

## REITMANS (CANADA) LIMITED

## TERM SHEET

(the "Term Sheet")

AUGUST 4, 2020

**WHEREAS** the Borrower (as defined below) has requested that the DIP Lender (as defined below) provide financing to fund certain of the Borrower's obligations during the pendency of the Borrower's proceedings (the "**CCAA Proceedings**") under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**") which has commenced before the Quebec Superior Court (Commercial Court) (the "**CCAA Court**") in accordance with the terms and conditions set out herein;

**AND WHEREAS** the DIP Lender has agreed to provide financing to fund certain of the Borrower's obligations during the pendency of the CCAA Proceedings in accordance with the terms and conditions set out herein;

**NOW THEREFORE**, the parties hereby agree as follows:

<b>BORROWER:</b>	Reitmans (Canada) Limited (the " <b>Borrower</b> ")
<b>DIP LENDER:</b>	Bank of Montreal (in such capacity only, the " <b>DIP Lender</b> ")
<b>DIP FACILITY &amp; DIP COMMITMENT:</b>	<p>A superpriority (debtor in possession) revolving credit facility (the "<b>DIP Facility</b>") up to a maximum principal amount of <b>\$60,000,000</b> (the "<b>Maximum Commitment</b>") comprised of:</p> <ul style="list-style-type: none"> <li>(i) revolving loans (the "<b>DIP Loans</b>");</li> <li>(ii) a sub-limit of \$500,000 (the "<b>MasterCard Limit</b>") for advances under a MasterCard credit facility (the "<b>MasterCard Facility</b>"); and</li> <li>(iii) a sub-limit of \$5,000,000 (the "<b>Letter of Credit Limit</b>") for the issuance of Letters of Credit (as defined below).</li> </ul> <p>All advances by the DIP Lender to the Borrower under the DIP Facility (for purposes of greater certainty, including the MasterCard Facility and Letters of Credit) shall be referred to herein as the "<b>DIP Advances</b>".</p> <p>DIP Loans advanced under the DIP Facility shall be deposited into a disbursement account held at the DIP Lender (the "<b>Disbursement Account</b>") and DIP Loans (for greater certainty, other than as regards the MasterCard Facility and Letters of Credit) shall be in a minimum amount of \$1,000,000 each and in multiples of \$500,000 providing not less than one (1) business day's written notice of each DIP Loan is delivered on or before 11:00 a.m. to the DIP Lender pursuant to a drawdown notice in such form provided to the Borrower by the Lender. All DIP Loans may be transferred from the Disbursement Account to any other disbursement account held by the Borrower other than with the DIP Lender as listed on Schedule "A" (which accounts are to be closed as soon as practically possible and no later than within 120 days of the granting of the DIP Order, subject to the terms of this Term Sheet).</p>

DIP Advances under the MasterCard Facility shall be governed by the terms and conditions of the DIP Lender's standard form documents relating to the operation of MasterCard accounts in effect at such time (the "**MasterCard Agreement**"). Subject to the terms and conditions hereof, the MasterCard Facility may be availed by the Borrower through the use of a corporate MasterCard or MasterCards issued by the DIP Lender to or at the request of the Borrower. The DIP Lender may issue such card or cards as are requested by the Borrower upon the completion of, and in accordance with, the MasterCard Agreement and other documents customarily required by the DIP Lender in connection with the issuance of corporate MasterCards and loans and advances ("**MasterCard Advances**") made through such card or cards and the MasterCard Advances shall be disbursed and otherwise dealt with in accordance with and subject to the provisions of such MasterCard Agreement and other documents; and interest and fees in connection with the MasterCard Advances shall be calculated and paid at the rates and at the times set out in such MasterCard Agreement and other documents. The aggregate amount of all MasterCard Advances shall not at any time exceed the MasterCard Limit.

The DIP Facility may be drawn in the form of one or more commercial letters of credit, standby letters of credit or letters of guarantee issued by the DIP Lender or an affiliate of the DIP Lender at the request of the Borrower ("**Letters of Credit**" and each, a "**Letter of Credit**") for up to a maximum aggregate amount not exceeding the Letter of Credit Limit. DIP Advances made by way of Letters of Credit shall be governed by the terms and conditions of the BMO Online Banking for Business (OLBB). The Borrower shall pay a Letter of Credit commission (the "**Letters of Credit Commission**") calculated on a daily basis and payable quarterly for each Letter of Credit issued in an amount as follows: (i) [Redacted for commercial reasons]% per annum for financial Letters of Credit; (ii) [Redacted for commercial reasons]% per annum for performance Letters of Credit; and (iii) [Redacted for commercial reasons]% for the first month and [Redacted for commercial reasons]% for each month thereafter for documentary import Letters of Credit. In addition, the Borrower shall pay to the DIP Lender customary charges for the issuance, drawing, registration, amendment, communication and other processing and out of pocket fees for issuing each Letter of Credit as outlined in the fee schedule (the "**LC Fee Schedule**") attached hereto as Schedule "C".

Notwithstanding any other provision of this Term Sheet, the amount at any time outstanding under the DIP Facility including the aggregate amount of all outstanding advances under the MasterCard Facility and by way of Letters of Credit shall not exceed the Maximum Commitment. Any amount borrowed under the DIP Facility and subsequently repaid or prepaid may be reborrowed.

**CURRENCY:** All dollar amounts are in Canadian dollars unless expressly stated otherwise.

**USE OF PROCEEDS:** The Borrower is authorized to use DIP Advances: (i) to provide working capital and for other general corporate purposes; (ii) to make payments necessary to comply with the First Initial Order dated May 19, 2020 of the CCAA Court regarding the CCAA Proceedings, as amended and restated on May 29, 2020 (the "**Initial Order**"); (iii) to provide guarantees, letters of credit, and other forms of credit support for its business and operations; (iv) to pay interest, fees and expenses payable under the DIP Facility; (v) to pay reasonable fees and expenses of the Monitor and its legal counsel; and (vi) to pay the Borrower's reasonable professionals fees and expenses incurred in connection with the CCAA Proceedings, including the reasonable fees and expenses of its legal counsel, in each case of the foregoing clauses (i) to (vi), in strict compliance with the Agreed Budgets (as defined below) subject to the Permitted Variance (as defined below).

