

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

N°: 500-11-058602-208

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

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

Applicant

-and-

KPMG INC.

Monitor

**APPLICATION FOR AN ORDER SANCTIONING THE APPLICANT'S PLAN OF
COMPROMISE AND ARRANGEMENT**

(Sections 6, 9, 11 and 11.02 of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36)

**TO THE HONOURABLE JUSTICE MARIE-ANNE PAQUETTE OF THE SUPERIOR
COURT, SITTING IN THE COMMERCIAL DIVISION, IN AND FOR THE DISTRICT
OF MONTREAL, THE APPLICANT RESPECTFULLY SUBMITS AS FOLLOWS:**

I. INTRODUCTION

1. By way of the present application (the "**Application**"), Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. ("**Laura**" or the "**Applicant**"), is seeking an order from this Honourable Court sanctioning its Plan of Compromise and Arrangement dated March 26, 2021 (as amended on July 6, 2021) (the "**Plan**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), in accordance with draft order communicated herewith as **Exhibit P-1** (the "**Draft Sanction Order**").
2. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan, a copy of which is communicated herewith as **Exhibit P-2**.

II. BACKGROUND

3. On July 31, 2020, this Honourable Court issued a First-Day Initial Order, and on August 10, 2020, an Amended and Restated Initial Order (collectively the “**Initial Order**”), extending protection to the Applicant pursuant to the CCAA.
4. Pursuant to the Initial Order, KPMG Inc. was appointed as monitor of the Applicant (the “**Monitor**”) and a stay of proceedings (the “**Stay of Proceedings**”) was ordered until September 25, 2020, and thereafter further extended on a number of occasions, the latest until July 30, 2021 (the “**Stay Period**”).
5. On August 28, 2020, this Honourable Court issued an order, *inter alia*, establishing a claims bar date of October 5, 2020 (subject to certain variations) for filing proofs of claim with the Monitor and approving the procedure for dealing with such proofs of claim (“**Claims Procedure Order**”).
6. Subsequent to the issuance of the Claims Procedure Order, this Honourable Court authorized the Monitor, under certain circumstances, to accept proofs of claims of employees and other creditors filed after the Claims Bar Date (the “**Permitted Late Claims**”).
7. In accordance with the Claim Procedure Order, the Monitor sent the requisite notices, materials and forms to the Affected Creditors and received Proofs of Claims from the Affected Creditors prior to the Claims Bar Date (and after such date in the case of the Permitted Late Claims).
8. Thereafter, the Monitor, together with the Applicant, examined the Proofs of Claims received and determined whether they should be wholly or partially allowed, or in certain cases denied, in accordance with the Claims Procedure Order.
9. As of the date hereof, there have not been any Disputed Claims.
10. By order dated April 1, 2021 (the “**Meeting Order**”), this Honourable Court issued an order, *inter alia*, authorizing the Applicant to file its original Plan of Compromise and Arrangement dated March 26, 2021 (the “**Original Plan**”), call a Creditors’ Meeting by April 30, 2021, or such other date during the 30 days immediately thereafter (the “**Meeting Date**”), and extending the Stay of Proceedings until May 31, 2021.
11. As a result of the intensification of the third wave of the Covid-19 pandemic, which resulted in further government-ordered temporary closures of 71 of the Applicant’s 139 stores, the Applicant made an application to the Court seeking an order extending the Meeting Date to a date on or before July 23, 2021, and extending the stay of proceedings until July 30, 2021, which application was granted on May 21, 2021 by the Honourable Justice Chantal Corriveau, J.S.C. (the “**Meeting Extension Order**”).

12. In accordance with the Meeting Order and the Meeting Extension Order, the Monitor published and gave the requisite notices to Affected Creditors (the “**Notices**”) in order to properly convene and hold a meeting of the Affected Creditors on July 7, 2021.
13. On July 6, 2021, in accordance with section 9.3 of the Original Plan, and as authorized in paragraph 6 of the Meeting Order, the Applicant, in consultation with the Monitor, amended the Original Plan in order to make extremely minor and non-material clarifications thereto at the request of a creditor, and circulated same to the Service List on that day.

III. THE CREDITORS’ MEETING

14. In accordance with the Notices, the Creditors’ Meeting was held by videoconference on July 7, 2021.
15. At the Creditors’ Meeting:
 - a. The Plan was tabled for discussion;
 - b. The terms of the Plan were summarized to the Affected Creditors present at the Creditors’ Meeting;
 - c. The Monitor explained that minor and non-material changes were made to the Plan;
 - d. Creditors were given the opportunity to ask questions about the Plan; and
 - e. The Monitor conducted a vote on the Plan by the Affected Creditors present at the Creditors’ Meeting (in person and by proxy).
16. As will be more fully detailed by the Monitor in its report to be filed with this Honourable Court, the results of the vote were as follows:
 - a. 98.39% of the Affected Creditors present at the Creditors’ Meeting (in person and by proxy) voted to approve the Plan; and
 - b. 99.998% in value of the Proofs of Claims of all Affected Creditors present at the Creditors’ Meeting (in person and by proxy) voted to approve the Plan.
17. Accordingly, the Plan has been overwhelmingly approved by far more the Required Majorities at the Creditors’ Meeting.

IV. THE PLAN IS FAIR AND REASONABLE

18. As further detailed therein, the Plan, which was developed by the Applicant with the assistance of its advisors and the Monitor, provides, *inter alia*, for:
 - a. the inclusion of the Applicant’s Affected Creditors in one class of creditors;

- b. the distribution of the Plan Distribution amount of \$750,000 to the Affected Creditors, in accordance with the terms of the Plan;
 - c. the release of all Affected Claims against the Applicant and its directors, officers and employees to the extent provided under the CCAA; and
 - d. the waiver and renunciation by members of the therein defined Fisher Group of their right to make a Claim in the Plan.
19. The Plan is not addressed to holders of Unaffected Claims, which include Ordinary Course Post-Filing Claims, BMO Claims, Administration Claims, Gift Card Claims, Crown Priority Claims, Section 6(5) Claims, Section 19(2) Claims, Secured Claims, Fisher Group Claims and Key Supplier Claims (all as defined in the Plan) and, accordingly, Unaffected Claims are not released as a result of the Plan.
20. The amount of the Plan Distribution takes into account the incredible challenges the Applicant has faced, and shall continue to face, resulting from the Covid-19 pandemic and was arrived at in consultation with its operating lender, Bank of Montreal (the “**BMO**”). BMO has agreed, in the forbearance agreement in force between the parties, that the Applicant may make a Plan Distribution of an amount not to exceed \$750,000.
21. In addition, the Applicant took steps to have the Monitor appointed as a receiver in order to enable employees who were terminated as a result of this process to receive recoveries from the WEPPA program in excess of \$500,000.
22. The Applicant, through the CCAA process, has been able to restructure its business, in order to put itself in a better position to overcome the new challenges facing retailers caused by the Covid-19 pandemic.
23. In particular, the Applicant has been able to restructure its leases with its landlords, in order for the terms thereof to better reflect the reality of the new retail environment. As well, the Applicant was able to downsize its personnel at the head office and retail store levels, in order to align with its needs in this new environment and with the size of its business.
24. The Plan is a fair and reasonable compromise of the Affected Claims, and will better enable the Applicant to continue its Canadian-owned business as a going concern for the benefit of its stakeholders, including, but not limited to its:
 - a. Landlords, who will retain Laura as a vibrant rent-paying tenant across Canada;
 - b. Suppliers, who will continue to supply substantial merchandise to Laura on a yearly basis; and
 - c. Approximately 1,600 employees, in its stores across the country and in its head office in Laval, Quebec, who will retain their jobs with the company.

25. Laura has the full support of its operating lender BMO to finance its ongoing post-restructuring operations.
26. In the event that this Honourable Court should sanction the Plan, the present proceedings will constitute a particularly successful and timely restructuring of a major Canadian retailer affected by the unprecedented health and economic challenges resulting from the pandemic. Pursuant to this restructuring, Laura will emerge within less than one year of its initial CCAA filing with 139 of its pre-pandemic 140 stores fully operational.
27. The present Application is well founded in fact and in law.

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

GRANT the present Application;

ISSUE the *Sanction Order* substantially in the form of the Draft Sanction Order, Exhibit P-1;

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

MONTREAL, July 8, 2021

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

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

N°: 500-11-058602-208

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

Applicant

-and-

KPMG INC.

Monitor

AFFIDAVIT

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

1. I am the President of the Applicant; and
2. All of the facts alleged by the Applicant in the present *Application for an Order Sanctioning the Applicant's Plan of Compromise and Arrangement* which do not appear of record in this Court file are true and correct.

