

Court File No.: CV-24-00718993-00CL

**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**

**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 TED BAKER CANADA INC., TED
BAKER LIMITED, OSL FASHION SERVICES CANADA
INC., and OSL FASHION SERVICES, INC.**

APPLICANTS

**FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

MAY 2, 2024

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1.0 INTRODUCTION

- 1.1 On April 24, 2024 (the “**Filing Date**”), Ted Baker Canada Inc. (“**Ted Baker Canada**”), Ted Baker Limited, OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (collectively, the “**Ted Baker Group**” or the “**Applicants**”) applied for and were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are hereinafter referred to as the “**CCAA Proceedings**”.
- 1.2 The Applicants operate a fashion, clothing and accessories retail, wholesale and e-commerce business in Canada and the United States facilitated by certain license agreements with affiliates of Authentic Brands Group (“**ABG**”).
- 1.3 In Canada, Ted Baker Canada operates 25 retail store locations under the Ted Baker (9), Lucky Brand (7) and Brooks Brothers (9) store banners, with approximately 280 employees. Ted Baker Canada also sells to customers through six retail concession locations in certain Hudson’s Bay stores in Canada.
- 1.4 In the United States, Ted Baker Limited operates 34 retail stores under the Ted Baker store banner only, with approximately 350 employees. Ted Baker Limited also sells to customers through retail concession locations in 31 Bloomingdale’s stores in the United States, as well as through wholesale customers.

- 1.5 As a result of liquidity constraints caused in part by negative cash flows and working capital issues as well as the threat of the immediate termination of their key license agreements with ABG, the Ted Baker Group commenced these CCAA Proceedings to provide the breathing room necessary to stabilize and maintain the Ted Baker Group's business while considering their restructuring alternatives in consultation with key stakeholders.
- 1.6 Additional details regarding the Ted Baker Group as well as their business and financial circumstances are set out in the and the Affidavit of Antoine Adams sworn April 24, 2024 (the "**First Adams Affidavit**") and the Pre-Filing Report of the Monitor dated April 24, 2024 (the "**Pre-Filing Report**"), filed by Alvarez & Marsal Canada Inc. ("**A&M**") prior to the commencement of these CCAA Proceedings. The First Adams Affidavit, Pre-Filing Report and other Court-filed documents in the CCAA Proceedings are available on the Monitor's (as defined below) case website at: <https://www.alvarezandmarsal.com/TBRetail> (the "**Case Website**"). A copy of the Pre-Filing Report is attached hereto as **Appendix "A"**.
- 1.7 The Initial Order, among other things:
- (i) appointed A&M as monitor of the Applicants in these CCAA Proceedings (in such capacity, the "**Monitor**");
 - (ii) granted a stay of proceedings in favour of the Applicants and their directors and officers (the "**Stay**") up to and including May 3, 2024;

- (iii) authorized Ted Baker Canada and Ted Baker Limited to continue to borrow from the Canadian Imperial Bank of Commerce (“**CIBC**”), as interim lender (in such capacity, the “**Interim Lender**”) under the Existing Credit Facility (as defined in the Initial Order) in an amount not to exceed \$7 million, subject to the requirements set out in the Initial Order;
- (iv) authorized the Applicants to pay certain pre-filing amounts with the consent of the Monitor and the Interim Lender to key participants in the Applicants’ distribution network, and to other critical suppliers, if required;
- (v) granted or confirmed the Charges over the Property (both as defined in the Initial Order), listed in order of priority and each as defined in the Initial Order:
 - (a) an Administration Charge in the maximum amount of \$750,000;
 - (b) an Interim Lender’s Charge;
 - (c) the security granted with respect to the Existing Credit Facility (excluding the Interim Borrowings); and
 - (d) a Directors’ Charge in the maximum amount of \$2.5 million, ranking subordinate to the security granted with respect to the Existing Credit Facility; and
- (vi) authorized Ted Baker Canada to act as the foreign representative of the Applicants in respect of having these CCAA Proceedings recognized in the United States Bankruptcy Court for the Southern District of New York (the “**US Court**”)

pursuant to Chapter 15 of Title 11 of the United States Bankruptcy, 11 U.S.C. §§ 101-1532 Code (the “**Bankruptcy Code**”), and to seek related relief, including provisional relief, as necessary.

