Directors' Charge (collectively, the "**CCAA Charges**") and the BMO Security, as between them with respect to any Property to which they apply, shall be as follows:

(a) first, the Administration Charge;

(b) second, the BMO Security;

(c) third, the Directors' Charge;

40. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the “**Encumbrances**”) affecting the Property charged by such Encumbrances, except for the BMO Security which, other than as provided in paragraph 39 hereof, is unaffected by this Order.
41. **ORDERS** that, except as otherwise expressly provided for herein, the Applicant shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Applicant obtains the prior written consent of the Monitor and the prior approval of the Court.
42. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Applicant, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
43. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any application for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the Applicant or any receiving order or bankruptcy order made pursuant to any such application or any assignment in bankruptcy made or deemed to be made in respect of the Applicant; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the

Applicant (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the Applicant of any Third Party Agreement to which it is a party; and
- (b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

44. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any application for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the Applicant and any receiving order or bankruptcy order allowing such application or any assignment in bankruptcy made or deemed to be made in respect of the Applicant, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Applicant pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances, transfers at undervalue, or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
45. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Applicant and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Applicant, for all purposes.

General

46. **DECLARES** that the Applicant is authorized, with the consent of the Monitor, but is not obliged, to continue making payments to Key Service Providers (as defined in the Application) and Key Suppliers (as defined in the Application) in the normal course of business, even if such payments relate to amounts owed by the Applicant prior to the Effective Date.

47. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Applicant or of the Monitor in relation to the Business or Property of the Applicant, without first obtaining leave of this Court, upon five (5) days written notice to the Applicant's counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
48. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Applicant under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
49. **DECLARES** that, except as otherwise specified herein, the Applicant and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Applicant and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
50. **DECLARES** that the Applicant and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses.
51. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Applicant and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the Monitor or its

attorneys, save and except when an order is sought against a Person not previously involved in these proceedings.

52. **DECLARES** that the Applicant or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
53. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the Applicant, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court.
54. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
55. **DECLARES** that the Monitor, with the prior consent of the Applicant, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of the Applicant. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.
56. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America

and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

57. **ORDERS** that Exhibits P-5, P-6 and P-7 shall be kept under seal until further order from this Court.
58. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

Montreal, August ____, 2020

Honourable Marie-Anne Paquette, J.S.C.

New version
May 2014

SUPERIOR COURT

CANADA

PROVINCE OF QUEBEC
DISTRICT OF
MONTRÉAL

CANADA
PROVINCE OF QUÉBEC
DISTRIC MONTREAL
T OF

File: 500-11Montreal, ●, 200●
No:
~~500-~~ Present: The Honourable ●, J.S.C.:
~~44~~ ●

DAT August, 2020
E:

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

:

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

Petitioner

-and-

And

KPMG INC.

Monitor

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AMENDED AND RESTATED INITIAL ORDER

INITIAL ORDER¹

~~ON READING~~ ~~the Applicant's~~ ~~petition for an initial order~~ **ON READING** the Applicant's Application for the Issuance of (i) a First-Day Initial Order and (ii) An Amended and Restated Initial Order pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, C-36 (as amended the "CCAA") and the exhibits, ~~and~~ the affidavit ~~of~~ filed in support thereof (the "~~Petition~~Application"), the consent of ~~KPMG Inc., a licensed insolvency trustee,~~ to act as monitor (the "Monitor"), relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the ~~Petition~~Application;

~~GIVEN~~ the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the ~~PETITION~~Application.
2. **ISSUES** an order pursuant to the CCAA (the "**Order**"), divided under the following headings:
 - ~~Service~~
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the ~~Petitioner~~Applicant and the Property and ~~Unaffected Creditor~~
 - Stay of Proceedings against the Directors and Officers

¹ Together with the petition, a blacklined version of the initial order showing the changes made must be delivered to the Court and subsequently published on the monitor's website.

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- Possession of Property and Operations
- No Exercise of Rights or Remedies;
- No Interference with Rights
- Continuation of Services
- Non-Derogation of Rights
- ~~Interim Financing (DIP)~~
- Cash Management
- Directors' and Officers' Indemnification and Charge
- Restructuring
- Powers of the Monitor
- Measures Relating to Rent Payments in Respect of Leases
- Gift Cards and Loyalty Programs
- Priorities and General Provisions Relating to CCAA Charges
- General

Service

3. **DECLARES** that sufficient prior notice of the presentation of this PETITION Application has been given by Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the PETITIONER "Applicant") to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA

4. **DECLARES** that the PETITIONER Applicant is a debtor company to which the CCAA applies.