AND I HAVE SIGNED:

Kalman Fisher

KALMAN FISHER

SOLEMNLY AFFIRMED before me,
by videoconference, at the City of
Montreal, Province of Quebec, this 8th
day of July, 2021.

B. Bouthillette



Commissioner of Oaths for Quebec

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SUPERIOR COURT
Commercial Division

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Applicant

-and-

KPMG INC.

Monitor

NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE that the *Application for an Order Sanctioning the Applicant's Plan of Compromise and Arrangement* will be presented for adjudication before the Honourable Marie-Anne Paquette, J.S.C., on **July 14, 2021, at 9:30 am** by videoconference using Microsoft Teams in room 15.03 of the Montreal Courthouse, the Microsoft Teams link for which can be found as follows:

15.03	<p><u>Rejoindre la réunion Microsoft Teams</u> <u>+1 581-319-2194</u> Canada, Quebec (Numéro payant) <u>(833) 450-1741</u> Canada (Numéro gratuit) ID de conférence : 553 326 314# <u>Numéros locaux</u> <u>Réinitialiser le code confidentiel</u> <u>En savoir plus sur Teams</u> <u>Options de réunion</u> Rejoindre à l'aide d'un dispositif de vidéoconférence <u>teams@teams.justice.gouv.qc.ca</u> ID de la conférence VTC : 1171812571 <u>Autres instructions relatives à la numérotation VTC</u></p>
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DO GOVERN YOURSELVES ACCORDINGLY

Montreal, July 8, 2021

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

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUÉBEC
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**MAGASIN LAURA (P.V.) INC. /
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Applicant

-and-

KPMG INC.

Monitor

LIST OF EXHIBITS

EXHIBIT P-1: Draft Sanction Order

EXHIBIT P-2: Amended Plan of Compromise and Arrangement dated July 6,
2021 (amending the plan dated March 26, 2021)

MONTREAL, July 10, 2021

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

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: 500-11-058602-208

DATE: July 14, 2021

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

Sanction Order

ON READING Magasin Laura (P.V.) Inc./Laura's Shoppe (P.V.) Inc. (the "**Applicant**")'s *Application for the Issuance of a Sanction Order* (the "**Application**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), the exhibits and the affidavit of Kalman Fisher filed in support thereof and the Eighth Report of KPMG Inc., in its capacity as monitor of the Applicant (the "**Monitor**"), filed in support of the Application;

GIVEN the Initial Order rendered by this Court on July 31, 2020 (as amended and restated on August 10, 2020, the "**Initial Order**");

GIVEN the Claims Procedure Order issued by this Court on August 28, 2020, as thereafter amended by the Court (the “**Claims Procedure Order**”);

GIVEN that the Plan of Compromise and Arrangement of the Applicant dated March 26, 2021 (as amended on July 6, 2021, the “**Plan**”), has been submitted to the Court as required by the CCAA and that the Court has issued an order dated April 1, 2021 (the “**Meeting Order**”) *inter alia* accepting the filing of the Plan and authorizing the calling of a Creditors’ Meeting for the purpose of allowing Affected Creditors to consider and, if deemed appropriate, to approve the Plan;

GIVEN that on July 6 2021, the Plan was amended, with the consent of the Monitor, in order to make minor and non-material clarifications thereto, the whole in accordance with paragraph 9 of the Meeting Order;

GIVEN the representations of counsel present at the hearing on the Application;

GIVEN the provisions of the CCAA, namely, sections 6, 9, 11 and 11.02 thereof;

GIVEN that the Application was duly served to the parties on the service list (the “**Service List**”) prepared for the purposes of these proceedings (the “**CCAA Proceedings**”).

THE COURT:

[1] **GRANTS** the Application;

Service

[2] **DECLARES** that the notices given of presentation of the Application are adequate and sufficient;

Definitions

[3] **DECLARES** that, unless otherwise indicated, capitalized terms found herein shall have the same meaning ascribed thereto in the Plan, a copy of which was produced as Exhibit P-2 to the Application and is annexed hereto;

Notification and Meeting

[4] **DECLARES** that the notification procedures set forth in the Meeting Order have been duly followed, that there has been valid and sufficient notice of the Creditors’ Meeting, that there has been valid and sufficient transmission of the meeting materials contemplated in the Meeting Order and that the Creditors’ Meeting has

been duly convened, held and conducted in accordance with the Meeting Order, and that no further notice of the foregoing is, or shall be required;

Plan Sanction, Plan Implementation, Releases and Discharges

[5] **DECLARES** that:

- a. the Plan has been approved by the Required Majorities of Affected Creditors of the Applicant, in conformity with the CCAA;
- b. the Applicant has complied with the provisions of the CCAA and the orders of the Court made in the CCAA Proceedings in all respects;
- c. the Court is satisfied that the Applicant has neither done, nor purported to do, anything that is not authorized by the CCAA; and
- d. the Plan and the transactions contemplated therein are fair and reasonable;

[6] **ORDERS** and **DECLARES** that the Plan, including the compromises, transactions and arrangements set out therein, is therefore sanctioned and approved entirely pursuant to Section 6 of the CCAA and, as at the date of this Order (the "**Sanction Date**"), the Plan, including the compromises, transactions and arrangements set out therein, will be effective and will enure to the benefit of and be binding upon the Applicant, the Affected Creditors and other Persons referred to in the Plan or in this Order;

[7] **ORDERS** and **DECLARES** that the Applicant and the Monitor, as the case may be, are hereby authorized to take all steps and actions necessary or appropriate, as determined by the Applicant or the Monitor, as applicable, to implement the Plan, in the manner and the sequence set forth thereunder and in this Order, and such steps and actions are hereby approved;

[8] **ORDERS** and **DECLARES**, subject to payment by the Applicant to the Monitor of the Distribution Amount in accordance with the Plan, all contracts, leases, agreements and arrangements to which the Applicant is a party and that have not been disclaimed, terminated or repudiated pursuant to the Initial Order and/or the CCAA will be and remain in full force and effect, unamended, as at the Sanction Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any

such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:

- a. any event that occurred on or prior to the Sanction Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Applicant);
- b. the insolvency of the Applicant or the fact that the Applicant sought and obtained relief under the CCAA; or
- c. any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effectual pursuant to the Plan;

- [9] **ORDERS** and **DECLARES** that, without limitation to the terms set forth in the Claims Procedure Order, the Meeting Order or any Order issued by this Court in these CCAA Proceedings, all Proven Claims determined in accordance with the Claims Procedure Order and the Plan are final and binding upon the Applicant and all Affected Creditors and any Claims for which a Proof of Claim has not been filed by the Claims Bar Date or such later date as authorized in an Order, and all Disallowed Claims, shall be forever barred and extinguished;
- [10] **ORDERS** the Monitor, as soon as reasonably possible upon receipt by the Monitor of the payment by the Applicant of the Distribution Amount in fully available funds, to issue and notify to the parties on the Service List, and file with the Court, the Certificate of Performance in accordance with the Plan;
- [11] **ORDERS** that the Monitor is authorized and directed to subsequently proceed with the distribution of the Distribution Amount to the Affected Creditors with Proven Claims in accordance with the Plan, and **DECLARES** that all distributions made by or at the direction of the Monitor of the Distribution Amount in accordance with the Plan and this Order shall be made for the account of the Applicant in fulfillment of its obligations under the Plan;
- [12] **ORDERS** the Monitor, as soon as reasonably possible following the distribution of the Distribution Amount to the Affected Creditors with Proven Claims in accordance with the Plan, to issue and notify to the parties on the Service List, and file with the Court, the Certificate of Completion in accordance with the Plan;
- [13] **ORDERS** that the Releases and the injunction set forth in Section 6 of the Plan (including the Releases in favour of the Applicant's Directors) are hereby approved and shall be implemented and in effect in accordance with the terms of the Plan, including, without limitation, as follows:

- a. as of the Sanction Date, the First Released Parties are hereby released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Sanction Date in any way relating to, arising out of or in connection with the business and affairs of the Applicant, the Plan and the CCAA Proceedings, and all claims arising therefrom shall be forever waived, released and fully discharged, all to the full extent permitted by law; and
- b. upon the filing by the Monitor with the Court of the Certificate of Performance, the Second Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (including any Secured Creditor, except in respect of Unaffected Claims), may be entitled to assert (including any and all Claims in respect of statutory liabilities and any Directors' Claims against Directors and all present and former officers and employees of the Applicant and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Sanction Date in any way relating to, arising out of or in connection with the business and affairs of the Applicant, the Plan and the CCAA Proceedings, and all claims arising therefrom shall be forever waived, released and fully discharged (other than the right to enforce the Applicant's obligations under the Plan or any related document), all to the full extent permitted by law;

the whole subject to the exceptions in Sections 6.4 and 9.7 of the Plan.