- 1.8 The Applicants commenced ancillary proceedings under the Bankruptcy Code on April 24, 2024 in the US Court. The proceedings commenced therein are hereinafter referred to as the “**Chapter 15 Cases**” (and, together with the CCAA Proceedings, the “**Insolvency Proceedings**”). As described below, among other things, the Chapter 15 Cases are intended to seek recognition of the CCAA Proceedings as “foreign main proceedings”.

2.0 PURPOSE OF THIS REPORT

- 2.1 The purpose of this First Report is to provide the Court with information, and where applicable, the Monitor’s views on:
- (i) the Applicants’ proposed realization process approval order (the “**Realization Process Approval Order**”), among other things, approving the Consulting Agreement and the Sale Guidelines (each as defined below), and authorizing the Applicants, with the assistance of the Consultant (as defined below), to conduct a sale (the “**Sale**”) of the merchandise (the “**Merchandise**”) and furniture, fixtures and equipment (“**FF&E**”) at the Ted Baker Group’s store and warehouse locations in Canada and the United States, in accordance with the Realization Process Approval Order, the Consulting Agreement and the Sale Guidelines;
 - (ii) the Applicants’ proposed Amended and Restated Initial Order (the “**ARIO**”), which, among other things:

- (a) extends the Stay to and including August 2, 2024;
 - (b) approves the DIP Term Sheet (as defined below) and grants various related relief, including a super-priority charge over the Property as security for advances under the DIP Term Sheet (the “**DIP Lender’s Charge**”);
 - (c) increases the quantum of the Administration Charge to \$1.5 million, and the Directors’ Charge to \$5 million;
 - (d) approves a key employee retention plan (the “**KERP**”) and grants a super-priority charge over the Property in the amount of \$250,000 (the “**KERP Charge**”) as security for payments to be made in accordance with the KERP; and
 - (e) seals the KERP and related detailed personal confidential information subject to further order of the Court;
- (iii) the status of the Chapter 15 Cases;
 - (iv) the activities of the Monitor since its appointment; and
 - (v) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this First Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and other financial information prepared by the Ted Baker Group and has held discussions with management of the Ted Baker Group and their legal counsel (collectively, the “**Information**”). Except

as otherwise described in this First Report in respect of the Ted Baker Group's cash flow forecast:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
- (ii) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this First Report was prepared based on Ted Baker Group management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 This First Report should be read in conjunction with the Pre-Filing Report and the Affidavit of Antoine Adams sworn May 1, 2024 (the "**Second Adams Affidavit**") and filed in support of the Applicants' motion for the proposed ARIO and Realization Process Approval Order. Capitalized terms used and not defined in this First Report have the

meanings given to them in the Pre-Filing Report or the Second Adams Affidavit, as applicable.

- 3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

4.0 REALIZATION PROCESS APPROVAL ORDER

- 4.1 The Applicants are seeking approval of a Realization Process Approval Order substantially in the form appended to the Applicants' motion record that, if granted, will approve the Consulting Agreement, and authorizes the Applicants, with the assistance of the Consultant, to undertake the Sale in accordance with the terms of the Realization Process Approval Order, the Consulting Agreement, and the Sale Guidelines. Under the proposed realization process, the Applicants have the flexibility to modify the Sale (as defined below) by removing Stores should they identify a going concern third party transaction for some or all of the Applicants' business or assets on or before May 17, 2024.

Consultant Solicitation Process

- 4.2 In accordance with the Initial Order, following the Filing Date, the Monitor, on behalf of the Ted Baker Group, contacted three third party liquidators (collectively, the "**Potential Liquidators**") identified as having the requisite expertise, qualifications and capability to implement a retail liquidation of all or a sub-set of the Ted Baker Group's Merchandise and FF&E. The Potential Liquidators were requested to submit a proposal in the form of a mark-up to a template form of consultant agreement provided by the Monitor by no later than April 28, 2024 (the "**Proposal Deadline**").