Effective time

5. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Plan of Arrangement

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6. **DECLARES** that the **PETITIONERApplicant** shall have the authority to file with this Court and to submit to its creditors one or more plans of compromise or arrangement (collectively, the "Plan") in accordance with the CCAA.

Stay of Proceedings against the PetitionerApplicant and the Property and Unaffected Creditor.

7. **ORDERS** that, ~~subject to paragraph 9 hereof,~~ until and including ~~DATE - MAX- 30 DAYS], OR SUCH LATER DATE AS THE COURT MAY ORDER~~ October 7, 2020 (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the **PETITIONERApplicant**, or affecting the **PETITIONER'SApplicant's** business operations and activities (the "Business") or the Property (as defined **HEREIN** below), including as provided in paragraph ~~10 HEREINBELOW~~ 11 hereof except with leave of this Court. Any and all Proceedings currently under way against or in respect of the **PETITIONERApplicant** or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

8. ~~7.4~~ The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.

9. **ORDERS** and **DECLARES** that Bank of Montreal ("**BMO**") is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or any other limitations of creditors' rights or recourses herein ordered. Nothing in this Order shall prevent BMO from enforcing its security (the "**BMO Security**") against the Applicant's Property in conformity with its contractual rights, subject only to BMO providing advance notice of its intention to do so.

Stay of Proceedings against the Directors and Officers

~~8.10.~~ **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA and subject to paragraph 9 hereof, no Proceeding may be

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commenced, or continued against any former, present or future director or officer of the PETITIONERApplicant nor against any person deemed to be a director or an officer of the PETITIONERApplicant under subsection 11.03(3) CCAA (each, a "Director", and collectively the "Directors") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the PETITIONERApplicant where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

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Possession of Property and Operations

9.11. ORDERS that the PETITIONERApplicant shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the "Property"), the whole in accordance with the terms and conditions of this ORDER INCLUDING, BUT NOT LIMITED, TO PARAGRAPH 28 HEREOFOrder.

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No Exercise of Rights or Remedies

10.12. ORDERS that during the Stay Period, and subject to, inter alia, subsection 11.1 CCAA and paragraph 9 hereof, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the PETITIONERApplicant, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

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11.13. DECLARES that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the PETITIONERApplicant or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay

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Period. Without limitation to the foregoing, in the event that the **PETITIONERApplicant** becomes bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) is appointed in respect of the **PETITIONERApplicant**, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the **PETITIONERApplicant** in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

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No Interference with Rights

12.14. ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the **PETITIONERApplicant**, except with the written consent of the **PETITIONERApplicant** and the Monitor, or with leave of this Court.

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Continuation of Services

13.15. ORDERS that during the Stay Period ~~AND~~, subject to paragraph **1517** hereof ~~AND~~, subsection 11.01 CCAA, and the terms and conditions of the Forbearance Agreement (Exhibit P-5), all Persons having verbal or written agreements with the **PETITIONERApplicant** or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the **PETITIONERApplicant**, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the **PETITIONERApplicant**, and that the **PETITIONERApplicant** shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the **PETITIONERApplicant**, without having to provide any security deposit or any other

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security, in accordance with normal payment practices of the **PETITIONERApplicant** or such other practices as may be agreed upon by the supplier or service provider and the **PETITIONERApplicant**, with the consent of the Monitor, or as may be ordered by this Court.

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14.16. ORDERS that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the **PETITIONERApplicant** on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the **PETITIONERApplicant**.

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15.17. ORDERS that, without limiting the generality of the foregoing, and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the **PETITIONERApplicant** with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by **PETITIONERthe Applicant** and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the **PETITIONER'SApplicant's** account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

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Non-Derogation of Rights

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16.18. ORDERS that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the **PETITIONERApplicant** shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided

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that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Interim Financing (DIP)

17. ~~ORDERS that Petitioner be and is hereby authorized to borrow, repay and reborrow from (the “Interim Lender”) such amounts from time to time as Petitioner may consider necessary or desirable, up to a maximum principal amount of \$ (outstanding at any time, on the terms and conditions as set forth in the Interim Financing Term Sheet attached hereto as Schedule (the “Interim Financing Term Sheet”) and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Petitioner and to pay such other amounts as are permitted by the terms of the Order and the Interim Financing Documents (as defined hereinafter) (the “Interim Facility”);~~
18. ~~ORDERS that Petitioner is hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the “Interim Financing Documents”) as may be required by the Interim Lender in connection with the Interim Facility and the Interim Financing Term Sheet, and Petitioner is hereby authorized to perform all of its obligations under the Interim Financing Documents;~~
19. ~~ORDERS that Petitioner shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the “Interim Lender Expenses”)) under the Interim Financing Documents and shall perform all of its other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and the Order;~~
20. ~~DECLARES that all of the Property of Petitioner [or such Property as determined by the Court] is hereby subject to a charge and security for an aggregate amount of \$ (such charge and security is referred to herein as the “Interim Lender Charge”) in favour of the~~