- [14] **ORDERS** that the Releases and the injunction set forth in Section 6 of the Plan will be effective and will enure to the benefit of and be binding upon the Applicant, the Affected Creditors and other Persons referred to in the Plan;

- [15] **ORDERS** that the CCAA Charges shall terminate and be discharged for all legal purposes upon the filing by the Monitor with the Court of the Certificate of Performance;
- [16] **ORDERS** that the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits or any indebtedness, liability, obligation or cause of action released and discharged pursuant to the Plan shall be enjoined in accordance with the terms of the Plan;
- [17] **DECLARES** that notwithstanding:
- (a) the pendency of the CCAA Proceedings and the declarations of insolvency made therein;
 - (b) the pendency of any applications for bankruptcy orders hereafter issued pursuant to the BIA in respect of the Applicant and any bankruptcy orders issued in respect of the Applicant; or
 - (c) the provisions of any federal or provincial statute, including section 36.1 of the CCAA and sections 95 to 101 of the BIA;

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

- [18] **DECLARES** that the Plan, including the Transactions contemplated therein, shall be binding upon any trustee in bankruptcy or receiver that may be appointed in respect of the Applicant and shall not be void or voidable by its Creditors or any other Person;

Monitor

- [19] **ORDERS** that all of the Monitor's reports filed with this Court (the "**Monitor's Reports**") be and are hereby approved, that all actions and conduct of the Monitor in connection with the Claims, the Claims Procedure, the Plan, the Meeting Order, and these CCAA Proceedings, including the actions and conduct of the Monitor

disclosed in the Monitor's Reports, are hereby approved, and that the Monitor has satisfied all of its obligations up to and including the date of this Order;

- [20] **APPROVES** all conduct of the Monitor in relation to the Applicant and the present CCAA Proceedings and, except as otherwise provided herein, **ORDERS** that all claims against the Monitor arising from or relating to the Applicant and the present CCAA Proceedings, are barred, save and except any liability or obligations arising from a breach of its duties to act honestly and in good faith;
- [21] **DECLARES** that the protections afforded to KPMG Inc., as Monitor and as officer of this Court pursuant to the terms of the Initial Order and the other Orders made in these CCAA Proceedings, including this Order, shall not expire or terminate and shall remain effective and in full force and effect;
- [22] **ORDERS** that upon payment of the Distribution Amount by the Applicant, the Monitor shall be authorized and directed to finally determine the Proven Claims of the Affected Creditors and to proceed with the distribution of the Distribution Amount in accordance with the Claims Procedure Order and the Plan, which distribution may be effected by the issuance by KPMG Inc. of cheques to Affected Creditors with Proven Claims;
- [23] **ORDERS** that if any cheque issued by the Monitor to any Affected Creditor in connection with the distribution of the Distribution Amount is not deposited within six (6) months following the issuance thereof, then the Monitor shall be authorized and directed to cancel such cheque(s), and re-distribute the amounts payable from such cheque(s) to the Applicant without further notice;
- [24] **ORDERS** and **DECLARES** that the Monitor, the Applicant and their successors and assigns, as necessary, are authorized to take any and all actions as may be necessary or appropriate to comply with applicable Tax withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditors in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority;
- [25] **ORDERS** and **DECLARES** that, notwithstanding anything in the Plan or in the Sanction Order, any potential claims or assessments of the Canada Revenue Agency or Revenu Québec against the Applicant, the Directors and Officers of the Applicant, or the Monitor, in relation to the withholding of Taxes on amounts distributed to Employees under the Plan shall not be released by the present Order until the fifth (5th) business day after the issuance by the Monitor of the Certificate of Completion.

- [26] **ORDERS** that effective on the fifth (5th) Business Day following the issuance by the Monitor of the Certificate of Completion confirming the distribution of the Distribution Amount in accordance with the Plan, the Applicant, the Directors and Officers of the Applicant, and the Monitor shall be fully and finally discharged, released and relieved from any potential claims or assessments of the Canada Revenue Agency and Revenu Québec in relation to the withholding of Taxes on amounts distributed to Employees under the Plan and that KPMG Inc. shall be fully and finally discharged, released and relieved from further obligations, liabilities, responsibilities, and duties in its capacity as Monitor of the Applicant, including under the Initial Order and all other Orders made in these CCAA Proceedings, it being understood that KPMG Inc. shall have no further duties or responsibilities as Monitor;
- [27] **ORDERS** that notwithstanding its discharge and the termination of these CCAA Proceedings, KPMG Inc. and its counsel shall continue to have the benefit of the provisions of all Orders made in these CCAA Proceedings, including all releases, approvals, and protections in their favour;
- [28] **ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor, except with prior leave of this Court and on prior written notice to the Monitor and its counsel;
- [29] **DISPENSES** the Monitor from filing any further reports, provided however that the Monitor may file a report as it deems necessary or advisable to inform this Court and the creditors of the Applicant of any material development with respect to the Plan;

General Provisions

- [30] **DECLARES** that the Applicant and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan or these CCAA Proceedings;
- [31] **DECLARES** that the present Order shall have full force and effect in all provinces and territories in Canada;
- [32] **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 or any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order;

[33] **ORDERS** the provisional execution of this Order notwithstanding appeal;

[34] **THE WHOLE** without costs.

Montréal, July 14, 2021

MARIE-ANNE PAQUETTE, J.S.C.

ANNEX

Exhibit P-2

Plan of Compromise and Arrangement of the Applicant
dated March 26, 2021 (as amended on July 6, 2021)

[to be inserted]

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

NO.: 500-11-058602-208

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.

Monitor

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT OF:

Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc.

((...)July 6, 2021)

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1. INTERPRETATION

1.1. Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

“**Administration Charge**” has the meaning ascribed to such term in the Initial Order;

“**Administration Claims**” means any claims or any other indebtedness owed by the Applicant to the Monitor, the Monitor’s legal counsel, the Applicant’s legal counsel, and the Monitor’s and Applicant’s respective advisers, for professional fees and disbursements directly relating to the CCAA Proceedings, the Plan and the restructuring of the Applicant. For greater certainty, an Administration Claim is an Unaffected Claim;

“**Affected Claim**” means any Claim other than an Unaffected Claim, and “**Affected Claims**” means all of them. For greater certainty, Affected Claims include, without limitation, Employee Claims, Disclaimed Lease Claims, Renegotiated Lease Claims, Restructuring Claims, Directors’ Claims and any Claim of Her Majesty the Queen in right of Canada or any Province (other than Crown Priority Claims);

“**Affected Creditor**” means a Creditor holding an Affected Claim, but only to the extent of its Affected Claim, and “**Affected Creditors**” means all of them;

“**Affected Creditors Class**” has the meaning set forth in Section 2.2 hereof;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended;

“**BMO**” means Bank of Montreal, the Applicant’s operating lender;

“**BMO Claims**” means any and all Claims of BMO against the Company. For greater certainty, a BMO Claim is an Unaffected Claim;

“**Business Day**” means a day, other than a Saturday, a Sunday, or a holiday as defined in section 61 (23) of the Quebec *Interpretation Act*, CQLR c I-16);

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**CCAA Charges**” means the Administration Charge and the Directors’ Charge

“**CCAA Proceedings**” means the proceedings in respect of the Company before the Court commenced under the CCAA;

“**CCQ**” means the *Civil Code of Quebec*;

“**Certificate of Completion**” has the meaning set forth in Section 8.4 hereof;

“**Certificate of Non-Implementation**” has the meaning set forth in Section 8.3 hereof;

“**Certificate of Performance**” has the meaning set forth in Section 6.2 hereof;

“**Claim**” means any right of any Person against the Company in connection with any indebtedness, liability or obligation of any kind of the Company owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date, or which would have been claims provable in bankruptcy had the Company become bankrupt on the Determination Date, and, without limitation, also includes any Employee Claim, Restructuring Claim, Disclaimed Lease Claim and Renegotiated Lease Claim, but excludes any Unaffected Claim, and “**Claims**” means all of them;

“**Claims Bar Date**” has the meaning as set forth in the Claims Procedure Order;

“**Claims Procedure Order**” means the “Claims Procedure Order” issued by the Court on August 28, 2020, establishing, among other things, procedures for proving Claims, as amended or supplemented from time to time by further Order(s) of the Court;

