



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00748871-00CL

DATE: August 15, 2025

NO. ON LIST: 2

TITLE OF PROCEEDING: Claire's Stores Canada Corp. v. Cadillac Fairview Corp. Ltd. et al.

BEFORE: Madam Justice J. Dietrich

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
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Denna Jalili	Oxford Properties Group	djalili@tgf.ca
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ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

- [1] Claire's Stores Canada Corp. (the "**Applicant**") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to an initial order of this Court (the "**Initial Order**") on August 6, 2025.
- [2] At that time, a comeback hearing was scheduled for today.
- [3] Defined terms used but not defined herein have the meaning given to them in the fact of the Applicant filed for use on this hearing.
- [4] The Applicant now seeks two orders.
- [5] First, an Amended and Restated Initial Order, which increases the maximum amounts secured by the Administration Charge and the Directors' Charge to \$750,000 and \$3.3 million, respectively and extends the stay of proceedings (the "**Stay Period**") until November 14, 2025.
- [6] Second, a Liquidation Sale Approval Order which: approves a consulting agreement between the Applicant and a contractual joint venture comprised of Hilco Merchant Retail Solutions, ULC, Gordon Brothers Canada ULC and SB360 Capital Partners, LLC (the "**Consultant**") dated as of August 12, 2025 (the "**Consulting Agreement**"), pursuant to which the Consultant will act as exclusive consultant for the purpose of conducting a liquidation process (the "**Sale**") in order to sell its remaining Merchandise and FF&E; approves the proposed sale guidelines (the "**Sale Guidelines**") for the orderly liquidation of the Merchandise and FF&E; and authorizes the Applicant, with the assistance of the Consultant, to undertake the Sale in accordance with the terms of the Liquidation Sale Approval Order, the Consulting Agreement and the Sale Guidelines.
- [7] None of the relief sought by the Applicant is opposed.

Background

- [8] The background to these CCAA proceedings was set out in my endorsement of August 6, 2025 and will not be repeated here.
- [9] Given the Applicant's continuing liquidity constraints and ongoing carrying costs, the Applicant at this time seeks the authority to commence a liquidation process in order to sell its remaining Merchandise and FF&E.
- [10] At present, the Applicant intends to conduct the Sale at all of its retail stores; however, the proposed realization process grants the Applicant the flexibility to modify the Sale by removing stores should it identify a going-concern transaction for some or all of the Applicant's business.

- [11] On or around the commencement of the CCAA Proceedings, the Applicant engaged in discussions with an affiliate of Hilco LLC (who has been engaged in connection with the Chapter 11 Proceedings of the Company's US Stores), Hilco Merchant Retail Solutions ULC ("Hilco Merchant") in respect of a consulting agreement for the Sale in Canada. The Applicant was subsequently advised that Hilco Merchant had entered into a contractual joint venture with Gordon Brothers Canada ULC and SB360 Capital Partners, LLC for the purposes of conducting the Sale. Effective August 12, 2025, the Applicant entered into the Consulting Agreement.
- [12] Under the terms of the Consulting Agreement, the Consultant is appointed as exclusive liquidator for the purpose of conducting the Sale of the Applicant's Merchandise and FF&E that are at the Applicant's Liquidating Stores.
- [13] The Sale is to commence on or about August 15, 2025 and is to conclude no later than September 23, 2025 with the Sale of FF&E concluding no later than 7 days following the Sale Termination Date.
- [14] The Consultant is only entitled to include additional merchandise in the Sale provided (i) such additional merchandise is owned by the Applicant, is currently in the possession of, or in the control of the Applicant, or is ordered by or on behalf of the Applicant by an affiliate from an existing supplier; and (ii) the additional merchandise is of the type and quality typically sold in the Applicant's stores.
- [15] Gift cards and similar items issued by the Applicant prior to the Sale Commencement Date, will continue to be accepted up to and including August 29, 2025.
- [16] The Consultant will be entitled to following compensation: (a) with respect of the Merchandise: (i) a "Base Fee" equal to 2.25% of the Gross Proceeds; (ii) a "Wholesale Fee" equal to 7.5% of the Gross Proceeds of Merchandise sold through the Consultant's wholesale channels, with the Applicant's prior written consent; and (iii) a "Consultant Incentive Fee" equal to the aggregate sum of the "Gross Recovery Percentage Achieved," as defined in the Consulting Agreement; and (b) with respect of the FF&E, a fee equal to 17.5% of the gross receipts from the sale of FF&E (excluding sales taxes) (the "FF&E Commission").
- [17] Initially, the Sale will be conducted at all of the Applicant's stores. However, the Consultant and the Applicant have agreed that the Applicant is entitled to add or remove any of the Liquidating Stores from the Sale. At present, the Sale does not include merchandise that is located at any of the Applicant's concession partner locations.
- [18] The Consulting Agreement is also subject to the Sale Guidelines, which are consistent with sale guidelines approved in other retail insolvencies.

Issues

[19] The issues to be determined today are whether:

- a. The Consulting Agreement and Sale Guidelines should be approved?
- b. The Administration Charge and the Directors' Charge should be increased; and
- c. The Stay Period should be extended until November 14, 2025.