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~~Interim Lender as security for all obligations of Petitioner to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 40 and 41 of this Order;~~

~~21. ORDERS that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Plan;~~

~~22. ORDERS that the Interim Lender may:~~

~~(a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and~~

~~(b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner if the Petitioner fails to meet the provisions of the Interim Financing Term Sheet and the Interim Financing Documents;~~

~~23. ORDERS that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the "Notice Period") of a default thereunder to the Petitioner, the Monitor and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA;~~

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~~24. ORDERS that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 17 to 23 hereof unless either (a) notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order;~~

Cash Management

19. ORDERS that, subject to the terms and conditions of the BMO Forbearance Agreement (Exhibit P-5), the Applicant shall be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar cash management system offered by BMO (the "Cash Management System"), as long as the Monitor shall have oversight over such system, and that the bank providing the Cash Management System shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under these CCAA proceedings with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

Directors' and Officers' Indemnification and Charge

~~25-20. ORDERS that the PETITIONERApplicant shall indemnify its Directors and Officers~~ from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the ~~PETITIONERApplicant~~ after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross ~~NEGLIGENCE~~negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

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~~26-21.~~ **ORDERS** that the Directors and Officers of the PETITIONER Applicant shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of ~~\$\$\$5,000,000~~ (the “**Directors’ Charge**”), as security for the indemnity provided in paragraph ~~2520~~ of this Order as it relates to obligations and liabilities that the Directors and Officers may incur in such capacity after the Effective Time. ~~The~~ Directors’ Charge shall have the priority set out in paragraphs ~~40 AND 41~~ 39 and 0 of this Order.

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~~27-22.~~ **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Directors and Officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors and Officers are entitled to be indemnified in accordance with paragraph ~~2520~~ of this Order.

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Restructuring

~~28-23.~~ **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, the PETITIONER Applicant shall have the right, subject to approval of the Monitor or further order of the Court, to:

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- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate, and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other MANER manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);

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- (c) ~~—~~ convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed ~~\$\$\$100,000~~ or ~~\$\$\$500,000~~ in the aggregate;
- (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the PETITIONERApplicant and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the PETITIONERApplicant may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the PETITIONERApplicant and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (f) subject to section 11.3 CCAA, assign any rights and obligations of PETITIONERApplicant.

24. ~~29.~~ **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of the PETITIONERApplicant pursuant to section 32 of the CCAA and subsection ~~28(E)~~23(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the PETITIONERApplicant and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver

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of, or prejudice to, any claims or rights of the landlord against the **PETITIONERApplicant**, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

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30-25. ORDERS that the **PETITIONERApplicant** shall provide to any relevant landlord notice of the **PETITIONER'sApplicant's** intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the **PETITIONERApplicant** has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between the **PETITIONERApplicant** and the landlord.

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31-26. DECLARES that, in order to facilitate the Restructuring, the **PETITIONERApplicant** may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.

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32-27. DECLARES that, pursuant to sub-paragraph 7(3)(c) of the Personal Information Protection and Electronic Documents Act, S.C. 2000, c.5, **THE PETITIONER and the equivalent provisions of the Act Respecting the Protection of Personal Information in the Private Sector, R.S.Q. c. P-39.1, the Applicant** is permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a **"Third Party"**), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the **PETITIONERApplicant** binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for

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the limited purpose set out herein, the personal information shall be returned to the **PETITIONERApplicant** or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the **PETITIONERApplicant**.