- 4.3 In order to facilitate and assist the Potential Liquidators in conducting necessary due diligence in order to prepare and submit proposals: (i) the Monitor and the Ted Baker Group established an electronic data room (the “**Data Room**”), which was populated with information relevant to the proposed realization, including detailed accounts of the Ted Baker Group’s inventory, operations and financial information; and (ii) each of the Potential Liquidators was given the opportunity to request further information.
- 4.4 Following the execution of a non-disclosure agreement: (i) the Potential Liquidators were granted access to the Data Room; and (ii) additional information and clarification was provided to the Potential Liquidators. Ultimately, each of the Potential Liquidators submitted a consulting fee proposal prior to the Proposal Deadline.
- 4.5 After reviewing the Potential Liquidators’ proposals, the Ted Baker Group, in consultation with its legal counsel, the Monitor and the Interim Lender, selected Gordon Brothers Canada ULC and Gordon Brothers Retail Partners, LLC (together, the “**Consultant**”) as the third-party liquidator to assist with the Sale. The Monitor is supportive of the engagement of the Consultant pursuant to the Consulting Agreement and is satisfied that: (i) the Consultant’s services will assist the Ted Baker Group in conducting an efficient and value-maximizing Sale; (ii) the Consultant is qualified, experienced and capable of performing its obligations under the Consulting Agreement in accordance with the Sale Guidelines; and (iii) the Consultant’s proposed fee structure (described below) is reasonable.

Proposed Consulting Agreement and Sale Guidelines¹

4.6 Ted Baker Canada and Ted Baker Limited (together, the “**Merchant**”) and the Consultant have entered into a Consulting Agreement dated as of April 30, 2024 (as may be amended from time to time in accordance with its terms, the “**Consulting Agreement**”). A copy of the Consulting Agreement is attached as Exhibit “E” to the Second Adams Affidavit. The salient terms of the Consulting Agreement and the proposed sale guidelines for the Sale of the Ted Baker Group’s Merchandise and FF&E (the “**Sale Guidelines**”) are summarized in the following table:

Summary of Terms of Consulting Agreement and Sale Guidelines	
Exclusive Consultant	<ul style="list-style-type: none"> The Consultant will act as the exclusive consultant of the Merchant for the purpose of conducting the Sale.
Timing	<ul style="list-style-type: none"> The Sale will commence on a date agreed to by the Merchant and the Consultant (the “Sale Commencement Date”). The Sale will end no later than 12 weeks following such Sale Commencement Date (the “Sale Termination Date”), provided, however, that the Consultant and the Merchant may, in consultation with the Monitor and the DIP Lender, mutually agree to extend the Sale Termination Date or terminate the Sale at any store location prior to the Sale Termination Date. The Consulting Agreement will be deemed to be terminated in the event that the Court denies the Applicants’ request for the proposed Realization Process Approval Order.
Sales	<ul style="list-style-type: none"> All sales will be “final” with no returns permitted. The Consulting Agreement provides the Consultant with the right to supplement the Merchandise in the Sale at the retail stores with additional goods (the “Additional Consultant Goods”) procured by the Consultant that are of like kind and category, and no lesser quality to the Merchandise in the stores. The Consultant must pay the Merchant an amount equal to 5% of the gross proceeds (excluding sales taxes) from the sale of all Additional Consultant Goods (the “Additional Consultant Goods Fee”).

¹ Capitalized terms used in this section of this First Report and not otherwise defined herein having the meaning ascribed to them in the Consulting Agreement or the Sale Guidelines, as applicable.