**INTEREST RATE ON DIP LOANS AND THE DEFAULT RATE:**

The DIP Loans shall bear interest at the DIP Lender's prime rate plus 5.00% per annum on the outstanding principal balance of the DIP Loans. Interest on the outstanding principal amount of the DIP Loans shall be paid monthly in arrears on the first business day of the month following the month in respect of which interest is being paid.

For purposes of greater certainty, the interest and fees payable by the Borrower relating to the MasterCard Facility shall be as set out in the MasterCard Agreement, and the fees relating to the issuance of Letters of Credit shall be the fees set out in the LC Fee Schedule, and each, together with the Letters of Credit Commission, shall be payable without duplication of, and in addition to, the interest payable with respect to the DIP Loans as set out in the previous paragraph and the fees set out below in the Section entitled "Fees".

Upon the occurrence of an Event of Default, the applicable interest rate for DIP Loans and each Letters of Credit Commission shall each increase by 2% per annum.

For purposes of the *Interest Act* (Canada), where in this Term Sheet or in any of the other DIP Loan Documents (as defined below) a rate of interest is to be calculated on the basis of a year of 365 days, the yearly rate of interest to which the rate is equivalent is the rate multiplied by the actual number of days in the year for which the calculation is made and divided by 365, as applicable.

**FEES:** The Borrower shall pay the DIP Lender a commitment fee (the "**Commitment Fee**") of \$[Redacted for commercial reasons], which amount shall be fully earned by the DIP Lender upon

acceptance of this Term Sheet. The Commitment Fee shall be due and payable upon issuance by the CCAA Court of the DIP Order (as defined below).

The Borrower shall pay standby fees (the “**Standby Fees**”) monthly in arrears (calculated daily) on the first business day of each month based on the undrawn portion available of the DIP Facility at a rate of [Redacted for commercial reasons]% per annum.

**MATURITY DATE AND REPAYMENT:**

All amounts owing to the DIP Lender under the DIP Facility shall be due and payable on the earliest of the occurrence of any of the following: (i) June 30, 2021; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “**Plan**”), which has been approved by the DIP Lender and by the requisite majorities of the Borrower’s creditors and sanctioned by an order entered by the CCAA Court (the “**Sanction Order**”); (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”); (iv) the completion of the sale of all or substantially all of the assets of the Borrower in the aggregate (unless the DIP Lender consents to such sale and agrees that the DIP Facility shall remain outstanding, subject to any reduction to the Maximum Commitment required by the DIP Lender); (v) an Event of Default, as defined below, in respect of which the DIP Lender has elected in its sole discretion to accelerate all amounts owing and demand repayment; and (vi) the date on which the stay of proceedings pursuant to the Initial Order expires without being extended or on which the CCAA Proceedings are terminated (such earliest date, the “**Maturity Date**”).

The DIP Obligations (as defined below) shall not be fully and finally discharged, and the DIP Lender’s Charge (as defined below) shall not be released, until all DIP Obligations have been satisfied in full.

**MANDATORY REPAYMENT:**

At any time the aggregate outstanding amounts under the DIP Facility exceed the Maximum Commitment, the Borrower shall immediately, without notice or demand, prepay the DIP Facility to the extent necessary that the aggregate amount outstanding under the DIP Facility does not exceed the Maximum Commitment.

**VOLUNTARY REDUCTION OF DIP FACILITY:**

Upon two business days’ written notice to the DIP Lender, the Borrower may reduce the Maximum Commitment in increments of \$5,000,000, provided the DIP Facility is underdrawn with respect to such reduced amount. The DIP Facility shall be permanently reduced such that the amount of the reduction of the Maximum Commitment shall be first applied to the portion of the Maximum Commitment in respect of the DIP Loans until such is reduced to zero and thereafter to the portion of the Maximum Commitment in respect of the MasterCard Facility until such is reduced to zero

and thereafter to the portion of the Maximum Commitment in respect of Letters of Credit until such is reduced to zero.

**PROCEEDS OF  
SALES AND CASH  
RECEIPTS AND CASH  
DOMINION:**

All deposit accounts of the Borrower shall be blocked accounts under the sole control of the DIP Lender (it being agreed that the Borrower shall close all bank accounts not maintained with the DIP Lender which are listed in Schedule "A" as soon as practically possible and no later than within 120 days of the granting of the DIP Order, other than (i) the Borrower's bank account with The Toronto-Dominion Bank ("TD") as more fully described in Schedule "D" (the "**Excluded TD Bank Account**") which is hypothecated by the TD Hypothec (as defined below) and which the Borrower represents serves no purpose other than exclusively as cash collateral charged by the TD Hypothec (and for purposes of greater certainty, into which no deposits shall be made), shall remain open until the complete release and discharge of the TD Hypothec as described below, (ii) the Borrower's bank accounts located in areas where there are no Bank of Montreal branches within walking distance of the Borrower's premises and which bank accounts are used exclusively for the collection of cash sales and for petty cash purposes, as more fully described in Schedule "E" (the "**Excluded Bank Accounts**"), and (iii) each bank account maintained by the Borrower's wholly-owned subsidiaries listed in Schedule "F" hereto (the "**Excluded Subsidiaries Bank Accounts**")), and the Borrower shall cause all cash sales deposited into its bank accounts (excluding the Excluded TD Bank Account and the Excluded Subsidiaries Bank Accounts) to be transferred daily (or, as regards the Excluded Bank Accounts, no later than weekly) into such blocked accounts under the sole control of the DIP Lender. All such proceeds received into such blocked accounts shall in turn be applied by the DIP Lender on a daily basis to reduce the amount outstanding under the DIP Facility.

**AGREED BUDGETS:**

Attached hereto as Schedule "B" are the following:

1. A rolling 13-week period detailed budget (the "**Agreed Weekly Budget**"), which is in form and substance satisfactory to the DIP Lender; and
2. A detailed budget for the period ending January 31, 2021 and 2022 (the "**Agreed Monthly Budget**"), which is in form and substance satisfactory to the DIP Lender.