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~~33-28.~~ **ORDERS** that ~~●KPMG Inc., a licensed insolvency trustee,~~ is hereby appointed to monitor the business and financial affairs of the **PETITIONERApplicant** as an officer of this Court (the "**Monitor**") and that the Monitor, in addition to the prescribed powers and obligations, referred to in ~~SECTION~~**section** 23 of the CCAA:

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(a) shall, without delay, (i) publish once a week for two (2) consecutive weeks ~~[OR AS OTHERWISE DIRECTED BY IN La Presse and the COURT], IN [NEWSPAPERS SPECIFIED BY THE COURT]Globe & Mail~~ and (ii) within five (5) business days after the date of this Order (A) post on the Monitor's website (the "**Website**") a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the **PETITIONERApplicant** of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;

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(b) shall monitor the **PETITIONER'SApplicant's** receipts and disbursements;

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- (c) shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, in dealing with its creditors and other interested Persons during the Stay Period;
- (d) shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, to review the PETITIONER'SApplicant's business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the PETITIONERApplicant, to the extent required by the PETITIONERApplicant, with ~~THE RESTRUCTURING AND IN~~ its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;

(g)- shall assist the Applicant with its reporting obligations to BMO in accordance with the forbearance agreement entered into between the Applicant and BMO prior to the commencement of these proceedings;

(g)(h) shall report to the Court on the state of the business and financial affairs of the PETITIONERApplicant or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;

(h)(i) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;

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(j) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;

(k) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;

(l) may act as a "foreign representative" of the PETITIONERApplicant or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;

(m) may give any consent or approval as may be contemplated by the Order or the CCAA; and

(n) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the PetitionerApplicant, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the PetitionerApplicant.

34.29. ORDERS that the PETITIONERApplicant and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the PETITIONERApplicant in connection with the Monitor's duties and responsibilities hereunder.

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~~35.30.~~ **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the PETITIONER Applicant with information in response to requests made by them in writing addressed to the Monitor and copied to the PETITIONER'S Applicant's counsel. In the case of information that the Monitor has been advised by the PETITIONER Applicant is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the PETITIONER Applicant unless otherwise directed by this Court.

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~~36.31.~~ **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the PETITIONER Applicant or continues the employment of the PETITIONER'S Applicant's employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.

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~~37.32.~~ **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out of the provisions of any order of this Court, except with prior leave of this Court, on at least seven ~~DAYS~~ days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph ~~34(i)28(j)~~ hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

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~~38.33.~~ **ORDERS** that PETITIONER Applicant shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the PETITIONER'S Applicant's legal counsel and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.

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~~39.34.~~ **DECLARES** that the Monitor, the Monitor’s legal counsel, if any, the ~~PETITIONER’S Applicant’s~~ legal counsel and the Monitor and the ~~PETITIONER’S Applicant’s~~ respective advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of ~~●~~\$750,000 (the “**Administration Charge**”), having the priority established by paragraphs ~~40 39~~ and ~~410~~ hereof.

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Measures Relating to Rent Payments in Respect of Leases

35. **ORDERS** that until a real property or immovable lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay amounts constituting rent or payable as rent under real property or immovable leases (including for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the leases) or as otherwise may be negotiated between the Applicant and the landlord from time to time (the “**Rent**”) for the period commencing from and including August 1, 2020. In the case of Fixed Rent Stores, as defined in the Application, the Applicant shall pay Rent twice monthly in equal payments on the first and fifteenth day of each month, payable in advance (but not in arrears). Notwithstanding the foregoing, the first payments of Rent for the Fixed Rent Stores shall be made on August 14, 2020 and shall cover Rent for the entire month of August, 2020. In the case of the Percentage Rent Stores, as defined in the Application, the Applicant shall pay Rent in arrears on the tenth or fifteenth day of each month, as applicable, with the first such payments due on September 10, 2020. Where a scheduled payment of Rent falls on a non business day, the payment shall be made on the next business day.

36. **ORDERS** that in the event that the Applicant disclaims or resiliates the lease in respect of any leased premises in accordance with the CCAA, the Applicant shall

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not be required to pay Rent under such lease pending resolution of any dispute concerning furnishings, fixtures, equipment or a combination thereof located in the premises under the lease (other than Rent payable for the notice period provided for in Section 32(5) CCAA) and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute. Furthermore, in the event that any landlord for the said leased premises for which a notice of disclaimer has been sent contests the disclaimer or resiliation, Rent shall not be payable upon the expiry of the notice period provided for in Section 32(5) CCAA until the matter is determined by the Court.

37. **ORDERS** that, subject to paragraphs 23, 24, 35 and 35, nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the leases or other occupancy agreements related to the Stores (as defined in the Application).

Gift Card and Loyalty Program

38. **AUTHORIZES**, notwithstanding anything to the contrary in this Order, the Petitioners to continue to honour or comply with any customer deposits, pre-payments, gift-cards, loyalty programs and similar programs offered by the Applicant.