Summary of Terms of Consulting Agreement and Sale Guidelines											
Consultant Fees & Expenses	<ul style="list-style-type: none"> On the sale of Merchandise, the Consultant will earn a fee equal to 2% of Gross Proceeds² (the “Merchandise Base Fee”), plus an additional fee based on the following thresholds of Gross Recovery Percentage (calculated back to first dollar (the “Merchandise Incentive Fee” and together with the Merchandise Base Fee, the “Merchandise Fee”): <table> <tr> <th><u>Gross Recovery Percentage</u></th><th><u>Additional Incentive Compensation</u></th></tr> <tr> <td>Between 144.50% and 153.50%</td><td>0.25% of Gross Proceeds</td></tr> <tr> <td>Between 153.51% and 160.50%</td><td>0.50% of Gross Proceeds</td></tr> <tr> <td>Between 160.51% and 168.50%</td><td>0.75% of Gross Proceeds</td></tr> <tr> <td>Above 168.51%</td><td>1.00% of Gross Proceeds</td></tr> </table> With respect to Merchandise sold in bulk to wholesale customers from the Warehouse during the Sale Term, the Consultant will earn a fee of 5% of the Gross Proceeds of such sales, plus an additional fee equal to 10% of any savings obtained from selling to regions that reduce any import duties (the “Bulk Sale Fee”). On the sale of FF&E, the Consultant will earn a commission of 15% of gross proceeds, net of applicable sales taxes, provided that the Consultant shall provide the Merchant with an equity guarantee proposal with respect to the FF&E, the economics of which, if accepted by the Merchant, shall eliminate and replace the FF&E Fee. The Merchant will reimburse the Consultant for its fees and expenses, pursuant to an approved budget not to exceed \$1,410,671 (the “Expense Budget”), including supervision and related costs, and advertising costs. The Expense Budget is included as Exhibit “C” to the Consulting Agreement. The Consulting Agreement does not contemplate a “net-minimum guarantee” or other floor recovery for the Merchant. 	<u>Gross Recovery Percentage</u>	<u>Additional Incentive Compensation</u>	Between 144.50% and 153.50%	0.25% of Gross Proceeds	Between 153.51% and 160.50%	0.50% of Gross Proceeds	Between 160.51% and 168.50%	0.75% of Gross Proceeds	Above 168.51%	1.00% of Gross Proceeds
<u>Gross Recovery Percentage</u>	<u>Additional Incentive Compensation</u>										
Between 144.50% and 153.50%	0.25% of Gross Proceeds										
Between 153.51% and 160.50%	0.50% of Gross Proceeds										
Between 160.51% and 168.50%	0.75% of Gross Proceeds										
Above 168.51%	1.00% of Gross Proceeds										
Services Provided By Consultant	<ul style="list-style-type: none"> The Consultant will provide qualified supervisors approved by the Merchant to oversee the management of the Stores and the Sale. The Consultant will recommend appropriate point-of-sale and external advertising, discounts, and staffing levels, oversee display of Merchandise, and assist the Merchant in connection with managing and controlling loss prevention and employee relation matters. The Consultant will provide other related services deemed necessary or appropriate by the Merchant and the Consultant, in consultation with the Monitor and the DIP Lender. 										

² The Consulting Agreement defines “**Gross Proceeds**” as meaning gross receipts (including, without limitation, gift card or gift certificates issued by the Merchant) from sales of Merchandise during the Sale Term, net of applicable sales taxes.

Summary of Terms of Consulting Agreement and Sale Guidelines	
Sale Guidelines	<ul style="list-style-type: none"> • The Consulting Agreement is also subject to the Canada Sale Guidelines (applicable to Sales in Canada), and the US Sale Guidelines (applicable to Sales in the US) (collectively, the “Sale Guidelines”), which are attached as Exhibits “B-2” and “B-1” to the Consulting Agreement, respectively. The Sale Guidelines provide, among other things, that: <ul style="list-style-type: none"> (a) except as otherwise set out in the Consulting Agreement or any Court Order, the Sale Guidelines or any subsequent written agreement between the Merchant and the applicable Landlord(s), the Sale in Canada will be conducted in accordance with the terms of the applicable Leases; (b) In the United States, the Sale will be conducted in accordance with applicable state and local “Blue Laws”; (c) the Sale will be conducted so that the locations remain open during the normal hours of operation provided for in the applicable Leases until the applicable respective Sale Termination Date and in all cases in Canada, no later than August 2, 2024; (d) all display and hanging signs used in connection with the Sale will be professionally produced and hung in a professional manner. No signs will advertise the Sale as a “Bankruptcy”, a “Liquidation” or a “Going Out of Business” sale;³ (e) the purchasers of FF&E will only be permitted to remove FF&E through the back shipping areas designated by the Landlord or through other areas after regular store business hours or through the front door during regular store business hours if the FF&E can fit in a shopping bag, with the applicable Landlord’s supervision as required by the applicable Lease; and (f) at the conclusion of the Sale and FF&E Removal Period in each Store, the Consultant will arrange that the premises are in “broom-swept” and clean condition, subject to the Consultant’s right to abandon in a neat and orderly manner any unsold FF&E at the end of the Sale Term.

4.7 The Consulting Agreement was negotiated among the Consultant, the Ted Baker Group and their respective legal counsel, in consultation with the Monitor and the DIP Lender, and their respective legal counsel. In negotiating the terms of the Consulting Agreement, including the Sale Guidelines, the Ted Baker Group and the Monitor were cognizant of the interests of landlords commonly expressed in similar situations. Counsel to several of the Canadian Landlords were consulted in connection with the finalization of the Consulting Agreement and Sale Guidelines.

