

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

N°: 500-11-058602-208

**SUPERIOR COURT**

(Commercial Division)

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

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

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

Applicant

-and-

**KPMG INC.**

Monitor

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

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

**I. Introduction**

1. By way of the present *Application for an Extension of the Stay of Proceedings*, Magasin Laura (P.V.) Inc./Laura's Shoppe (P.V.) Inc. (the "**Applicant**") seeks an extension of the stay of proceedings (the "**Stay of Proceedings**") granted by this Court pursuant to the First-Day Initial Order rendered on July 31, 2020, as thereafter amended, from January 29, 2021 until March 31, 2021.

**II. Background**

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

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

### **III. Activities Since the Commencement of the CCAA Proceedings**

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

#### **A. Lease renegotiations**

10. One of the main goals of the Applicant’s restructuring process was to improve its lease terms with the landlords of its stores (the “**Stores**”), in a manner that better reflects the new reality for retailers in the midst of the Pandemic, and, ultimately, to enable the Applicant to continue to carry on business in the current challenging retail environment.
11. Since the commencement of the CCAA Proceedings, the Applicant has been able to successfully renegotiate lease terms with several of its landlords, thereby

resulting in a significant reduction of its rent obligations, while only disclaiming one Store lease.

12. Although agreements in principle had been reached with most landlords, the second wave of the Pandemic (the “**Second Wave**”) resulted in a need to revisit certain of these arrangements.
13. During the proposed extension period, the Applicant intends to pursue these discussions with its landlords.

### **B. Merchandising**

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

### **C. Employees**

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

### **D. Store operations**

18. Despite the Applicant’s efforts and successes in its current restructuring process, the Second Wave has created new and additional challenges for the Applicant.
19. During the fall and early winter, steady increases in COVID-19 cases in many parts of the country, and the government measures implemented in response to same, resulted in a greater reduction to its sales volumes than previously anticipated.
20. Effective November 12, 2020, the Manitoba government issued an order requiring the closure of non-essential retailers, while permitting online sales and curbside pick-up only. Although these orders were originally effective until December 11, 2020, they were subsequently extended and are currently in force.
21. Effective November 23, 2020, the Ontario government increased its alert level for the Toronto and Peel region which, *inter alia*, entailed the closure of non-essential

retail stores to the public, while permitting curbside pick-up only. Effective December 14, 2020, these orders were extended to the York region and on December 26, 2020 to the whole province.

22. Effective December 4, 2020, the Quebec government introduced an order reducing the number of shoppers permitted in retail stores at any one time based on the size of the stores, and on December 25, 2020, ordered that non-essential retail stores be closed completely until January 10, 2021. On January 6, 2021, it was announced that these closures would extend until February 8, 2021; however, curbside pick-up would be permitted.
23. While certain Stores in Ontario, Quebec and Manitoba have remained partially operational to assist with online order fulfilment and occasional pick-ups by customers in the areas where such activities are permitted by law, approximately 101 of the Applicant's 139 Stores have been closed, and will remain closed, until the respective provincial governments permit them to reopen.

#### **E. Financing**

24. The Applicant has recently extended its forbearance agreement with its secured creditor, Bank of Montreal ("**BMO**"), and at the same time, negotiated and obtained an additional loan pursuant to the Business Credit Availability Program in order to assist with its cash flow caused by the reduced sales volumes due to the Pandemic, and in particular the Second Wave.

#### **F. Claims Procedure Status**

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

29. The Monitor has commenced the process of reviewing, together with the Applicant, the submitted proofs of claims, and of sending notices of acceptance or disallowance, and requesting additional information, as applicable.

#### **IV. Grounds for the Order Sought**

30. The Applicant has acted in good faith and with due diligence since the issuance of the Initial Order and continues to do so.

31. The Stay of Proceedings currently expires on January 29, 2021 and the Applicant is seeking an extension of the Stay of Proceedings until March 31, 2021.