Priorities and General Provisions Relating to CCAA Charges

40-39. **DECLARES** that the priorities of the Administration Charge, ~~THE INTERIM LENDER CHARGE AND~~ Directors' Charge (collectively, the "**CCAA Charges**") and the BMO Security, as between them with respect to any Property to which they apply, shall be as follows:

(a) ~~(A)~~ first, the Administration Charge;

(b) ~~(B)~~ second, the **BMO Security**;

(c) **third, the** Directors' Charge;

(e) ~~third, the Interim Lender Charge; and~~

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(d) fourth, ●:

40. ~~41.~~ **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "Encumbrances") affecting the Property charged by such Encumbrances, except for the BMO Security which, other than as provided in paragraph 39 hereof, is unaffected by this Order.

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~~42.41.~~ **ORDERS** that, except as otherwise expressly provided for herein, the PETITIONERApplicant shall not grant any Encumbrances in or against any Property that rank in priority to, or pari passu with, any of the CCAA Charges unless the PETITIONERApplicant obtains the prior written consent of the Monitor and the prior approval of the Court.

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~~43.42.~~ **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the PETITIONERApplicant, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

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~~44.43.~~ **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any PETITIONapplication for a receiving order or bankruptcy order filed pursuant to the BIA in respect of the PETITIONERApplicant or any receiving order or bankruptcy order made pursuant to any such PETITIONapplication or any assignment in bankruptcy made or deemed to be made in respect of the PETITIONERApplicant; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt

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or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the **PETITIONERApplicant** (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

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(a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the **PETITIONERApplicant** of any Third Party Agreement to which it is a party; and

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(b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

44. 45. DECLARES that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any **PETITIONapplication** for a receiving order or **bankruptcy order** filed pursuant to the BIA in respect of the **PETITIONERApplicant** and any receiving order or **bankruptcy order** allowing such **PETITIONapplication** or any assignment in bankruptcy made or deemed to be made in respect of the **PETITIONERApplicant**, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the **PETITIONERApplicant** pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances, **transfers at undervalue**, or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

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46.45. DECLARES that the CCAA Charges shall be valid and enforceable as against all Property of the **PETITIONERApplicant** and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the **PETITIONERApplicant**, for all purposes.

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General

46. **DECLARES** that the Applicant is authorized, with the consent of the Monitor, but is not obliged, to continue making payments to Key Service Providers (as defined in the Application) and Key Suppliers (as defined in the Application) in the normal course of business, even if such payments relate to amounts owed by the Applicant prior to the Effective Date.

47. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the **PETITIONERApplicant** or of the Monitor in relation to the Business or Property of the **PETITIONERApplicant**, without first obtaining leave of this Court, upon five (5) days written notice to the **PETITIONER'sApplicant's** counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.

48. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the **PETITIONERApplicant** under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

49. **DECLARES** that, except as otherwise specified herein, the **PETITIONERApplicant** and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the **PETITIONERApplicant** and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

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50. **DECLARES** that the **PETITIONERApplicant** and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, ~~PROVIDED THAT THE PETITIONER SHALL DELIVER "HARD COPIES" OF SUCH MATERIALS UPON REQUEST TO ANY PARTY AS SOON AS PRACTICABLE THEREAFTER.~~

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51. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the **PETITIONERApplicant** and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the **MONITORMonitor** or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings;

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52. **DECLARES** that the **PETITIONERApplicant** or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.

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53. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the **PETITIONERApplicant**, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court;

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54. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.

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55. **DECLARES** that the Monitor, with the prior consent of the **PETITIONERApplicant**, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of the **PETITIONERApplicant**. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

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56. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

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57. **ORDERS** that Exhibits P-5, P-6 and P-7 shall be kept under seal until further order from this Court.

~~57.58.~~ **ORDERS** the provisional execution of the Order notwithstanding any appeal.

_____, 20____

Honourable _____

Montreal, August _____, 2020

Honourable Marie-Anne Paquette, J.S.C.

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Exhibit P-5
BMO Forbearance Agreement
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Exhibit P-6
Cash-flow projections
UNDER SEAL

Exhibit P-7

**Financial Statements (audited Feb 1, 2020)
and June 2020 (internal)**

UNDER SEAL

NO: 500-11

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

**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.

Proposed Monitor

**APPLICATION FOR THE ISSUANCE OF (I) A
FIRST-DAY INITIAL ORDER AND
(II) AN AMENDED AND RESTATED INITIAL
ORDER**

(Sections 4, 5, 11 and *ff.* of the *Companies' Creditors
Arrangement Act*)

And Exhibits P-1 to P-7

ORIGINAL

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