The Borrower will update and propose a revised and updated weekly budget of the following 13-week period in substantially similar form to the Agreed Weekly Budget (as updated, the "**Updated Weekly Budget**") that has been reviewed by the Monitor, every two weeks (unless otherwise consented to by the DIP Lender), in each case to be delivered to the DIP Lender and to the Monitor, no later than the Thursday of the second week

following the date of the delivery of the prior Agreed Weekly Budget. If the DIP Lender determines that the proposed Updated Weekly Budget is not acceptable, it shall, within two (2) business days of receipt thereof, provide written notice to the Borrower and the Monitor stating that the proposed Updated Weekly Budget is not acceptable and setting out the reasons why such Updated Weekly Budget is not acceptable, and until the Borrower has delivered a revised Updated Weekly Budget acceptable to the DIP Lender, the prior Agreed Weekly Budget shall remain in effect. In the event that the DIP Lender does not deliver to the Borrower written notice within two (2) business days after receipt by the DIP Lender of a proposed Updated Weekly Budget that such proposed Updated Weekly Budget is not acceptable to the DIP Lender, such proposed Updated Weekly Budget shall automatically and without further action be deemed to have been accepted by the DIP Lender and become the Agreed Weekly Budget for the purposes hereof.

The Agreed Weekly Budget and the Agreed Monthly Budget in effect from time to time are referred to as the “**Agreed Budgets**”.

**CONDITIONS PRECEDENT  
TO DIP ADVANCES:**

The DIP Lender’s agreement to make DIP Advances to the Borrower is subject to the satisfaction of the following conditions precedent (unless waived by the DIP Lender):

1. This Term Sheet, in form and substance satisfactory to the Lender, has been duly authorized, executed and delivered by the Borrower;
2. A motion for the DIP Order, in form and substance satisfactory to the DIP Lender, shall be served on such parties as required by the DIP Lender and subsequently filed with the CCAA Court;
3. The CCAA Court shall have issued and entered an order (the “**DIP Order**”), in form and substance satisfactory to the DIP Lender, approving this Term Sheet and the DIP Facility, and granting the DIP Lender a charge in the amount of \$72,000,000 (the “**DIP Lender’s Charge**”) on all now owned or hereafter acquired personal (movable) and real (immovable) assets and property of the Borrower, tangible (corporeal) or intangible (incorporeal) (the “**Collateral**”) securing all obligations owing by the Borrower to the DIP Lender hereunder including, without limitation, all principal, interest and DIP Lender’s Fees and Expenses (as defined below) (collectively, the “**DIP Obligations**”), and such order shall not have been amended, restated or modified without the consent of the DIP Lender, and shall have become a final order fully disposed of, with no further right of or leave to appeal or being executory before appeal (a “**Final Order**”). The DIP Order shall provide that the DIP Lender’s Charge shall have first ranking priority over all hypothecs, liens, charges, mortgages, encumbrances and security interests granted by the Borrower or against the

Collateral (collectively, "**Liens**") in form and substance satisfactory to the DIP Lender subject in priority only to:

- (a) an administrative charge on the Collateral of the Borrower in an aggregate amount not to exceed \$1,500,000 (the "**Administrative Charge**");
- (b) a directors and officers liability charge on the Collateral of the Borrower in an amount not to exceed \$13,500,000 (the "**Directors' Charge**"); and
- (c) the hypothecs registered as follows (i) the hypothec (the "**TD Hypothec**") in favour of TD registered at the Register of Personal and Movable Real Rights under number 20-0334987-0001 securing the Borrower's obligations under a letter of credit issued to Canada Border Services in an amount of \$2,750,000 (the Borrower hereby agreeing to cause such hypothec to be released and discharged as soon as practically possible upon the expiration of the obligations secured thereby); and (ii) the hypothecs in favour of Hewlett-Packard Financial Services Canada Company registered at the Register of Personal and Movable Real Rights under numbers 17-1344603-0001 and 18-1320531-0001;

(the charges set forth in the preceding clauses (a), (b) and (c), together, the "**Priority Charges**").

The DIP Order shall also provide that, (i) the DIP Lender is authorised to effect any registrations, filings or recordings wherever in its discretion it deems appropriate regarding the DIP Lender's Charge, if any, (ii) the DIP Lender's Charge shall be valid and effective to secure all of the DIP Obligations without the necessity of the making of any registrations, filings or recordings and whether or not any other documents are executed by the Borrower pursuant to this Term Sheet, (iii) the execution of this Term Sheet, the granting of the DIP Lender's Charge, the execution of any further documents by the Borrower pursuant to this Term Sheet and any registrations, filings or recordings in connection thereto, do not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances, transfers at undervalue or other challengeable or reviewable transactions under any applicable federal or provincial legislation, (iv) upon the occurrence of an Event of Default, the DIP Lender may, *inter alia*, apply for the appointment of an interim receiver or a receiver subject to the issuance of a five calendar day notice to the Borrower and the Monitor, unless said delay is waived by the Borrower with the consent of the Monitor or the CCAA Court considers it appropriate to appoint a receiver immediately, without the need to serve any further notice, either pursuant to Section 244 of the BIA, the Civil Code of Quebec, the *Personal*

*Property Security Act* (Ontario) or any other similar legislation, and (v) the DIP Lender's Charge shall not be released or discharged, and shall remain valid and enforceable against, and opposable to, all, including an eventual trustee in bankruptcy, receiver or interim receiver, until the DIP Obligations have been paid in full. This Term Sheet shall be filed with the CCAA Court and be kept confidential and under seal to the extent provided by the DIP Order.