“**Company**” or “**Applicant**” means Magasin Laura (P.V.) Inc./Laura’s Shoppe (P.V.) Inc.;

“**Court**” means the Commercial Division of the Superior Court of Quebec for the District of Montreal;

“**Creditor(s)**” means any Person(s) having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person(s);

“**Creditors’ Meeting**” means the meeting of Affected Creditors to be convened for the purposes of voting on the Plan, or any adjournment of such meeting;

“**Crown Priority Claims**” means any Claims of Her Majesty the Queen in right of Canada or in right of any Province as described in Section 6(3) or Section 38(2) CCAA. For greater

certainty, any Claim of Her Majesty the Queen in right of Canada or in right of any Province other than Crown Priority Claims shall be an Affected Claim hereunder;

“Determination Date” means July 31, 2020, at 12:01 a.m.;

“Directors” means all of the Company’s past and present directors as well as any Persons who were or are deemed to be directors of the Company pursuant to any applicable Laws;

“Directors’ Charge” has the meaning ascribed to such term in the Initial Order;

“Directors’ Claims” means all Claims, of any nature or source whatsoever, of any of the Creditors against any or all of the Directors which arose before the Determination Date or which arose thereafter in connection with the restructuring of the Company under the CCAA, and which relate to obligations of the Company where such Directors are by law liable in their capacity as directors for payment of such obligations. Director’s Claims shall, however, exclude claims set out in Section 5.1 (2) CCAA;

“Disallowed Claim” means any Claim, or that portion thereof which has been revised or disallowed by the Monitor pursuant to the Claims Procedure Order or any other Order in respect of which an appeal by the Creditor has been dismissed or all appeal periods, if any, have expired;

“Disclaimed Landlord” means the Landlord under any Disclaimed Lease and **“Disclaimed Landlords”** means all of them;

“Disclaimed Leases” means each and every one of the Leases which were disclaimed or resiliated by the Company pursuant to Section 32 CCAA;

“Disclaimed Lease Claim” means any Proven Claim of a Disclaimed Landlord for losses incurred in relation to a Disclaimed Lease. For greater certainty, a Disclaimed Lease Claim is an Affected Claim;

“Disputed Claim” means a Claim or that portion thereof that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim or a Disallowed Claim;

“Distribution Amount” has the meaning set forth in **Section 2.4** hereof;

“Employee” means any current or former employee of the Company;

“Employee Claim” means any Claim of an Employee, including a Directors’ Claim of an Employee, which may be asserted by or on behalf of an Employee, and shall include any Employee Claim arising through subrogation, but shall not include any Section 6(5) Claim. Without limitation, Employee Claims include Claims for vacation pay, termination pay

and/or severance pay in relation to any period up to the Determination Date or arising from any termination, furlough, or resignation between the Determination Date and the Meeting Date. If an Employee receives a payment under the Wage Earner Protection Program on account of an Employee Claim prior to or after the Sanction Date, Her Majesty in right of Canada shall be subrogated to the extent of that portion of the Employee Claim so paid. For greater certainty, an Employee Claim is an Affected Claim.

“First Released Parties” has the meaning as set forth in **Section 6.1** hereof;

“Fisher Group” means Kalman Fisher, 3482731 Canada Inc. and 9318-5494 Quebec Inc., and any Person who/which is, or was at any time within the 12 consecutive months immediately preceding the Determination Date, a Related Person to Kalman Fisher;

“Fisher Group Claims” means any Claims, including Secured Claims, for payment of any loans or advances made by any member of the Fisher Group to the Company (or its predecessor) at any time prior to the Determination Date, but excludes any claims or future claims by any member of the Fisher Group for **(i)** salary (or other remuneration), **(ii)** reimbursement of business expenses, or **(iii)** payment of principal on any loans or advances in lieu of salary (or other remuneration) or in lieu of interest. For greater certainty, Fisher Group Claims are Unaffected Claims;

“Gift Card Claim” means any Claim with respect to gift-cards, gift certificates, lay-away deposits and other customer certificates. For greater certainty, Gift Card Claims are Unaffected Claims;

“Governmental Authority” means any **(i)** multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, **(ii)** subdivision, agent, commission, board or authority of any of the foregoing; or **(iii)** quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“Initial Order” means the First-Day Initial Order issued by the Court on July 31, 2020, as amended and restated by the Amended and Restated Initial Order issued by the Court on August 10, 2020, and as renewed and amended thereafter by the Court from time to time under the CCAA;

“Key Suppliers” means the Company’s 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 and the important suppliers of merchandise as determined by the Company and the Monitor, and

who have been advised in advance of the Creditors' Meeting that they will be Unaffected Creditors under the Plan;

"Key Supplier Claim" means the Claim of a Key Supplier owing as at the Determination Date, payable thereafter on terms agreed between the Company and the Key Supplier, provided that the Monitor deems the payment thereof to be reasonable and appropriate to ensure the ongoing operations of the Company and a continuous supply of essential goods or services. For greater certainty, Key Supplier Claims are Unaffected Claims;

"Landlord" means a landlord of a Lease with the Company as tenant;

"Landlord Proof of Claim" has the meaning ascribed to such term in the Claims Procedure Order;

"Laws" means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, injunctions, orders or decisions of any Governmental Authority, statutory body or self-regulatory authority, including general principles of law having the force of law and the term **"applicable"** with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable to such Person or its business, undertaking, property or securities and emanate from a Governmental Authority or self-regulatory authority having jurisdiction over the Person or its business, undertaking, property or securities;

"Lease" means any lease and/or other agreement for the occupancy of real and immovable property as well as all amendments thereto and renewals thereof and **"Leases"** means all of them;

"Meeting Date" means the date fixed for the Creditors' Meeting in accordance with the Meeting Procedure Order, or any subsequent Order, or any subsequent date following any adjournment of that meeting, as the case may be;

"Meeting Procedure Order" means the "Meeting Procedure Order" issued by the Court on April 1, 2021, as may be renewed and amended by the Court from time to time, under the CCAA;

"Monitor" means KPMG Inc., in its capacity as Monitor, as appointed by the Court pursuant to the Initial Order;

"Notice of Revision or Disallowance" has the meaning as set forth in the Claims Procedure Order;

"Order" means any order of the Court in the CCAA Proceedings;

“Ordinary Course Post-Filing Claims” means any and all rights of any Persons against the Company in connection with any indebtedness, liability or obligation of any kind which arose with respect to transactions which occurred after the Determination Date and any interest thereon, including without limitation any obligation of the Company towards Creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Company after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Determination Date, and **“Ordinary Course Post-Filing Claim”** means any one of them. For greater certainty, Ordinary Course Post-Filing Claims are Unaffected Claims. For greater certainty, Employee Claims, Restructuring Claims, Disclaimed Lease Claims and Renegotiated Lease Claims are not Ordinary Course Post-Filing Claims;

“Original Currency” has the meaning set forth in **Section 7.7** hereof;

“Payment Date” means a date no later than August 31, 2021, unless extended in conformity with the terms of this Plan;

“Person” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, trustee, executor, administrator, legal personal representative, estate, unincorporated organization, joint venture, governmental body or agency, or any other entity;

“Plan” means the present Plan of Compromise and Arrangement of the Company pursuant to the provisions of the CCAA, as may be amended, varied or supplemented by the Company from time to time in accordance with its terms;

“Plan Conditions” has the meaning set forth in **Section 8.1** hereof;

“Plan Completion Date” means the date on which the Distribution Amount has been distributed by the Monitor to the Affected Creditors in accordance with this Plan and the Certificate of Completion has been filed into the Court record;

“Plan Conditions Deadline” has the meaning set forth in **Section 8.1** hereof;

“Proof of Claim” has the meaning set forth in the Claims Procedure Order, and for purposes of this Plan, includes a regular Proof of Claim and a Landlord Proof of Claim;

“Proven Claim” means, in respect of a Creditor, the amount of the Claim of such Creditor as finally determined for distribution purposes in accordance with the provisions of this Plan, the CCAA and the Claims Procedure Order and **“Proven Claims”** means all of them;

“Related Persons” has the meaning set forth in Section 4 BIA;

“Releases” shall mean the releases granted pursuant to Section 6 of this Plan;

“Releasees” means collectively the First Released Parties and the Second Released Parties and any one of them;

“Renegotiated Lease Claim” has the meaning ascribed to that term in the Claims Procedure Order. For greater certainty, a Renegotiated Lease Claim is an Affected Claim;

“Required Majorities” means the affirmative vote of a majority in number of the Affected Creditors voting in the Affected Creditors Class, having Voting Claims and voting on the Plan (in person or by proxy) at the Creditors’ Meeting and representing not less than 66-2/3% in value of the Voting Claims of the Affected Creditors voting (in person or by proxy) at the Creditors’ Meeting;

“Reserve(s)” means the reserve(s) to be established and maintained under this Plan by the Monitor by holding from the Distribution Amount on account of Disputed Claims, an amount equal to the aggregate amount that the holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims as of any Payment Date, as well an amount equal to the aggregate amount that is reasonably anticipated to be owing to Her Majesty in right of Canada in connection with its subrogation claim as set out in Section 2.7 of this Plan.