³ It being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used.

- 4.8 The Applicants and their counsel continue to engage with counsel to the Canadian Landlords and the Consultant in respect of concerns identified with the Sale Guidelines including with respect to augmentation by the Consultant.
- 4.9 The Monitor recommends that the Court grant the proposed Realization Process Approval Order, among other things, approving the Consulting Agreement and the Sale Guidelines, given that, among other things:
- (i) the process to select the Consultant was fair and reasonable in the circumstances;
 - (ii) as described in the Second Adams Affidavit, the Consultant has extensive experience in conducting retail liquidations in Canada and the US;
 - (iii) the Consulting Agreement and the Sale Guidelines account for the interests of the Ted Baker Group's landlords in a manner consistent with similar arrangements previously approved by the Court in CCAA retail liquidations, and by the US Court in US-based retail liquidations, respectively;
 - (iv) the Consulting Agreement and the Sale Guidelines are anticipated to maximize net realizations during the Insolvency Proceedings for the benefit of the Ted Baker Group's stakeholders, both by maximizing proceeds and minimizing costs, on a timely basis;
 - (v) the fee structure outlined in the Consulting Agreement is intended to align the Consultant's compensation with stakeholder outcomes, and is, in the Monitor's view, reasonable in the circumstances;

- (vi) the Consulting Agreement permits the Consultant to sell through the realization process Additional Consultant Goods which are of like kind and no lesser quality to the Applicants' Merchandise, which will enhance stakeholder recoveries through the realization process while minimizing impacts to landlord rights under applicable leases; and
- (vii) the Consulting Agreement affords the Ted Baker Group the flexibility necessary to continue to pursue discussions in furtherance of a potential going-concern transaction and, if necessary, add or remove the number of the Ted Baker Group's stores subject to the Sale at any time until and including May 17, 2024, or to add stores at any time thereafter.

5.0 DIP FACILITY

- 5.1 As described in the Pre-Filing Report, CIBC is the main operating and senior secured lender to the Ted Baker Group, with Ted Baker Canada and Ted Baker Limited as borrowers thereunder. In order to facilitate necessary borrowings by the Applicants during the initial Stay Period, the Initial Order, among other things: (i) authorized and empowered Ted Baker Canada and Ted Baker Limited to continue to borrow up to \$7 million as Interim Borrowings under the Existing Credit Agreement (as such terms are defined in the Initial Order); (ii) granted the Interim Lender's Charge in favour of CIBC; (iii) ordered that the Interim Borrowings shall mature on May 8, 2024; and (iv) granted certain related relief in favour of the Interim Lender and Interim Borrowings.
- 5.2 After the issuance of the Initial Order, the Applicants, with the assistance of the Monitor, engaged in negotiations with CIBC in furtherance of establishing a debtor-in-possession

(“**DIP**”) financing facility to replace the Interim Borrowings and provide essential liquidity for the Applicants’ operations and restructuring process going forward. As a result of these negotiations, on May 1, 2024, the Applicants entered into a DIP Term Sheet (the “**DIP Term Sheet**”) with CIBC, as DIP lender (in such capacity, the “**DIP Lender**”) to establish a DIP borrowing facility (the “**DIP Facility**”). A copy of the DIP Term Sheet is appended as Exhibit “F” to the Second Adams Affidavit.

5.3 The DIP Facility is described in further detail in the Second Adams Affidavit. Key terms and components of the DIP Facility include the following:

<u>DIP Facility</u> (capitalized terms have the meanings ascribed thereto in this First Report or in the DIP Term Sheet, as applicable)	
Agreement	<ul style="list-style-type: none"> DIP Term Sheet dated as of May 1, 2024.
Borrowers	<ul style="list-style-type: none"> Ted Baker Canada Inc. and Ted Baker Limited.
Guarantors	<ul style="list-style-type: none"> OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc.
Lender	<ul style="list-style-type: none"> CIBC.
DIP Facility	<ul style="list-style-type: none"> A senior secured, super priority, debtor-in-possession, revolving credit facility up to a maximum principal amount of \$28 million Advances can be made in Canadian or US dollars. The First Advance shall be in US dollars in an amount, at a minimum, sufficient to repay in full all Interim Borrowings.
Interest	<ul style="list-style-type: none"> 9.95% per annum for advances made in Canadian dollars. 11.75% per annum for advances made in US dollars.
Fees	<ul style="list-style-type: none"> Commitment Fee of \$300,000, payable to the Lender upon issuance of the ARIO, to be paid in 2 tranches of \$150,000 by certain dates.
Maturity Date	<ul style="list-style-type: none"> The earlier of: (i) the occurrence of any Event of Default (other than an Existing Event of Default); (ii) the implementation of any CCAA plan of compromise and arrangement; (iii) the sale of all or substantially all of the Collateral; and (iv) August 2, 2024 (being the Outside Date).
Material Conditions	<ul style="list-style-type: none"> Court approval of the ARIO, including the DIP Lender’s Charge, by no later than May 3, 2024. US Court issuance and entry of Final Recognition Order by no later than May 8, 2024.