4. No Event of Default shall have occurred and be continuing or will occur as a result of the requested DIP Advance;

5. The Borrower shall have executed blocked account or control agreements with the DIP Lender, and all bank accounts of the Borrower shall be held exclusively with the DIP Lender (other than (i) those bank accounts listed on Schedule "A" and which shall be closed within 120 days of the granting of the DIP Order, (ii) the Excluded TD Bank Account, (iii) the Excluded Bank Accounts, and (iv) the Excluded Subsidiaries Bank Accounts);

6. The DIP Lender shall have received the Agreed Budgets and any applicable updates to the Agreed Budgets, if applicable, all of which must be satisfactory to the Monitor and must not result in the occurrence of an Updated Budget Default;

7. All DIP Lender Fees and Expenses (as defined below) shall have been paid to the DIP Lender or will be paid from the proceeds of the requested DIP Advance within such period of time as is acceptable to the DIP Lender in its discretion;

8. The DIP Lender shall have received duly executed and binding certificate(s) of insurance evidencing the insurance reasonably required by the DIP Lender and: (i) all losses under all insurance policies, other than third party liability policies, shall be payable to the DIP Lender as first loss payee, (ii) the DIP Lender shall be added as an additional insured to all third party liability insurance policies, with the exception of Directors and Officers liability insurance policies, (iii) the policies shall contain a standard mortgage clause approved by the Insurance Bureau of Canada, and (iv) the DIP Lender shall be given at least 30 days' prior written notice of any cancellation or termination of any policy; and

9. Such other documents or agreements as may be requested by the DIP Lender, including, but not limited to, (i) bank account statements for accounts held by the Borrower's wholly-owned subsidiaries, (ii) the Borrower completing the DIP Lender's environmental questionnaire, and (iii) the Borrower's officer certificate with respect to the Borrower's resolutions approving the DIP Facility and certifying its constating documents (including all amendments thereto).

**COSTS AND EXPENSES:**

The Borrower shall pay all of the DIP Lender's costs, including all legal fees, and disbursements, due diligence fees, any costs of realization or enforcement and all consultant (financial and otherwise) costs on a full indemnity basis in each case in

connection with or otherwise related to the DIP Facility, the DIP Lender's Charge, the DIP Loan Documents (as defined below), this Term Sheet or the CCAA Proceedings (collectively, the "**DIP Lender Fees and Expenses**").

**DIP LENDER'S CHARGE:**

All obligations of the Borrower under or in connection with the DIP Facility, this Term Sheet and any other documentation in respect of the DIP Facility that is requested by the DIP Lender (collectively, the "**DIP Loan Documents**"), which shall include the DIP Obligations, shall be secured by the DIP Lender's Charge.

**PERMITTED LIENS AND PRIORITY:**

The Borrower covenants that all Collateral is and will be free and clear of all other hypothecs, liens, security interests, prior claims, trusts (deemed, statutory or otherwise) encumbrances and claims, except for the Priority Charges.

**DISCUSSIONS WITH MONITOR:**

The DIP Lender shall be authorized by the DIP Order to have direct discussions with the Monitor, and to receive information from the Monitor as requested by the DIP Lender from time to time.

**FINANCIAL & OTHER REPORTING:**

On or before 12:00 p.m. on the Thursday of each second week for the two weeks ending the immediately preceding Friday, the Borrower shall deliver to the DIP Lender the following reporting as regards the Borrower (the "**Bi-Weekly Reporting**"):

- (a) a variance calculation (the "**Variance Report**") setting forth (i) actual receipts and disbursements for the preceding two-week period, (ii) actual receipts and disbursements on a cumulative basis since the beginning of the period covered by the then-current Agreed Weekly Budget, in each case as regards clauses (i) and (ii) above as against the then-current Agreed Weekly Budget, and setting forth all the variances on an aggregate basis in comparison to the amounts set forth in respect thereof in the Agreed Weekly Budget; and (iii) net cash flow described in the line item contained in the Agreed Weekly Budget entitled "Net Cash Flow" on a cumulative basis since the beginning of the period covered by the first Agreed Weekly Budget issued hereunder and setting forth all the variances on an aggregate basis in comparison to the amounts set forth in respect thereof in the Agreed Weekly Budget;
- (b) status report of the CCAA Proceedings and Plan;

- (c) its efforts to close the bank accounts listed on Schedule "A"; and
- (d) such other information as the DIP Lender may reasonably request from time to time.

The Borrower shall also deliver to the DIP Lender the following reporting as regards the Borrower (the "**Additional Reporting**"):

- (a) Within 30 days of the end of the fiscal month, a statement of accounts payable, statutory priority payables, aged receivables and an inventory listing as at the end of such fiscal month;
- (b) Within 30 days of the end of each fiscal month, monthly interim financial statements (which shall include a balance sheet and income statement compared against the Agreed Monthly Budget);
- (c) Within 120 days of the end of their fiscal year, annual accountant prepared financial statements signed by an authorized officer of the Borrower; and
- (d) Such other information as the DIP Lender may reasonably request from time to time.

The Bi-Weekly Reporting and the Additional Reporting are referred to together as the "**Reporting**".

The Borrower will provide the DIP Lender with such information about the financial condition of the Borrower, the CCAA Proceedings, and any other information that the DIP Lender may reasonably request from time to time.

## **INDEMNITY**

The Borrower agrees to indemnify and hold harmless the DIP Lender and each of its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way related to or resulting from the CCAA Proceedings, any bankruptcy or insolvency proceedings, this term sheet or any other DIP Loan Documents, and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of

such Indemnified Person as finally determined by a court of competent jurisdiction.

The indemnities granted under this Term Sheet shall survive any termination of the DIP Facility.

