

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
)
REGIONAL SENIOR JUSTICE MORAWETZ)

WEDNESDAY, THE 20th
DAY OF MARCH, 2019



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PAYLESS
SHOESOURCE CANADA INC. AND PAYLESS SHOESOURCE CANADA GP INC.

(the "Applicants")

ORDER
(First Stay Extension)

THIS MOTION made by the Payless Canada Entities (as defined below), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Order, *inter alia*, extending the Stay Period (as defined in paragraph 18 of the Initial Order of the Honourable Regional Senior Justice Morawetz dated February 19, 2019 (the "**Initial Order**")) to and including June 7, 2019, was heard this day at 330 University Avenue, Toronto, Ontario by way of Court Call.

ON READING the Notice of Motion of the Payless Canada Entities, the Affidavit of Adrian Frankum sworn March 13, 2019, and the exhibits thereto, the pre-filing report of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as proposed monitor of the Payless Canada Entities dated February 19, 2019 (the "**Pre-Filing Report**"); the First Report of FTI in its capacity as monitor dated February 20, 2019 ("**First Report**") and the Second Report of FTI in its capacity as monitor dated March 16, 2019 ("**Second Report**"), and on hearing the submissions of counsel for the Applicants and Payless ShoeSource Canada LP (each a "**Payless Canada Entity**" and collectively, the "**Payless Canada Entities**"), FTI in its capacity as court-appointed

monitor ("**Monitor**"), Wells Fargo Bank, National Association, counsel to the ad hoc group of lenders under the Term Loan Credit Facility (as defined in the Initial Order), counsel for Cushman & Wakefield Asset Services ULC, Morguard Investments Limited, Morguard Real Estate Investment Trust, Smart REIT (SmartCentres), RioCan REIT, RioCan Management Inc., RioCan Holdings Inc., Cominar REIT, OPB Realty Inc., Fiera Properties CORE Fund LP, RioKim Holdings, Triovest Realty Advisors Inc. and Blackwood Partners Management Corporation, counsel for First Capital Asset Management ULC, First Capital Asset Management Corporation, First Capital (Cedarbrae) Corporation, First Capital (St. Catharines) Corporation, First Capital (S.C.) Corporation, 1642 Merivale Road LP, 1642 Merivale Road GP Inc. and FCHT Holdings (Ontario) Corporation, counsel for Ivanhoe Cambridge Inc. and Ivanhoe Cambridge II Inc. and such other parties as were present by Court Call, no one else appearing although duly served as appears from the affidavits of service of Monique Sassi sworn March 13, 2019 and March 14, 2019 filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and validated so that the Motion is properly returnable today.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Initial Order.

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including June 7, 2019.
4. **THIS COURT ORDERS** that from and after the date hereof all references to Cash Flow Statement in the Initial Order shall mean the cash flow statement attached to the Second Report, as such Cash Flow Statement may be amended from time to time pursuant to a further Order of this Court or an Order in the U.S. Proceedings.

APPROVAL OF MONITOR'S REPORTS

5. **THIS COURT ORDERS** that the Pre-Filing Report, the First Report, the Second Report, and the activities of the Proposed Monitor and the Monitor, as applicable, referred to therein, be

and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist each of the Payless Canada Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to each of the Payless Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist each of the Payless Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Payless Canada Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that Payless ShoeSource Canada Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

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PER / PAR: UM

Court File No. CV-19-00614629-00CL

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PROCEEDING COMMENCED AT TORONTO

**ORDER
(First Stay Extension)**

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ShoeSource Canada GP Inc. and Payless ShoeSource Canada LP*