DIP Facility (capitalized terms have the meanings ascribed thereto in this First Report or in the DIP Term Sheet, as applicable)	
Precedent to Advances	<ul style="list-style-type: none"> Beginning the week commencing on May 13, 2024: (i) cumulative actual receipts for the period commencing on May 6, 2024 and ending the week prior to such Advance request shall be equal to or greater than the “Minimum Cumulative Receipts” line item set out in the DIP Budget for such week, and (ii) cumulative actual disbursements of the DIP Parties for the period commencing May 6, 2024 and ending the week prior to such Advance Request shall be equal to or less than the “Maximum Cumulative Disbursements” line item in the DIP Budget for such week.
DIP Milestones	<ul style="list-style-type: none"> May 3, 2024: Approval of the ARIIO May 8, 2024: Issuance and entry of the Final Recognition Order by the US Court On or before May 13, 2024: Commencement of the Realization Process May 15, 2024: Execution of Credit Documents by the DIP Parties (if applicable) June 14, 2024: Outstanding principal balance of Obligations to be no more than \$5,000,000 July 31, 2024: Completion of the Realization Process
Mandatory Prepayments	<ul style="list-style-type: none"> Provided the Monitor is satisfied that the DIP Parties have sufficient cash reserves to satisfy (i) amounts secured by any Permitted Priority Liens senior to the DIP Lender’s Charge, and (ii) obligations they have incurred from and after the Filing Date in accordance with this Term Sheet and the DIP Budget, for which payment has not been made, the DIP Parties shall use all excess cash on hand at the end of each Business Day (which for greater certainty does not include any of the proceeds of an Advance) to indefeasibly repay the following in the following order: (A) first, the Obligations until the remaining principal balance thereof is \$5,000,000, (B) second, the DIP Financing Obligations, until repaid in full, and (C) lastly, the remaining balance of the Obligations until paid in full.
DIP Collateral	<ul style="list-style-type: none"> To be secured in Canada by the DIP Lender’s Charge (as defined and described below).

5.4 As indicated in the First Adams Affidavit, CIBC has sweep rights over all existing Canadian bank accounts under the Existing Credit Facility, and has established a deposit account control agreement in respect of the Applicants' main operating US bank account. Funds swept through these mechanisms during these CCAA proceedings will be used to partially repay the pre-filing balance owing under the Existing Credit Facility (i.e. a “creeping roll-up”)

5.5 The Monitor supports approval of the DIP Facility because:

- (i) the terms of the DIP Facility are the result of negotiations between the Ted Baker Group, the Monitor, CIBC, and their respective advisors;
- (ii) in light of CIBC's existing pre-filing secured debt, it is unlikely that the Ted Baker Group would be able to obtain acceptable DIP financing proposals other than that reflected in the DIP Facility, nor is it expected that CIBC would consent to or support such alternative DIP facility, if one were available;
- (iii) the DIP Facility is conditioned on the approval of the Court and the US Court. The Monitor understands that the Applicants will seek approval of the DIP Facility from the US Court on May 8, 2024;
- (iv) the DIP Facility is structured in a manner that is substantially similar to the Existing Credit Facility and provides the Ted Baker Group with substantially the same borrowing availability, and is being provided by the existing third-party lender under the Existing Credit Facility;
- (v) the DIP Facility interest rates are consistent with those under the Existing Credit Facility,⁴ and the Commitment Fee of \$300,000 (approximately 1.07% of the total DIP Facility) is on the lower end of market ranges; and
- (vi) in the Monitor's view, the DIP Milestones (as defined in the DIP Term Sheet and summarized above) are reasonable in the circumstances, and are consistent with the

⁴ Including default rates of interest, as applicable.

realization process for which the Applicants are seeking approval pursuant to the Realization Process Approval Order.