**REPRESENTATIONS AND WARRANTIES:**

The Borrower represents and warrants to the DIP Lender, in addition to, and without limitation of, its representations and warranties contained elsewhere in this Term Sheet and in any other DIP Loan Documents, upon which the DIP Lender relies in entering into this Term Sheet and the other DIP Loan Documents, that:

- (a) The transactions contemplated by this Term Sheet and the other DIP Loan Documents:
  - (i) are within the powers of the Borrower;
  - (ii) have been duly executed and delivered by or on behalf of the Borrower;
  - (iii) upon the granting of the DIP Order, shall constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms;
  - (iv) upon the granting of the DIP Order, shall not require the consent or approval of, registration or filing with, or any other action by, any governmental authority; and
  - (v) will not violate the charter documents or by-laws of the Borrower or any applicable law relating to the Borrower;
- (b) The business operations of the Borrower have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out;
- (c) The Borrower has obtained all material licenses and permits required for the operation of its business, which licenses and permits remain in full force and effect and no proceedings have been commenced or threatened to revoke or amend any of such licenses or permits;
- (d) The Borrower has in respect of all fiscal periods: (i) filed all tax returns, except in respect of any fiscal period for which the due date for filing the applicable tax return has not yet occurred; and (ii) paid all taxes owing for all fiscal periods except for any taxes that are not yet due and payable or that are being diligently contested in good faith by the Borrower and for which sufficient reserves have been set aside or any payment relating to a prior fiscal period before

the granting of the Initial Order that will be subject to the Plan;

- (e) The Borrower own its assets and undertaking free and clear of all liens other than the Priority Charges and, upon the granting of the DIP Order, the DIP Lender's Charge;
- (f) The Borrower has no registered pension plans other than the Reitmans Executive Retirement Pension Plan (Amended and Restated as of April 1, 2018), which defined benefit pension plan has been maintained prior to the granting of the Initial Order in material compliance with all applicable federal and provincial laws, including the making of normal cost payments or current service contributions;
- (g) The Borrower has been duly incorporated and is validly existing under the law of its jurisdiction of incorporation;
- (h) The Borrower has no subsidiaries other than Reitmans Corporation Limited, Reitmans U.S. Holdings LLC and RCL Asia Limited and none of which subsidiaries has any material assets or liabilities nor conducts any material business activities or operations, other than (i) funds in their respective bank accounts as indicated in Schedule "F" hereto, and (ii) and the buying agency services provided by RCL Asia Limited primarily in the Asia Pacific region for the Borrower (the "**Buying Agency Services**");
- (i) The Borrower maintains adequate insurance coverage in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers (except with respect to directors' and officers' insurance in respect of which no representation is made regarding adequacy of coverage);
- (j) Since the issuance of the Initial Order, the Borrower has maintained its obligations for payroll, source deductions, retail sales tax, and Harmonized Sales Tax/Goods and Services Tax, and is not in arrears of its statutory obligations to pay or remit any amount in respect of these obligations or any other amount which could give rise to a statutory priority payable;
- (k) Other than currently existing employment arrangements, the Borrower has not entered into any material transaction or other written contractual relationship with any related party other than as disclosed in writing to the DIP Lender;
- (l) Other than as stayed pursuant to the Initial Order, the commencement of the CCAA Proceedings will not trigger change of control provisions or severance obligations, in

each case, which would entitle any officer or director of the Borrower to claim additional compensation or severance;

- (m) Since the date of commencement of the CCAA Proceedings, there have been no extensions, supplements or amendments to the employment agreements of any senior officers or senior managers of the Borrower earning \$500,000 or more per annum, including all bonuses and other cash compensation, and there are no written employment agreements for any such senior officers or senior managers except as disclosed to the DIP Lender;
- (n) All payments to shareholders, directors, senior executives and their related parties, whether under contract or otherwise, including bonus payments, transaction payments, change of control payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement, have been disclosed in the financial statements of the Borrower or to the DIP Lender in writing and, to the extent contemplated for future payment, have been included and specified in the Agreed Budgets;
- (o) Other than as stayed pursuant to the Initial Order, there is not now pending or, to the knowledge of any of the senior officers or directors of the Borrower, threatened against the Borrower, nor has the Borrower received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any court, tribunal, governmental entity or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, a Material Adverse Change;
- (p) All Material Contracts of the Borrower are in full force and effect and are valid, binding and enforceable in accordance with their terms against the Borrower, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganisation, moratorium or other similar laws relating to or affecting the rights of creditors; or (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). A “**Material Contract**” shall be defined as any contract, licence or agreement to which the Borrower is a party or is bound the termination or cancelation of which would reasonably be expected to have a Material Adverse Change;
- (q) All information provided by the Borrower, or any of its agents, is true, correct and complete in all material respects as of the date provided and does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; and

(r) No Event of Default has occurred and is continuing.

**AFFIRMATIVE  
COVENANTS:**

The Borrower covenants and agrees to do, or cause to be done, the following, in addition to, and without limitation of, its other undertakings and covenants contained elsewhere in this Term Sheet and in any other DIP Loan Documents:

1. Comply with the provisions of the CCAA Court Orders made in the CCAA Proceedings including, without limitation, the Initial Order and the DIP Order (collectively, the “**Court Orders**” and each a “**Court Order**”);
2. Utilize all DIP Advances in a manner that is consistent with the Agreed Budgets in all material respects to the extent reasonably practicable in the circumstances (subject to the Permitted Variance);
3. Provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that the Borrower intends to file within the CCAA Proceedings at least two business days prior to any such filing or, where it is not practically possible to do so at least two business days prior to any such filing, as soon as possible;
4. The DIP Order and any other Court Orders which are being sought by the Borrower, to the extent that any such Court Order affects the rights and interests of the DIP Lender, shall be submitted to the CCAA Court in a form confirmed in advance to be satisfactory to the DIP Lender, subject to any amendments that are required by the CCAA Court or the Borrower that are, to the extent that such amendments affect the rights and interests of the DIP Lender, acceptable to the DIP Lender;
5. Promptly advise the DIP Lender of any proposal received from a third party or any other transaction to be carried out pursuant to or as part of the Plan and, thereafter, shall advise the DIP Lender of the status of any such proposal or transaction as well as any material amendments to the terms thereof, in each case subject to the disclosure restrictions contained in such proposal or other transaction, including any requirement for confidentiality agreements thereunder;
6. Provide to the DIP Lender a bi-weekly status update regarding the status of the CCAA Proceedings and its restructuring process including, without limitation, reports on any information which may otherwise be confidential, in each case subject to the disclosure restrictions with respect to such confidential information, including any requirement for confidentiality agreements;
7. Use the proceeds of the DIP Facility only in accordance with the Section entitled “Use of Proceeds” of this Term Sheet in a manner consistent with the Agreed Budgets (subject to the Permitted Variance);