“Resolution” means, collectively, one or any of, the resolutions providing for the approval of the Plan by the Affected Creditors;

“Restructuring Claim” means any right or claim of any Person against the Company in connection with any indebtedness or obligation of any kind owed to such Person arising out of the Company’s disclaimer or resiliation (at any time after the Determination Date) of any leases, agreements or other contracts or the Company’s restructuring under the CCAA, and includes any right or claim resulting, directly or indirectly, from the consequences and effects of the Plan’s acceptance by the Affected Creditors, the Plan’s sanction by the Sanction Order, the Plan’s implementation and any debt forgiveness resulting from any of the foregoing; provided, however, that a Restructuring Claim shall not include an Ordinary Course Post-Filing Claim and **“Restructuring Claims”** means all of them. For greater certainty, Restructuring Claims include Disclaimed Lease Claims, Renegotiated Lease Claims and Employee Claims. For greater certainty, a Restructuring Claim is an Affected Claim;

“Sanction Date” means the date on which the Sanction Order is issued;

“Sanction Order” means the Order to be made under the CCAA sanctioning the Plan, or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or amended on appeal, in form and content which is satisfactory to the Company acting reasonably;

“**Second Released Party**” and “**Second Released Parties**” have the meanings as set forth in Section 6.2 hereof;

“**Section 6(5) Claims**” means any claim of an Employee or former Employee described in Section 6(5) CCAA but only to the extent of such amounts as required to be paid thereunder;

“**Section 19(2) Claims**” means any claim described in Section 19(2) of the CCAA in respect of which the holder of such claim has not voted in favour of the Plan in accordance with Section 19(2) of the CCAA;

“**Secured Claim**” means the Claim of a Secured Creditor, limited to the value of such Secured Creditor’s security. For greater certainty, a Secured Claim does not include any Claim of a Landlord resulting from a Lease with the Company, regardless of whether the Landlord holds any security for the Claim, and all such Claims of Landlords shall be Affected Claims under this Plan;

“**Secured Creditor**” has the meaning set forth in the CCAA, but only to the extent that such Creditor’s mortgage, hypothec, pledge, charge, lien, privilege, security interest or other rights over the property of the Company was valid, opposable, perfected, and could be set up against third parties, including a trustee to the Company’s bankruptcy, on both the Determination Date and the Claims Bar Date, failing which that Secured Creditor will be deemed to be an “unsecured creditor”, as defined in the CCAA. For greater certainty, Secured Creditor does not include any Landlord;

“**Taxes**” means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant Person, (iii) all employment insurance premiums, Canada, Quebec and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;

“**Unaffected Claim**” means any right of any Person in connection with any indebtedness, liability or obligation described in Section 2.3(a) hereof.

“Unaffected Creditor” means a Person having an Unaffected Claim, but only in respect of such Unaffected Claim;

“Voting Claim” means, in respect of an Affected Creditor, the amount of such Affected Creditor’s Claim which has been accepted for voting purposes in accordance with the provisions of this Plan, the Claims Procedure Order and the CCAA and **“Voting Claims”** means all of them;

“Wage Earner Protection Program” means the program implemented in accordance with the WEPPA;

“WEPPA” means the *Wage Earner Protection Program Act*, S.C. 2005, c.47, s.1, as amended; and

“WEPPA Claim” means a Claim made by or on behalf of an employee of the Company under the WEPPA.

1.2. **Interpretation**

For purposes of this Plan:

- (a) any reference in this Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;
- (c) all references to currency and to “\$”, “C\$” or “Dollars” are to Canadian dollars except as otherwise indicated;
- (d) unless otherwise specified, the words “hereof”, “herein” and “hereto” refer to this Plan in its entirety rather than to any particular portion of this Plan;
- (e) the division of this Plan into Sections and paragraphs and the insertion of captions and headings to Sections and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- (f) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;

(g) the words “includes” and “including” are not limiting; and

(h) the word “or” is not exclusive.

1.3. Date For Any Action

In the event that any date (including any Payment Date) on which any action (including any payment) is required to be taken under this Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day.

1.4. Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

2. COMPROMISE AND ARRANGEMENT

2.1. Purpose and Effect of the Plan

The purpose of this Plan is to provide for the full and final settlement of all Affected Claims. Except as specifically provided for in this Plan, this Plan will become effective on the Sanction Date in accordance with its terms, and the Company will be fully and finally released of all Affected Claims upon the Distribution Amount being fully paid to the Monitor as provided for in Section 2.4 hereof, and the only rights of the holders of the Affected Claims in respect of same shall be against the Distribution Amount paid to the Monitor.

The payment by the Company of the Distribution Amount to the Monitor in accordance with Section 2.4 hereof, shall constitute the full and final payment, reduction, settlement and transaction (as the latter term is envisaged by Articles 2631 to 2637 CCQ) of all of the Affected Claims of all of the Affected Creditors.

This Plan shall be binding on and enure to the benefit of the Company, the Affected Creditors, the First Released Parties, the Second Released Parties, any trustee, agent, receiver or other Person acting on behalf of any Affected Creditor and such other Persons who have received the benefit of, or are bound by any waivers, releases or indemnities hereunder.

2.2. Classes of Affected Claims

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

2.3. Unaffected Claims

(a) This Plan does not affect the following Claims (each, an “**Unaffected Claim**” and, collectively, the “**Unaffected Claims**”), the holders of which will not be entitled to vote at the Creditors’ Meeting or receive any distributions under this Plan, namely:

- (i) Ordinary Course Post-Filing Claims;
- (ii) Administration Claims;
- (iii) Gift Card Claims;
- (iv) BMO Claims;
- (v) Crown Priority Claims;
- (vi) Section 6(5) Claims;
- (vii) Section 19(2) Claims;
- (viii) Secured Claims;
- (ix) Fisher Group Claims; and
- (x) Key Supplier Claims.

all of which will be dealt with in accordance with Section 3 hereof;

(b) Nothing in this Plan shall affect the Company’s rights and defences, both legal and equitable, with respect to any Unaffected Claim including any rights arising under or pursuant to the Claims Procedure Order or this Plan or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

2.4. Distribution Amount

By no later than August 31, 2021, unless extended pursuant to Section 2.5 hereof (the “**Payment Date**”), the aggregate amount of \$750,000 (the “**Distribution Amount**”), without any interest whatsoever thereon, shall be paid by the Company to the Monitor and shall thereafter be distributed by the Monitor, less the Reserve(s), to the Affected Creditors, on a *pro rata* basis according to the amount of their respective Proven Claims subject to Section 2.7 hereof. The amounts retained as Reserve(s) will be distributed in accordance with Section 5.2 hereof.

2.5. Extension of Payment Date

The Payment Date may be extended by the Company with the consent of the Monitor and BMO, by an additional period not exceeding 60 days. On application by the Company or the Monitor made prior to the Payment Date or, if applicable, prior to the expiry of any extension thereof as described above, the Court may issue Orders extending (or further extending) the Payment Date for any additional period(s) deemed appropriate by the Court in the then existing circumstances.

2.6. No Acknowledgment or Admission

Nothing contained in this Plan shall constitute, under any circumstances whatsoever, an acknowledgment or admission by the Company as to the existence or validity of any Claims.

2.7. WEPPA Claims

Upon payment to an Employee under the WEPPA by Service Canada for Employment and Social Development Canada, Her Majesty in right of Canada is subrogated, to the extent of such payment, in the rights of the Employee pursuant to section 36 WEPPA. If Her Majesty in right of Canada is subrogated after the Sanction Order is granted, for the purposes of this Plan, the said subrogation shall be deemed to have existed prior to the Sanction Date.

The Monitor shall retain from the Distribution Amount and maintain in the Reserve, any amounts reasonably anticipated to be owing to Her Majesty in right of Canada as aforesaid and upon subrogation shall pay these amounts to Her Majesty in right of Canada.

