

**Court File No. CV-17-11846-00CL**

**SEARS CANADA INC.,  
AND RELATED APPLICANTS**

**SUPPLEMENT TO FORTY-EIGHTH REPORT OF FTI CONSULTING CANADA INC.,  
AS MONITOR**

**December 15, 2021**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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  
SEARS CANADA INC., 9370-2751 QUÉBEC INC., 191020 CANADA INC., THE CUT INC.,  
SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., 9845488  
CANADA INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR  
COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741  
CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041  
ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC. AND  
3339611 CANADA INC.

APPLICANTS

**SUPPLEMENT TO FORTY-EIGHTH REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR**

1. On December 14, 2021, the Monitor filed its Forty-Eighth Report to the Court (the “**Forty-Eighth Report**”) in these proceedings in relation to a motion by Pension Representative Counsel for certain relief with respect to the Supplemental Plan as well as certain amendments to the PRC Order.
2. Following delivery of the Forty-Eighth Report, the Monitor received a request for additional information in connection with the motion by Pension Representative Counsel. The purpose of this Supplement to the Forty-Eighth Report is to provide the Court and the Service List with additional information in response to that request.
3. Capitalized terms used in this Supplement to the Forty-Eighth Report and not otherwise defined have the meanings given to them in the Forty-Eighth Report.

*Professional Fees Funded By The Sears Canada Entities*

4. The Monitor regularly reports on the professional cost amounts paid by the Sears Canada Entities in connection with these proceedings. Those professional costs have included the fees and disbursements of: (i) advisors to the Applicants; (ii) the Monitor; (iii) legal counsel to the Monitor; (iv) legal counsel and financial advisors to the interim lenders; (v) Pension Representative Counsel and its advisors; and (vi) employee representative counsel and their advisors.
5. As of December 11, 2021, the aggregate of all professional costs funded by the Sears Canada Entities during the CCAA Proceedings were approximately \$113.9 million.<sup>1</sup>
6. The fees and disbursements of Pension Representative Counsel and its advisors funded by the Sears Canada Entities during the CCAA Proceedings total approximately \$8.9 million up to and including December 11, 2021 composed of:
  - (a) legal fees of approximately \$6.1 million;
  - (b) financial advisory fees of approximately \$1.5 million;
  - (c) additional consulting fees of approximately \$0.1 million;
  - (d) miscellaneous disbursements of approximately \$0.2 million; and
  - (e) taxes of approximately \$1 million.
7. The fees and disbursements of Pension Representative Counsel were the subject of a letter agreement dated November 17, 2017, which provided a monthly maximum cap on fees for Pension Representative Counsel and its financial and actuarial advisors of \$240,000 per month plus HST and other disbursements.

---

<sup>1</sup> This total includes professional fees incurred in connection with the litigation related to Sears Canada Inc.'s 2013 shareholder dividend.

8. The fees and disbursements of employee representative counsel funded by the Sears Canada Entities during the CCAA Proceedings total approximately \$2.9 million up to and including December 11, 2021.

*Distributions On Account Of Pension Claims*

9. The CCAA Plan establishes that “Pension Claims”, being the claims in respect of administration, funding or termination of the Sears Canada Inc. Registered Retirement Plan, for voting purposes shall be:
  - (a) a single voting claim against Sears Canada Inc. in the amount of \$249,792,000; and
  - (b) a single voting claim against the SLH Parties (as defined in the CCAA Plan) in the amount of \$10,408,000.
10. The CCAA Plan provides for distribution purposes that the “Pension Claims” shall be equal to the forgoing voting claim amounts multiplied by 2.5, subject to certain additional adjustments.
11. Under the CCAA Plan, the Pension Claim against Sears Canada Inc. has received a recovery of approximately 10.38% of the claim as valued for distribution purposes. This distribution percentage is consistent with the distribution percentages of other unsecured creditors of Sears Canada Inc. who did not opt out of participation in the costs and recoveries of the litigation related to the 2013 Sears Canada Inc. shareholder dividend.
12. Under the CCAA Plan, the Pension Claim against the SLH Parties has received a recovery of approximately 23.06% of the claim as valued for distribution purposes. This distribution percentage is again consistent with the distribution percentages of other creditors of the SLH Parties.
13. The Monitor cannot comment on the value of recoveries received by the Sears Canada Inc. Registered Retirement Plan or its members from:

- (a) litigation arising out of the 2013 shareholder dividend paid by Sears Canada Inc., as such information is subject to confidentiality restrictions and the Monitor does not have visibility on the pension plan's dealings with such recoveries; or
- (b) the Pension Benefits Guarantee Fund (Ontario), as the Monitor does not have information regarding any such recoveries.

The Monitor respectfully submits to the Court this, its Supplement to the Forty-Eighth Report.

Dated this 15<sup>th</sup> day of December, 2021.

FTI Consulting Canada Inc.  
in its capacity as Monitor of  
the Sears Canada Entities

A handwritten signature in blue ink, appearing to read 'S Bissell', with a long horizontal stroke extending to the left.

Steven Bissell  
Managing Director

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 SEARS CANADA INC., *et al.*

Court File No. CV-17-11846-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**SUPPLEMENT TO FORTY-EIGHTH REPORT TO THE  
COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR**

**NORTON ROSE FULBRIGHT CANADA LLP**

222 Bay Street, Suite 3000  
P.O. Box 53  
Toronto, Ontario M5K 1E7 CANADA

**Orestes Pasparakis, LSO#: 36851T**

Tel: +1 416.216.4815

**Evan Cobb, LSO#: 55787N**

Tel: +1 416.216.1929

**Alexander Schmitt, LSO#: 63068F**

Tel: +1 416.216.2419

Fax: +1 416.216.3930

[orestes.pasparakis@nortonrosefulbright.com](mailto:orestes.pasparakis@nortonrosefulbright.com)

[evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)

[alexander.schmitt@nortonrosefulbright.com](mailto:alexander.schmitt@nortonrosefulbright.com)

Lawyers for FTI Consulting Canada Inc., in its capacity as  
Monitor