8. Allow the DIP Lender reasonable access to the books and records of the Borrower, including internal memoranda, work papers and any other documents in the possession of the Borrower, and to cooperate to comply with reasonable requests for information by the DIP Lender, subject to solicitor-client privilege, applicable privacy laws, all Court Orders and any disclosure restrictions, provided that the Borrower will use reasonable commercial efforts to obtain the consent from the Person benefiting from the disclosure restrictions to disclose the confidential information to the DIP Lender, subject to the DIP Lender keeping the confidentiality of the information being disclosed. The Borrower hereby undertakes to use reasonable commercial efforts to limit any confidentiality restrictions applicable to the DIP Lender when entering into any new agreements;

9. Deliver to the DIP Lender the reporting and other information from time to time reasonably requested by the DIP Lender and as set out in this Term Sheet including, without limitation, the Approved Budgets and the Reporting, at the times requested and in form and substance satisfactory to the DIP Lender;

10. Preserve, renew and keep in full force its corporate existence and its existing material licenses and permits and any material licences and permits it obtains in the future;

11. Conduct all activities in accordance with the Approved Budgets (subject to the Permitted Variance) previously approved by the DIP Lender and the credit limits established under the DIP Facility as set out hereunder;

12. Notify the DIP Lender promptly of the occurrence of any default under this Term Sheet, Event of Default, or Material Adverse Change or of any event or circumstance that may materially affect the Approved Budgets, including any material change in a material contractual arrangement or relationship with third parties;

13. Make commercially reasonable efforts to comply in all material respects with all applicable laws, rules and regulations applicable to its business;

14. Execute and deliver documentation, as may reasonably be required by the DIP Lender, including any additional documents that the DIP Lender may require, in form and substance satisfactory to the DIP Lender, acting reasonably;

15. Complete all necessary lien and other searches, together with all registrations, filings and recordings wherever the DIP Lender, acting reasonably, deems appropriate, and satisfaction that there are no liens affecting the property or assets of the Borrower except the Priority Charges; and

16. Promptly upon becoming aware, provide details of, (a) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, governmental entity or regulatory body, which would be

reasonably likely to result in, individually or in the aggregate, a Material Adverse Change; and (b) any existing (or threatened in writing) default or dispute with respect to any Material Contract to which the Borrower is a party.

**NEGATIVE COVENANTS:**

The Borrower covenants and agrees not to do, or cause to be done, the following, in addition to, and without limitation of, its other undertakings and covenants contained in this Term Sheet and the other DIP Loan Documents:

1. Sell, transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking at any one time or through a series of related transactions of more than \$150,000 individually or \$500,000 in the aggregate during the term of the DIP Facility other than (i) sales in the ordinary course of business, (ii) the liquidation of inventory consistent with the Plan, (iii) any sale at fair market value for a cash consideration authorized by the Court, or (iv) with respect to the winding down of the operations of the Addition-Elle and Thyme Maternity banners and the termination of various leases under all of its banners (the “**Addition-Elle and Thyme Maternity Winding Down**”);
2. Make any payment of any debt or obligation existing as at the date of the Initial Order (the “**Pre-Filing Debt**”), other than payments permitted to be paid pursuant to the Initial Order which shall not exceed the amounts set out in the Agreed Budgets (subject to the Permitted Variance);
3. Provide or seek or support a motion by another party to provide to a third party a charge upon any of the Borrower’s assets (including, without limitation, a critical supplier’s charge) without the prior written consent of the DIP Lender;
4. Create, incur or permit to exist indebtedness for borrowed money other than Pre-Filing Debt, DIP Advances, and post-filing accounts payable in the ordinary course of business;
5. (a) Declare, set aside for payment or payment (in cash or kind) of any dividends (including proceeds, profits, capital and other distributions) on any of its shares, capital, equity interest or other securities at any time outstanding; (b) redeem, reduce, purchase or retire in any manner of any of its capital stock at any time outstanding; (c) make any other similar form of distribution or payment to its shareholders, equity or securities holder, including repayment of any shareholders loans;
6. Unless such payments are first approved by the DIP Lender, (a) make any payments by way of a key employee retention program; or (b) increase compensation or other benefits or pay any bonuses, other than under employment arrangements or agreements governing the payment of compensation or bonuses (such as retention/bonus letters, increases to vacation entitlement or RRSP contribution matching) consistent with past practice to directors, senior officers or senior management;

7. Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise;
8. Create or permit to exist any new liens on any of its properties or assets other than the Priority Charges;
9. Make any capital expenditures other than as reflected in the Approved Budgets;
10. Seek, obtain or support any Court Order that adversely affects the DIP Lender except with the prior written consent of the DIP Lender, acting reasonably, which Court Order shall be in form and substance acceptable to the DIP Lender, acting reasonably;
11. Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure or enter into any agreement committing to such actions except with the prior written consent of the DIP Lender and as authorized by a Court Order;
12. Unless the transaction satisfies all of the DIP Obligations in full, make a public announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, if not approved in advance by the DIP Lender;
13. Enter into, extend, renew, waive or otherwise modify in any material respect the terms of any transaction with a subsidiary or affiliate, or extend or renew existing operational arrangements with a subsidiary or affiliate without the prior approval of the DIP Lender other than the automatic renewal of the Buying Agency Services;
14. Enter into any settlement agreement or agree to any settlement arrangements with any regulatory authority or in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are threatened or pending against the Borrower without the DIP Lender's prior consent, or make any payments or repayments to third parties, outside the ordinary course of business, other than those set out in the Approved Budgets (subject to Permitted Variances);
15. Other than the Addition-Elle and Thyme Maternity Winding Down, cease (or threaten to cease) to carry on its business or activities as they are currently being conducted or change its operations or business practices (including normal lending practices) without the prior approval of the DIP Lender;
16. Seek, or consent to the appointment of, a receiver, interim receiver or trustee in bankruptcy without the prior consent of the DIP Lender;
17. Transfer the proceeds of any DIP Advance to any other account of the Borrower other than as permitted in this Term Sheet; and
18. Make any payment in respect of post-employment benefit payments, special or amortization payments, solvency deficiencies or wind-up shortfalls in relation to any pension plan, provided, however that the Borrower shall be entitled to (i) make

normal cost payments or current service contributions under its defined benefit plan in accordance with the Approved Budgets; and (ii) pay any post employment benefits, amortization payments, special payments, solvency deficiencies or wind-up shortfalls in relation to any pension plan administered by the Borrower (a) with the consent of the DIP Lender, or (b) as requested by Retraite Québec and approved by the CCAA Court but in such case, only up to a maximum amount of \$2,000,000 in the aggregate over the term of the DIP Facility.