3. TREATMENT OF UNAFFECTED CLAIMS

3.1. Treatment of Ordinary Course Post-Filing Claims

The Ordinary Course Post-Filing Claims remain in full force and effect in accordance with their terms, and will be paid by the Company in the normal course of its business as and when they become due.

3.2. Treatment of Administration Claims

All Administration Claims, if any, will be paid in full by the Company as and when they become due, and any remaining balance will be settled as soon as practicable after the Sanction Date.

3.3. BMO Claims

BMO Claims will be dealt with as provided for under the agreements entered into or as may be hereafter entered into between the Company and BMO and are unaffected by this Plan.

3.4. Treatment of Gift Card Claims

Gift Card Claims will be honored in accordance with the terms of the relevant gift card, gift certificate, lay-away deposit or other customer certificates upon presentation of such gift card, gift certificate, lay-away deposit or other customer certificates by the holder at any of the Company's retail stores.

3.5. Treatment of Certain Crown Priority Claims

All Crown Priority Claims, if any, will be paid in full by the Company within six (6) months immediately following the Sanction Date.

3.6. Treatment of Section 6(5) Claims

All Section 6(5) Claims, if any, will be paid by the Company after the Sanction Date in such amounts as required under the CCAA. If a Section 6(5) Claim is paid to an Employee under the Wage Earner Protection Program, prior to or after the Sanction Date, Her Majesty in right of Canada shall be subrogated to the extent of such payment and shall be entitled to receive payment of the amount of the subrogated Section 6(5) Claim.

3.7. Treatment of Section 19(2) Claims

All Section 19(2) Claims, if any, will be paid by the Company as and when they become due.

3.8. Treatment of Secured Claims

Secured Claims (other than pursuant to the CCAA Charges) will be dealt with as provided for under agreements entered into or as may be hereafter entered into between the Company and the relevant Secured Creditor, or as may be ordered by the Court, and are unaffected by this Plan.

3.9. Treatment of Fisher Group Claims

Conditional upon the enactment of a Resolution approving the Plan, issuance of the Sanction Order and implementation of the Plan as set forth in Section 8 hereof, each member of the Fisher Group:

- (a) subordinates and postpones all of the Fisher Group Claims to and in favour of full payment of the Distribution Amount to the Monitor, such that no member of the Fisher Group shall be entitled to receive any payment from the Company on account of any of the Fisher Group Claims unless and until the full Distribution Amount shall have been paid to the Monitor as set forth in this Plan; and
- (b) waives and renounces to any right to be an Affected Creditor.

3.10. Treatment of Key Supplier Claims

Key Supplier Claims will be dealt with as provided for under agreements entered into, or as may be entered into, between the Company and the relevant Key Supplier, and are unaffected by this Plan.

4. AFFECTED CLAIMS, CREDITORS' MEETING AND RELATED MATTERS

4.1. Conversion of Affected Claims into Canadian Currency

For the purposes of determining the value of Affected Claims denominated in currencies other than Canadian dollars for voting purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date.

4.2. Affected Claims

Affected Creditors that have filed Proofs of Claim in accordance with the Claims Procedure Order, as thereafter modified by subsequent Orders of the Court, including the Meeting Procedure Order, shall be entitled to vote their Voting Claims in respect of the Plan, and, if their Affected Claims become Proven Claims, receive distributions in accordance herewith, all as set forth in the Claims Procedure Order and this Plan.

All amounts recognized as Voting Claims or Proven Claims shall be net of any amount that the Company is entitled to offset, recoup, compensate or otherwise apply in reduction of such amounts.

4.3. Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Procedure Order, and any further Order which may be made from time to time for the purposes of considering and voting on the Resolution or other matters to be considered at the Creditors' Meeting.

4.4. Approval by Affected Creditors

The Company will seek approval of the Plan by the affirmative vote of the Required Majorities. The Resolution to be voted on at the Creditors' Meeting will be decided by the Required Majorities on a vote as set forth in the Meeting Procedure Order. The result of any vote will be binding on all Affected Creditors, whether or not any such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

4.5. Amendment of Proofs of Claim

Any Affected Creditor who has filed its Proof of Claim shall be entitled to amend its Proof of Claim, provided it does so at least ten (10) days prior to the Meeting Date, in order for its Proof of Claim to conform to the provisions of this Plan.

4.6. Claims Bar Date

If an Affected Creditor holding an Affected Claim has failed to file its Proof of Claim prior to the Claims Bar Date and has not been permitted to file a late claim pursuant to an Order, that Affected Creditor shall be barred from voting at the Creditors' Meeting in connection with that Affected Claim, that Affected Creditor shall have no right to receive any distributions from the Distribution Amount in connection therewith, the Company shall be released therefrom and Section 6 of this Plan shall apply to such Affected Claim.

5. PROCEDURE FOR RESOLVING DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS

5.1. No Distributions Pending Allowance

Notwithstanding any other provision of this Plan, no distributions of the Distribution Amount, including any amounts held in a Reserve, shall be made by the Monitor with respect to a Disputed Claim unless and until it has become a Proven Claim. Disputed Claims shall be dealt with in accordance with the Claims Procedure Order and this Plan.

5.2. **Distribution From Reserve Once Disputed Claims Resolved**

The Monitor shall maintain a Reserve from the Distribution Amount to account for, *inter alia*, the claims of the holders of Disputed Claims following the Payment Date in accordance with this Plan. To the extent that Disputed Claims become Proven Claims after any relevant Payment Date, the Monitor shall, from time to time at its sole discretion, distribute from the Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claims had such Claims been Proven Claims on any relevant Payment Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim, then the Monitor shall, at any time which it deems appropriate in the circumstances, distribute, to the holders of Proven Claims, their *pro rata* share from the Reserve of such additional amount kept in the Reserve on account of any such Disallowed Claim.

6. **EFFECT OF THE PLAN AND RELEASES**

6.1. **Releases of the First Released Parties upon the Sanction Date**

Upon the sanction of this Plan on the Sanction Date, each of:

- (a) the Monitor and its legal counsel in the CCAA proceedings; and
- (b) the Company's legal counsel, financial advisors, consultants and agents of the Company (and their respective directors, officers and employees);

(collectively the "**First Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Sanction Date in any way relating to, arising out of or in connection with the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising therefrom shall be forever waived, released and fully discharged, all to the full extent permitted by law.

6.2. Releases of the Second Released Parties and Termination of the CCAA Charges upon the Filing of the Certificate of Performance

Upon the Distribution Amount being fully remitted to the Monitor, the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Performance**”), and upon the issuance of same:

- (a) the Company; and
 - (b) the Directors and all present and future officers and employees of the Company,
- (each a “**Second Released Party**” and collectively the “**Second Released Parties**”)

shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (including any Secured Creditor, except in respect of Unaffected Claims), may be entitled to assert (including any and all Claims in respect of statutory liabilities and any Directors’ Claims against Directors and all present and former officers and employees of the Company and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Sanction Date in any way relating to, arising out of or in connection with the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising therefrom shall be forever waived, released and fully discharged (other than the right to enforce the Company’s obligations under the Plan or any related document), all to the full extent permitted by law.

The CCAA Charges shall terminate upon the filing of the Certificate of Performance.

6.3. Final and Binding Nature of the Releases

The Releases in favour of the First Released Parties and the Second Released Parties shall be final and binding on all Affected Creditors and their respective successors and assigns, including without limitation, any Claims resulting, directly or indirectly, from the consequences and effects relating to the acceptance of the Plan by the Affected Creditors, its sanction by the Court, or the implementation thereof. The aforesaid final and binding effect of the Plan shall operate for all legal purposes notwithstanding the timing of any ultimate distributions made by the Monitor to Creditors as contemplated hereunder.

For greater certainty, this Plan shall not affect nor impair any rights, remedies and recourses which the Company had, has or may have after the issuance of the Certificate

of Performance in connection with transactions, facts or obligations existing prior to or after the Determination Date.

6.4. Exceptions to Releases

Nothing set forth in Section 6.2 hereof shall:

- (a) release or discharge a Second Released Party from an Unaffected Claim;
- (b) prevent a Person from recovering an indemnity from an insurer; however, the Releases shall forever release and discharge the Releasees of all obligations to that Person or to any other Person subrogated in its rights in connection with any such insured amount;
- (c) release or discharge the Directors with respect to matters set out in Section 5.1 (2) CCAA; or
- (d) release or discharge any Person (whether or not a Director, officer or employee of the Company) other than the Company from any obligations arising from any guarantee furnished by such Person to and in favour of any Unaffected Creditor.