32. The extension sought will allow the Applicant, *inter alia*, to:

- a. bring forward, in consultation with the Monitor and BMO, a Plan that will be satisfactory to its creditors;
- b. continue to review and analyse, together with the Monitor, the proofs of claims received, and assist in the resolution of any disputes which may arise relating thereto;
- c. pursue its discussions with its landlords regarding the terms and conditions of certain of its leases; and
- d. continue the implementation of measures to reduce expenses and increase sales in response to the latest challenges posed by the Pandemic.

33. The proposed extension of the Stay of Proceedings will not materially prejudice any the Applicant's creditors.

#### **V. Conclusions**

34. The Applicant respectfully submits that the Stay of Proceedings be extended until March 31, 2021, the whole in accordance with the draft *Order Extending the Stay of Proceedings* communicated herewith as **Exhibit P-1**.

35. The Applicant has been informed that the Monitor and BMO support the relief sought in the present Application, and the Monitor will be filing a report confirming same, together with updated cash flows (under seal), prior to the hearing of the present Application.

36. The present Application is well founded in fact and in law.

#### **FOR THESE REASONS, MAY IT PLEASE THE COURT TO:**

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

**EXTEND** the Stay of Proceedings (as defined in the Application) from January 29, 2021 to March 31, 2021, in accordance with the draft Order Extending the Stay of Proceedings, Exhibit P-1.

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

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

Montreal, this 21<sup>st</sup> day of January, 2020

*Fishman Flanz Meland Paquin LLP*

**FISHMAN FLANZ MELAND PAQUIN LLP**  
Attorneys for Applicant

## AFFIDAVIT

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

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

**AND I HAVE SIGNED:**

  
\_\_\_\_\_  
**KALMAN FISHER**

**SOLEMNLY AFFIRMED** before me,  
by videoconference, at the City of  
Montreal, this 21<sup>st</sup> day of January,  
2021.





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**Commissioner of Oaths for Quebec**

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

N°: 500-11-058602-208

**SUPERIOR COURT**

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

Applicant

-and-

**KPMG INC.**

Monitor

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**NOTICE OF PRESENTATION**

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**TO: The Service List**

**TAKE NOTICE** that the *Application for an Extension of the Stay of Proceedings* will be presented for adjudication before the Honourable Justice Marie-Anne Paquette, J.S.C., sitting in the Commercial Division of the Superior Court of Quebec for the district of Montréal on January 29, 2021 at 9:30 a.m. by videoconference Microsoft Teams in room 16.02, the Microsoft Teams link for which can be found at the following link:

[https://coursuperieureduquebec.ca/fileadmin/cour-superieure/Audiences\\_virtuelles/Montreal\\_Codes\\_Teams\\_CS\\_Chambres\\_commerciale\\_civile\\_et\\_de\\_la\\_famille.pdf](https://coursuperieureduquebec.ca/fileadmin/cour-superieure/Audiences_virtuelles/Montreal_Codes_Teams_CS_Chambres_commerciale_civile_et_de_la_famille.pdf)

**DO GOVERN YOURSELVES ACCORDINGLY.**

Montreal, this 21<sup>st</sup> day of January, 2021

*Fishman Flanz Meland Paquin LLP*

**FISHMAN FLANZ MELAND PAQUIN LLP**

Attorneys for Applicant



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Applicant

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**KPMG INC.**

Monitor

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**LIST OF EXHIBITS**

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**P-1.** Order Extending the Stay of Proceedings

**SUPERIOR COURT**  
(Commercial Division)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

No:       **500-11-058602-208**

DATE:   •

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

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

Applicant

-and-

**KPMG INC.**

Monitor

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**ORDER EXTENDING THE STAY OF PROCEEDINGS**

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

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

[5] **SEEING** that it is appropriate to extend the Stay of Proceedings until March 31, 2021.

**WHEREFORE THE COURT:**

[6] **GRANTS** the Application;

[7] **ORDERS** that the time for service of the Application is hereby abridged and validated so that the Application is properly returnable today and hereby **DISPENSES** with further service thereof;

[8] **EXTENDS** the Stay of Proceedings from January 29, 2021 to March 31, 2021;

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

[10] **WITHOUT COSTS.**

Montreal, January •, 2021

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**NO: 500-11-058602-208**

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

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

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Monitor

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

**ORIGINAL**

File: LAURAS-4

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**CODE: BM-0309**