**EVENTS OF DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each, an **“Event of Default”**) under this Term Sheet:

1. Failure of the Borrower to pay: (i) interest, fees or other amounts when due under this Term Sheet or any other DIP Loan Documents; (ii) principal when due under the DIP Facility; or (iii) within five (5) business days of receiving an invoice therefor, DIP Lender Fees and Expenses;
2. Failure of the Borrower to perform or comply with any term or covenant under this Term Sheet or any other DIP Loan Documents (other than as set out in paragraph (1) above) unless remedied in three (3) business days (if capable of being remedied);
3. Any representation or warranty by the Borrower made or deemed to be made in this Term Sheet or any DIP Credit Document is or proves to be incorrect or misleading in any material respect as of the date made or deemed to be made unless remedied in three (3) business days (if capable of being remedied);
4. Any Court Order is dismissed, stayed, reversed, vacated, amended or restated and such dismissal, stay, reversal, vacating, amendment or restatement adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender in a material manner, unless the DIP Lender has consented thereto;
5. The issuance of an order (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of the Borrower, other than in respect of a non-material asset not required for the operations of the Borrower's business and which is subject to a priority lien; (ii) granting any other claim superpriority status or a lien equal or superior to that granted to the DIP Lender other than the Priority Charges; (iii) staying, reversing, vacating or otherwise modifying this Term Sheet or the DIP Loan Documents, any Court Order (including the Initial Order, the DIP Order and the DIP Priority Charge) or the entry of an order by the CCAA Court having the equivalent effect which adversely affects the rights or

interests of the DIP Lender, without the prior written consent of the DIP Lender;

6. Any payment by the Borrower of any post-employment benefits, amortization payments, special payments, solvency deficiencies or wind-up shortfalls in relation to any pension plan administered by the Borrower, except to the extent permitted by this Term Sheet;

7. Other than as regards the Addition-Elle and Thyme Maternity Winding Down, the Borrower ceases to carry on business in the ordinary course as it is carried on as of the date hereof, except where such cessation is consented to by the DIP Lender;

8. A Bi-Weekly Reporting or an Additional Reporting is not delivered to the DIP Lender within two business days of the requisite time frame set out herein;

9. An Updated Weekly Budget or Monthly Budget contemplates or forecasts an adverse change or changes from the then existing Agreed Budgets and such change(s) constitute a Material Adverse Change (as defined below) (an "**Updated Budget Default**") or is not delivered to the DIP Lender within two business days of the requisite time frame set out herein. Without limiting the foregoing, an Updated Budget Default shall occur if any Updated Weekly Budget or Updated Monthly Budget forecasts that borrowings under the DIP Facility will exceed the Maximum Commitment at any time;

10. As at the date of any Variance Report, there shall exist a net negative variance from the Agreed Weekly Budget of the amount of the Borrower's net cash flow corresponding to the line item contained in the Agreed Weekly Budget labelled "Net Cash Flow" in excess of 20% on a cumulative basis since the beginning of the period covered by the first Agreed Weekly Budget issued hereunder (the "**Permitted Variance**");

11. A Court Order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Borrower, that will in the DIP Lender's judgment, acting reasonably, materially further impair the Borrower's financial condition, operations or ability to comply with its obligations under this Term Sheet, any DIP Loan Document or any Court Order or carry out a Plan reasonably acceptable to the DIP Lender (a "**Material Adverse Change**");

12. If the Monitor files a report with the CCAA Court in compliance with s.23(1)(d) of the CCAA advising that there has been a material adverse change in the Borrower's projected cash flow or financial circumstances;

13. Unless the transaction satisfies all DIP Obligations and payments that have priority over the DIP Priority Charge, in full, any proceeding, motion or application shall be commenced or filed by the Borrower, or if commenced by another party, supported or

otherwise consented to by the Borrower, seeking the approval of any sale transaction or Plan that does not have the prior consent of the DIP Lender;

14. The making by the Borrower of a payment of any kind not permitted by the Initial Order, this Term Sheet, the DIP Loan Documents or the Approved Budgets (subject to the Permitted Variance) without the prior consent of the DIP Lender;

15. Except as stayed by order of the CCAA Court, a default under, revocation or cancellation of, any Material Contract, licence or permit, which has or could reasonably be expected to result in a Material Adverse Change;

16. The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Term Sheet, any DIP Loan Documents or any other document or certificate delivered pursuant to the terms hereof or thereof;

17. Except as stayed by order of the CCAA Court, the entry of one or more final judgements, writs of execution, garnishment or attachment representing a claim in excess of \$1,000,000 individually, or \$2,500,000 in the aggregate, against the Borrower or the Collateral that is not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 30 days after their entry, commencement or levy;

18. The Borrower defaults in any payment on its due date of any amount payable by it after in respect of services provided to or goods received by the Borrower, to any third party, in an amount in excess of \$25,000 for any single transaction or \$100,000 in the aggregate, other than amounts which the Borrower is disputing in good faith;

19. The Borrower proposes any Plan to its creditors that does not provided for the full payment of the DIP Lender without the prior written consent of the DIP Lender;

20. Any loss, theft, damage or destruction occurs with respect to any Collateral of the Borrower if the amount not covered by insurance exceeds \$100,000 (excluding any related deductible under insurance policies); or

21. The occurrence of a Material Adverse Change.

**REMEDIES:**

Upon the occurrence of an Event of Default which is continuing, the DIP Lender may (i) suspend further DIP Advances pursuant to this Term Sheet, (ii) terminate the DIP Lender's commitment hereunder subject to the DIP Order, (iii) declare the DIP Obligations to be immediately due and payable, (iv) apply for a receiver, interim receiver or similar official over the Collateral, (v) exercise the powers of a secured creditor under the Civil Code of Quebec, the Personal Property Security Act (Ontario) or any legislation of similar effect, if any, and (vi) exercise all such other rights and remedies under this Term Sheet, the DIP Loan Documents and the Court Orders.