6.5. Injunctions Related to Releases

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

Every such Person, individually on his/her/its own behalf and on behalf of its respective representatives, predecessors, heirs, estate trustees, spouses, dependents, children, siblings, parents, administrators, executors, subsidiaries, affiliates, related companies, related trusts, franchisees, member companies, vendors, partners (whether current or former), brokers, officers, directors, shareholders, employees, attorneys, sureties, insurers, reinsurers, successors, indemnitors, indemnitees, servants, agents and assigns, as applicable, shall be permanently and forever barred, estopped, stayed and enjoined, with respect to all Claims and rights of action released under this Plan, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Releasees and their respective representatives, predecessors, heirs, estate trustees, spouses, dependents, children, siblings, parents, administrators, executors, subsidiaries, affiliates, related companies, related trusts, franchisees, member companies, vendors, partners (whether

current or former), brokers, officers, directors, shareholders, employees, attorneys, sureties, insurers, reinsurers, successors, indemnitors, indemnitees, servants, agents and assigns;

- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing in any manner or by any means, directly or indirectly, any judgment, award, decree or order against: (i) the Releasees or the property of any of the Releasees; or (ii) the Releasees' representatives, predecessors, heirs, estate trustees, spouses, dependents, children, siblings, parents, administrators, executors, subsidiaries, affiliates, related companies, related trusts, franchisees, member companies, vendors, partners (whether current or former), brokers, officers, directors, shareholders, employees, attorneys, sureties, insurers, reinsurers, successors, indemnitors, indemnitees, servants, agents and assigns, or the property of such persons;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, in civil law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against one or more of the Releasees or against any person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum against one or more of the Releasees;
- (d) creating, perfecting, registering, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; and
- (e) taking any actions to interfere with the implementation or consummation of this Plan.

6.6. Waiver of Defaults

From and after the Sanction Date, all Persons shall be deemed to have waived any and all defaults or occurrences of the Company then existing or previously committed by the Company, caused by the Company or arising, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Company arising from the Company's insolvency, the filing by the Company under the CCAA or the transactions contemplated by this Plan or otherwise, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

6.7. Extension of Stay of Proceedings

The Affected Creditors hereby consent to the Court's issuance of any Orders extending the stay of proceedings set forth and ordered in the Initial Order (except to the extent modified by any other Order) as may be required by the Company, in consultation with the Monitor, for any period until August 31, 2021.

7. PROVISIONS GOVERNING DISTRIBUTIONS**7.1. Partial Distributions for Claims Allowed**

Except as otherwise provided herein or as ordered by the Court, distributions or partial distributions of the Distribution Amount shall be made by the Monitor at the time and in the manner deemed reasonable by the Monitor. For greater certainty, if deemed reasonable by the Monitor to do so, the Monitor may opt to make distributions to Affected Creditors only after the resolution of some or all Disputed Claims.

7.2. Currency to be used for the Distribution

In accordance with Section 4.1, all distributions shall be made in Canadian Dollars, regardless of the currency of the Affected Claim before conversion by the Monitor.

7.3. Assignment of Claims

For purposes of determining entitlement to receive a distribution pursuant to this Plan, the Company and the Monitor and each of their respective agents, successors and assigns shall have no obligation to recognize any transfer of Claims except as provided for under the Claims Procedure Order or the Meeting Procedure Order.

7.4. Interest on Affected Claims

Except as specifically provided in the Plan or the Sanction Order, interest shall not be treated as accruing on account of any Affected Claims for purposes of determining the allowance and distribution of such Affected Claim. To the extent that any Proven Claim to which a distribution under this Plan relates is comprised of indebtedness and accrued but unpaid interest thereon accrued up to the Determination Date, such distribution shall, to the extent permitted by applicable Laws, be allocated for tax purposes to the principal amount of such Proven Claim (including any secured and unsecured portion(s) of the principal amount of such Proven Claim) first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

7.5. **Distributions by Monitor**

The Monitor shall make all distributions required under this Plan in accordance with the provisions of this Plan, in general, and the provisions of Section 5 and Section 7 hereof, in particular. The Monitor shall receive, without further Court approval, compensation at its standard rates from the Company for distribution services rendered pursuant to the Plan and any amount owing to the Monitor in respect of same shall constitute an Administrative Claim, and shall be unaffected by this Plan.

7.6. **Delivery of Distributions**

- (a) Subject to Section 7.3 hereof, distributions shall be made by the Monitor (i) at the addresses set forth on the Proof of Claim form filed by the Affected Creditors (or at the last known addresses of such Affected Creditors if no Proof of Claim form was filed or if the Company or the Monitor has been notified in writing of a change of address), (ii) at the addresses set forth in any written notice of address change delivered to the Monitor after the date of any related Proof of Claim, or (iii) in a registered retirement savings plan account designated by any Employee of the Company;
- (b) If any distribution to a Creditor is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Monitor is notified of the then-current address of such Creditor, at which time all missed distributions shall be made to such Creditor without interest. The Company shall make reasonable efforts to locate Affected Creditors for which distributions were undeliverable. Any claim for undeliverable distributions must be made on or before the later to occur of (i) three (3) months after the Payment Date, or (ii) three (3) months after such Creditor's Claim becomes a Proven Claim, after which date all unclaimed property shall revert to the Company free of any restrictions or claims thereon and the Claim of any Creditor with respect to such property shall be discharged and forever barred, notwithstanding any applicable Laws to the contrary.

7.7. **No Double Recovery**

The aggregate recovery on account of any Proven Claim from all sources, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety, indemnity, joint and several obligation or otherwise, shall not exceed (i) 100% of the underlying indebtedness, liability or obligation giving rise to such Claim or, (ii) where the underlying indebtedness, liability or obligation giving rise to such Claim is denominated in a currency other than Canadian dollars (the "**Original Currency**"), 100% of such underlying indebtedness, liability or obligation after conversion of the value of the distributions received in Canadian dollars back to the Original Currency at the Bank of Canada noon spot rate of exchange for exchanging Canadian dollars to the Original Currency on the Determination Date.

7.8. Withholding Requirements

In connection with the Plan, any distribution made hereunder by the Monitor shall be made net of all applicable Taxes. Notwithstanding the foregoing, each Creditor that is to receive a distribution pursuant to the Plan remains solely and exclusively responsible for the satisfaction and payment of any Taxes imposed by any Governmental Authority (including income, withholding and other Taxes on account of such distribution). The Monitor, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

8. IMPLEMENTATION OF THE PLAN

8.1. Conditions Precedent to the Implementation of the Plan

The implementation of the Plan is subject to the occurrence and/or fulfillment of each of the following conditions precedent (the “**Plan Conditions**”) on or prior to May 31, 2021 or such later date as may be agreed upon by the Company and the Monitor (the “**Plan Conditions Deadline**”), namely:

- (a) this Plan shall have been approved by Resolution enacted by the Required Majorities; and
- (b) the Sanction Order sanctioning this Plan shall have been issued, and shall either **(A)** order its provisional execution notwithstanding appeal, or **(B)** not then be subject to any appeal therefrom, and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall, among other things, declare and order, substantially as hereafter set forth, that:
 - (i) this Plan, including the compromises and arrangements set out herein, is sanctioned and approved pursuant to Section 6 CCAA and, as at the Sanction Date, will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons referred to in this Plan or in the Sanction Order;
 - (ii) **(A)** this Plan has been approved by the Required Majorities of Affected Creditors of the Company in conformity with the CCAA; **(B)** the Company has complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respects; **(C)** the Court is satisfied that the Company has neither done nor purported to do anything that is not

authorized by the CCAA; and **(D)** this Plan and the transactions contemplated thereby are fair and reasonable;

- (iii)** the full and final release and discharge of the Affected Claims will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons referred to in this Plan upon the issuance of the Certificate of Performance;
- (iv)** the Company and the Monitor are authorized to take all steps and actions necessary to implement this Plan;
- (v)** all Proven Claims determined in accordance with the Claims Procedure Order and this Plan are final and binding on the Company and all Affected Creditors;
- (vi)** Any Claims for which a Proof of Claim has not been filed by the Claims Bar Date or such later date as authorized in an Order, and all Disallowed Claims shall be forever barred and extinguished;
- (vii)** all distributions and payments by or at the direction of the Monitor, in each case on behalf of the Company, under the Plan are for the account of the Company and the fulfillment of its obligations under the Plan;
- (viii)** the Company and the Monitor may apply to the Court for advice and directions in respect of any matters arising from or under the Plan;
- (ix)** subject to payment by the Company of the Distribution Amount in accordance with this Plan, all contracts, leases, agreements and arrangements to which the Company is a party and that have not been disclaimed, terminated or repudiated pursuant to the Initial Order and/or the CCAA will be and remain in full force and effect, unamended, as at the Sanction Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
 - (A)** any event that occurred on or prior to the Sanction Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Company);

- (B) the insolvency of the Company or the fact that the Company sought or obtained relief under the CCAA; or
- (C) any compromises or arrangements effected pursuant to this Plan or any action taken or transaction effected pursuant to this Plan;
- (x) the Releases and the injunction set forth in Section 6 hereof shall be implemented and in effect in accordance with the terms of this Plan;
- (xi) the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this Plan shall be enjoined in accordance with the terms of this Plan; and
- (xii) the stay of proceedings as set forth in Section 6.7 hereof is and shall remain in full force and effect up until and including the Sanction Date.