6.0 UPDATED CASH FLOW FORECAST

- 6.1 The Applicants, with the assistance of the Monitor, prepared a revised and updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the period from April 28, 2024 to August 4, 2024 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with Notes and Summary of Assumptions (the “**Updated Cash Flow Assumptions**”), is attached to this First Report as **Appendix “B”**.
- 6.2 Notably, in comparison to the initial cash flow forecast attached as Appendix “A” to the Pre-Filing Report, the Updated Cash Flow Forecast has been revised to reflect the receipts and disbursements expected to occur during the Cash Flow Period. A summary of the Updated Cash Flow Forecast is set out in the following table:

Ted Baker Retail**Cash Flow Forecast (Consolidated)***Unaudited, in USD \$ 000's**15 Week***TOTAL****Receipts**

Collections 69,923

Sales tax collected 4,546

Total Receipts 74,469**Disbursements**

Duties, Freight & Warehousing 11,082

Rent & Occupancy 9,213

Payroll & Benefits 8,314

Sales tax remittances 5,661

Licensing Fees 3,818

Liquidation Fees & Expenses 3,349

Bank Fees, IT & Other 2,974

Restructuring Professional Fees 4,674

DIP Financing Fee 300

Total Disbursements 49,385**Net Cash Flow 25,084**

6.3 During the Cash Flow Period, the operating cash flows are projected to be positive \$25.1 million.

6.4 The Applicants' Cash Management System is described in the Pre-Filing Report. The Cash Management system allows for separate tracking of receipts and disbursements of the entities comprising the Ted Baker Group, and will allow for separate tracking of Canadian and US cash flows.

6.5 The Monitor notes the following with respect to the Updated Cash Flow Forecast:

- (i) collections include cash receipts forecast from (a) the sale of goods through retail and concession stores, and from certain wholesale customers, and (b) the collection of existing accounts receivable. The realization process is forecast to commence on

May 9, 2024, subject to Court approval of the Consulting Agreement and Sale Guidelines;;

- (ii) disbursements include payments for logistics, warehousing and transportation services, rent and occupancy costs for stores, warehouses and necessary office space, payroll and benefits, payment processing services, transition services, information technology services (including with respect to enterprise resource planning software licenses), and certain other store-level and corporate operating costs;
- (iii) Licensing Fees include estimated fees payable to ABG on the sale of all goods affiliated with the Ted Baker brand, calculated as a percentage of sales;
- (iv) the Liquidation Fees & Expenses include the Merchandise Fee and Bulk Sale Fee in accordance with the Consulting Agreement, and a provision for costs relating to marketing, signage, labour and other expenses anticipated to be occurred in the realization process; and
- (v) Bank Fees, IT & Other includes: (i) an estimate for credit card processing fees; (ii) payments to OSL Retail Services Inc. (“**OSL Retail**”) of \$325,000 per month for:
 - (a) license fees related to critical information technology services to the Applicants;
 - (b) payroll costs directly related to the servicing of the information technology services; and
 - (c) an allocation of management services provided to the Ted Baker Group; and(iii) a contingency for other disbursements.

6.6 Since the issuance of the Initial Order, the Monitor has been assisting the Applicants in stabilizing their business and ensuring uninterrupted continuity in the normal course during the Insolvency Proceedings. These efforts have included, among other things:

- (i) discussions with YM Inc. (Sales) and Jaytex Group (Sales), both of whom provide certain transition services essential to the Lucky Brand and Brook Brothers businesses, respectively, to understand the scope of such services, the timing for receipts and disbursements in respect of same, and payment for such services during these Insolvency Proceedings;
- (ii) discussions with OSL Retail, a non-Applicant affiliated entity that provides critical management services and information technology services to the Applicants in the form of software licenses and administration in connection with certain enterprise resource planning assets, as were more fully described in the First Adams Affidavit. To ensure such services are maintained throughout the CCAA period, the Ted Baker Group have agreed to pay for such services, in the amount of \$325,000 per month during the post-filing period, in accordance with pre-existing arrangements and contractual agreements. The Monitor has reviewed this amount and considers it to be reasonable in the circumstances, having regard to the critical services provided by OSL Retail, among other things; and
- (iii) in accordance with the Initial Order, with the consent of the Monitor and the DIP Lender, assisting the Applicants with discussions relating to payments to certain critical suppliers in respect of amounts outstanding as of the Filing Date, where

such payments may be deemed necessary to ensure the ongoing provision of goods or services by such suppliers.