**SURVIVAL:**

All obligations and liabilities in connection with indemnity obligations in this Term Sheet shall survive the repayment in full

of the DIP Facility and the cancellation of all obligations in connection therewith.

**FURTHER ASSURANCES:**

The Borrower shall, at its own expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Term Sheet and the other DIP Loan Documents, perfecting, protecting, better evidencing, rendering opposable and maintaining the liens created by the DIP Lender's Charge, and establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Loan Document.

**NO THIRD PARTY BENEFICIARY:**

No person, other than the Borrower and the DIP Lender, is entitled to rely upon this Term Sheet and the parties expressly agree that this Term Sheet does not confer rights upon any party not a signatory hereto.

**COUNTERPARTS AND FACSIMILE:**

This Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, including in PDF format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**NOTICES:**

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by facsimile or electronic mail to the attention of the person as set forth below:

**In the case of the DIP Lender:**

Bank of Montreal  
105 St-Jacques, 3<sup>rd</sup> Floor ABL  
Montreal, Quebec M5X 1A1

Attention: Frederick Giraud  
Email: Frederick.giraud@bmo.com

Attention: Frederic Poisson  
Email: Frederic.poisson@bmo.com

**with a copy to:**

Norton Rose Fulbright Canada LLP  
1 Place Ville Marie, Suite 2500,  
Montreal, Quebec, H3B 1R1

Attention: Arnold Cohen  
Email: arnold.cohen@nortonrosefulbright.com

Attention: Sylvain Rigaud  
Email: sylvain.rigaud@nortonrosefulbright.com

Facsimile: (514) 286-5474

**In the case of the Borrower:**

Reitmans (Canada) Limited  
250, Rue Sauvé West,  
Montreal, Quebec H3L 1Z2

Attention: Richard Wait  
Email: riwait@reitmans.com

**with a copy to:**

Davies Ward Phillips and Vineberg LLP  
1501 McGill College Avenue, Suite 2600  
Montreal, Quebec, H3A 3N9

Attention: Denis Ferland  
Email: dferland@dwpv.com

Attention: Véronique Gaumont-Carignan  
Email: vgaumontcarignan@dwpv.com

**In any case, with a copy to the Monitor:**

Ernst & Young Inc.  
900 De Maisonneuve Boulevard West, Suite 2300  
Montreal, Quebec, H3A 0A8

Attention: Martin Rosenthal  
Email: martin.rosenthal@ca.ey.com

Attention: Walid Safi  
Email: walid.safi@ca.ey.com

**with a copy to:**

Osler, Hoskin & Harcourt LLP  
1000 De la Gauchetière West, Suite 2100  
Montreal, Quebec, H3B 4W5

Attention: Sandra Abitan  
Email: sabitan@osler.com

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 PM Montreal time or on a day other than a business day, in which case the notice shall be deemed to be received the next business day.

**GOVERNING LAW AND JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein.

**CONFIDENTIALITY:**

This Term Sheet and the financing arrangements herein are delivered on the condition that the Borrower and each of its subsidiaries and affiliates shall not publicly file or disclose this Term Sheet or disclose the substance of these financing arrangements to any person or entity outside of its respective organization, except (i) to those professional advisors who are in a confidential relationship with it, (ii) to comply with any requirement under applicable laws or applicable rules or policies of any regulatory organization or any stock exchange obligations or under a court decision, or (iii) with the prior written consent of the DIP Lender.

**DIP LENDER APPROVALS:**

Any consent, approval (including, without limitation, any approval of or authorization for any waiver under or any amendment to this Term Sheet or any of the DIP Loan Documents), instruction or other expression of the DIP Lender under this Term Sheet or any of the DIP Loan Documents may be obtained by an instrument in writing (which instrument in writing, for greater certainty, may be delivered by facsimile or other electronic transmission). In providing such consent, approval (including, without limitation, any approval of or authorization for any waiver under or any amendment to this Term Sheet or any of the DIP Loan Documents), instruction or other expression of the DIP Lender under this Term Sheet or any of the DIP Loan Documents, the DIP Lender shall act reasonably and in good faith.

**ENGLISH LANGUAGE:**

The parties hereto have expressly required that this Term Sheet be drafted in the English language only. *Les parties aux présentes ont expressément exigé que la présente convention soit rédigé en langue anglaise seulement.*

The parties have executed this Term Sheet, this 4<sup>th</sup> day of August, 2020.

Lender:

**Bank of Montreal**

Per: (s) Frederic Giraud

Name: Frederick Giraud

Title: Managing Director

Per: (s) Frederic Poisson

Name: Frederic Poisson

Title: Managing Director

Borrower:

**Reitmans (Canada) Limited**

Per: (s) Richard Wait

Name: Richard Wait

Title: Vice-President Finance and Chief  
Financial Officer

We have authority to bind the Corporation

**SCHEDULE "A"**

**BANK ACCOUNTS TO BE CLOSED WITHIN 120 DAYS**

(see attached)

[Schedule redacted for confidentiality reasons]

**SCHEDULE "B"**  
**AGREED BUDGETS**

(see attached)

[Schedule redacted for confidentiality reasons]

**SCHEDULE "C"**

**LC FEE SCHEDULE**

(see attached)

[Schedule redacted for commercial reasons]

**SCHEDULE "D"**

**EXCLUDED TD BANK ACCOUNT**

(see attached)

[Schedule redacted for confidentiality reasons]

**SCHEDULE "E"**

**EXCLUDED BANK ACCOUNTS**

(see attached)

[Schedule redacted for confidentiality reasons]

**SCHEDULE "F"**

**EXCLUDED SUBSIDIARIES BANK ACCOUNTS**

(see attached)

[Schedule redacted for confidentiality reasons]