8.2. No Waiver of Rights

The failure to satisfy the Plan Conditions prior to the Plan Conditions Deadline may be asserted by the Company regardless of the circumstances giving rise to the failure of such Plan Conditions to be satisfied (including any action or inaction by the Company). The failure of the Company to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an on-going right that may be asserted at any time.

8.3. Nullity of Plan

In the event that the Plan Conditions have not occurred on or prior to the Plan Conditions Deadline, and that, as a result, the payment of the Distribution Amount has not been made in accordance with this Plan, the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Non-Implementation**”).

The filing of such Certificate of Non-Implementation shall result in the Affected Claims not being released or settled, and shall remain owing by the Company and neither the Company, the Affected Creditors, the Monitor nor any other Person affected by this Plan shall be bound, obliged or affected by any of the provisions of this Plan.

8.4. Certificate of Completion

Following the distribution of the Distribution Amount by the Monitor to the Affected Creditors in accordance with this Plan, the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Completion**”).

9. MISCELLANEOUS

9.1. Confirmation of Plan

Upon the issuance of the Certificate of Performance, this Plan shall be fully binding upon the Company, the Affected Creditors and any and all other Persons affected by the provisions of this Plan as well as each of their respective successors and assigns.

9.2. Paramountcy

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

9.3. Modification of the Plan

The Company:

- (a) in consultation with the Monitor and BMO, and in accordance with the Creditors’ Meeting Order, reserves the right to file any modification of, or amendment or supplement to, this Plan by way of supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) at or before the Creditors’ Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof), shall, for all purposes, be and be deemed to form part of and be incorporated into this Plan. The Company shall file any supplementary plans with the Court as soon as practicable. The Company shall give notice to Affected Creditors of the details of any such modification, amendment or supplement at the Creditors’ Meeting prior to the vote being taken to approve this Plan. The Company may give notice of a proposed modification, amendment or supplement to this Plan at or before the

Creditors' Meeting by notice which shall be sufficient if given to those Affected Creditors present at such meeting in person or by proxy; and/or

- (b) after the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Company, in consultation with the Monitor and BMO, at any time and from time to time, and in accordance with the Creditors' Meeting Order, may vary, amend, modify or supplement this Plan, (except to reduce the Distribution Amount or extend the Payment Date other than as expressly provided herein), without the need for obtaining an Order of the Court or providing notice to the Affected Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Affected Creditors under this Plan or the Sanction Order and is necessary in order to give effect to the substance of this Plan or the Sanction Order. All of the foregoing shall not require any further vote or approval by the Affected Creditors or any approval by the Court.

9.4. Deeming Provisions

In this Plan, any deeming provisions are not rebuttable and are conclusive and irrevocable.

9.5. Sections 38 and 95 to 101 BIA and Articles 1631 to 1636 CCQ

Upon the filing of the Certificate of Performance, neither the Monitor, any Creditor (whether an Affected Creditor or an Unaffected Creditor), nor any other Person shall be entitled to exercise any right, remedy or recourse, or to commence any action, motion, application or any other proceeding against the Company, any member of the Fisher Group, any Creditor or any other Person in relation to the Company, based on Section 38 BIA, Sections 95 to 101 BIA, Articles 1631 to 1636 CCQ, or any similar or comparable legislative provisions in any other statute.

9.6. Responsibilities of the Monitor

The Monitor is acting in its capacity as monitor in the CCAA Proceedings with respect to the Company and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Company under this Plan or otherwise, including with respect to the receipt of the Distribution Amount by the Company, the creation of the Reserve(s) from the Distribution Amount in accordance with this Plan, or the subsequent distribution of the Distribution Amount or any amounts held in the Reserve, towards any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Claims Procedure Order, the Meeting Procedure Order, the Sanction Order and any other Orders.

9.7. Liability Limitations

Notwithstanding Sections 6.1 and 6.2 hereof, the Monitor, the Company and their respective legal counsel and other professional advisors, shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

9.8. Notices

(a) Any notices or communication to be made or given hereunder to the Company or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid mail, by fax or by e-mail, addressed to the respective parties as follows:

(i) if to the Company:

LAURA'S SHOPPE (P.V.) INC.

2955 Jules-Brillant

Laval, Quebec

H7P 6B2

Attention: Kalman Fisher and Josh Fisher

E-Mails: kfisher@laura.ca

josh.fisher@laura.ca

Fax: (450) 973-6099

with copy to:

FISHMAN FLANZ MELAND PAQUIN, L.L.P.

1250 René-Levesque Blvd., West

Suite 4100

Montreal, Quebec

H3B 4W8

Attention: Mark E. Meland and Tina Silverstein

E-Mail: mmeland@ffmp.ca

tsilverstein@ffmp.ca

Fax: (514) 932-4170

(ii) if to the Monitor:

KPMG LLP

KPMG Tower
 600 De Maisonneuve Blvd., West
 Suite 1500
 Montreal, Quebec
 H3A 0A3

Attention: Dev Coossa and Maxime Codere

E-Mail: dcoossa@kpmg.ca
mcodere@kpmg.ca
laura@kpmg.ca

Fax: (514) 840-2121

with copy to:

STIKEMAN ELLIOTT LLP

1155 René-Levesque Blvd., West
 41st Floor
 Montreal, Quebec
 H3B 3V2

Attention: Guy Martel and Danny Duy Vu

E-Mail: gmartel@stikeman.com
ddvu@stikeman.com

Fax: (514) 397-3222

or to such other address as any party may from time to time notify the others in accordance with this Section 9.8. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, fax or e-mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by delivery, fax or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Company or the Monitor to give any notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

- (b) Any notices or communication to be made or given hereunder by the Monitor or the Company to a Creditor may be sent by fax, e-mail, ordinary mail, registered

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

9.9. Severability of Plan Provisions

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

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

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

9.10. Revocation, Withdrawal or Non-Consummation

The Company, upon consultation with the Monitor, reserves the right to revoke or withdraw this Plan at any time prior to the Sanction Date and to file subsequent plans of arrangement and compromise. If the Company revokes or withdraws this Plan, or if the Sanction Order is not issued:

- (a) this Plan shall be null, void and inoperative in all respects;
- (b) any Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Claim to an amount certain), assumption or termination by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null, void and inoperative; and
- (c) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall:

- (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Company or any other Person;
- (ii) prejudice in any manner the rights of the Company or any Person in any further proceedings involving the Company; or
- (iii) constitute an admission of any sort by the Company or any other Person.

9.11. Further Assurance

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Company in order to better implement this Plan.

9.12. Governing Law

This Plan shall be governed by and construed in accordance with the law of the Province of Quebec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

9.13. Successors and Assigns

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

9.14. Choice of Language

The Company and each of the members of the Fisher Group acknowledges that it (or he) has required that this Plan and all related documents be prepared, in English. La Compagnie et chacun des membres du "Fisher Group" reconnaît avoir exigé que ce Plan et tous les documents connexes soient rédigés en anglais.

(signature page to follow)

MONTREAL, Province of Quebec, this (...) 6th day of (...) July, 2021.

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

Kalman Fisher

Per: Kalman Fisher, President

Each of the members of the Fisher Group, herein represented by Kalman Fisher, authorized as he so declares, acknowledges having taken cognizance of the contents of this Plan and consents to the provisions of Section 3.8 hereof.

Kalman Fisher

Kalman Fisher

NO: 500-11-058602-208

**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.

Monitor

**APPLICATION FOR AN ORDER SANCTIONING
THE APPLICANT'S PLAN OF COMPROMISE
AND ARRANGEMENT**
(Sections 6, 9, 11 and 11.02 of the *Companies' Creditors
Arrangement Act*,
R.S.C. 1985, c. C-36)
And EXHIBITS P-1 and P-2

ORIGINAL

File: LAURAS-4
Nature:

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