Analysis

- [20] When considering the approval of retail inventory and FF&E liquidation sales, the Court has previously considered the questions which were set out in *Nortel Networks Corp (Re)*, 2009 CanLII 39492 (ONSC) at para. 49: see for example *Comark Holdings Inc. et. al. (Re)*, (January 17, 2025), Ont. S.C.J. [Commercial List], Court File No. CV-25-00734339-00CL (Endorsement of Justice Cavanagh) [***Comark Endorsement***], at paras. 5-17. Those questions are: Is a sale transaction warranted at this time? Will the sale benefit the whole economic community? Do any of the debtors' creditors have a bona fide reason to object to a sale? Is there a better viable alternative?
- [21] Courts have also evaluated proposed retail liquidation processes in light of the criteria set out in s. 36(3) of the CCAA, namely: (i) whether the process leading to the proposed sale or disposition was reasonable in the circumstances; (ii) whether the Monitor approved the process leading to the proposed sale or disposition; (iii) whether the Monitor filed a report stating that in its opinion the sale or disposition would be more beneficial to creditors than a bankruptcy; (iv) the extent to which creditors were consulted; (v) the effects of the proposed sale or disposition on creditors and stakeholders; and (vi) whether the consideration to be received for the assets is fair and reasonable, taking into account their market value: see for example, *Comark Endorsement* at para. 6.
- [22] Given the Applicant's limited liquidity and ongoing carrying costs, it is appropriate that an orderly liquidation be commenced as soon possible in order to maximize recoveries and limit operating costs. The Consulting Agreement affords the Applicant the flexibility necessary to continue to pursue discussions regarding a potential Transaction and, if necessary, add or remove Liquidating Stores from the Sale.
- [23] I am also satisfied that the Consultant's services will produce better results than attempting to realize on the Merchandise and FF&E alone, and are necessary for a seamless and efficient large-scale store closing process and to maximize the value of the Merchandise and FF&E.
- [24] The Consultant, which represents a contractual joint venture of three leading liquidators (including an affiliate of Hilco LLC) that have extensive experience in a variety of liquidations in the United States and Canada, was selected by the Applicant to manage the Sale in Canada after the Company selected Hilco LLC (following a competitive process) to liquidate the inventory at the US Stores. This selection was based on, among other things: the Consultant's in-depth knowledge of the Applicant's business, merchandise, and store

operations; (ii) the need to commence the Sale quickly; and (iii) the extensive experience of the parties to the joint venture in conducting retail liquidations in Canada.

- [25] The Monitor is supportive of the engagement of the Consultant and the terms of the Consulting Agreement, including the compensation being paid to the Consultant thereunder.
- [26] The terms of the Sale Guidelines and Liquidation Sale Approval Order are generally similar to and typical of agreements and orders for inventory liquidation sales that have been negotiated and/or approved in a number of other retail insolvencies see for example *Ted Baker Canada Inc. et al v. Yorkdale Shopping Centre Holdings Inc.*, (May 3, 2024), Ont S.C.J. [Commercial List], Court File No. CV-24-00718993-00CL (Endorsement of Justice Black), at para. 16.
- [27] Accordingly, I am satisfied that the Consulting Agreement and the Sale Guidelines are appropriate and are approved.
- [28] The Initial Order approved the Administration Charge in the amount of \$400,000. The Applicant now seeks to increase the Administration Charge to \$750,000 with the concurrence of the Monitor.
- [29] Similarly, the Initial Order approved the Directors' Charge in the amount of \$2.9 million, which the Applicant seeks to increase to \$3.3 million with the concurrence of the Monitor.
- [30] The increased amount of the Administration Charge reflects the increased anticipated level of activity of the various professionals during the extended Stay Period, and the increased amount of the Directors' Charge reflects the incremental amount of potential director and officer liabilities that may be incurred during the extended Stay Period.
- [31] The Court has discretion to grant and increase these charges in an amount that the Court considers appropriate pursuant to sections 11.51 and 11.52 of the CCAA. In the circumstances I am satisfied that the increased amounts are appropriate and are approved.
- [32] The Applicant, as supported by the Monitor, asks that the Stay Period be extended up to and including November 15, 2025. Pursuant to section 11.02 of the CCAA, the Court may grant an extension of a stay of proceedings where: (i) circumstances exist that make the order appropriate; and (ii) the debtor company satisfies the Court that it has acted, and is acting, in good faith and with due diligence. There is no statutory time limit on how long a stay of proceedings can be extended.
- [33] The proposed extension of the Stay Period will, among other things, (i) permit the Applicant, with the assistance of the Consultant and under the oversight of the Monitor, to conduct the Sale in accordance with the Consulting Agreement and Sale Guidelines with a view to maximizing the value of the Applicant's Merchandise and FF&E; and (ii) provide

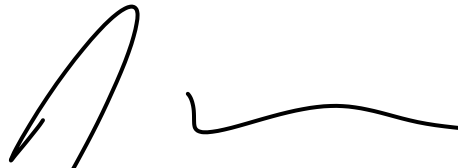
the Applicant with additional time and stability necessary to explore a potential Transaction and, if successful in this regard, return to the Court to seek approval of such Transaction. The evidence is that the Applicant has acted in good faith and with due diligence in these CCAA proceedings.

[34] Accordingly, the requested extension to the Stay Period is appropriate and is approved.

Disposition

[35] Orders to go in the form signed by me this day.

[36] A further hearing is scheduled before me for **September 9, 2025 at 9:00 am for 60 minutes.**

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line that ends in a small hook.

Justice J. Dietrich

August 15, 2025