- 6.7 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this First Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of the Ted Baker Group or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Updated Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Updated Cash Flow Assumptions.

7.0 AMENDED AND RESTATED INITIAL ORDER

- 7.1 The Applicants are seeking approval of the Amended and Restated Initial Order. The following summarizes the material changes from the Initial Order.

Key Employee Retention Plan

- 7.2 To facilitate and encourage the continued participation of a limited number of non-store employees during the Insolvency Proceedings, the Applicants are seeking the approval of: (i) a KERP for eight identified employees who are considered by the Applicants to be critical to the success of the Insolvency Proceedings with the ability to add additional employees to the extent doing so will facilitate the realization process (collectively, the "**KERP Participants**"); and (ii) the granting of the KERP Charge in the amount of \$250,000 to secure the payments expected to become due under the KERP. As discussed below, the terms of the KERP are the subject of a sealing request, and will be included in a Confidential Appendix to this First Report.

- 7.3 Under the KERP, the KERP Participants are entitled to retention bonuses of 10% of the KERP Participants' annual salary, up to a maximum of \$250,000 in the aggregate across all KERP Participants. Such retention bonuses are payable on the date (the "**Target Date**") that is the earliest of: (i) the completion of the Sale; (ii) the closing of a potential going-concern transaction for all or part of the Applicants' business; or (iii) the date as of which the applicable KERP Participant is advised that its services are no longer required.
- 7.4 The foregoing entitlements under the KERP are conditional upon, among other things, the applicable KERP Participant continuing to provide services to the Applicants until the Target Date.
- 7.5 As part of its review and consideration of the KERP, the Monitor examined key employee retention plans that have recently been approved by the Court in similar proceedings.
- 7.6 The Monitor supports the approval of the proposed KERP as:
- (i) the KERP will provide stability to the business and facilitate the successful completion of the CCAA Proceedings and the Sale by encouraging the KERP Participants to remain with the Ted Baker Group;
 - (ii) the KERP Participants are (or will be) considered by the Ted Baker Group, exercising their business judgment, to be crucial to maximizing realizations in the CCAA Proceedings for the benefit of the Applicants' stakeholders;
 - (iii) given the contemplated liquidation and potential for a going-concern transaction, the KERP Participants cannot be easily and expediently replaced;

- (iv) the Monitor understands that the DIP Lender has consented to the proposed KERP and the KERP Charge; and
- (v) the terms of the KERP and the quantum of the payments expected to be made thereunder are reasonable both in the circumstances and when compared to other key employee retention and incentive plans previously approved by the Court.

7.7 Pursuant to the proposed ARIO, the Applicants are requesting that the KERP and related payment information be sealed, subject to further order of the Court. The proposed KERP contains private and highly sensitive information regarding the identities and compensation of the KERP Participants. As a result, and given that the aggregate maximum amount payable under the KERP has been disclosed, the Monitor recommends that the proposed KERP be sealed, subject to further order of this Court. In the circumstances, the sealing of the proposed KERP will protect the privacy interests of the KERP Participants and Ted Baker Group's commercial interests in maintaining the confidentiality of their respective compensation.

KERP Charge

- 7.8 The proposed ARIO provides for a KERP Charge over the Property in an amount not to exceed \$250,000 in favour of the KERP Participants. The KERP Charge represents the maximum aggregate amount payable to the KERP Participants. As noted above, the Monitor understands that the DIP Lender has consented to the granting of the KERP Charge.
- 7.9 The Monitor supports the granting of the KERP Charge to provide additional certainty of payment to the KERP Participants.

Court-ordered Charges Sought in the ARIO

- 7.10 In addition to the approval of the DIP Lender's Charge and the KERP Charge described above, the ARIO also seeks increases to the quantum of the Administration Charge and the Directors' Charge over the Property, as described below.

Administration Charge

- 7.11 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$750,000 in favour of the Monitor, counsel to the Monitor and counsel to the Ted Baker Group (the "**Administration Charge**"). For the purposes of the Initial Order, the Administration Charge was limited to the amount reasonably necessary during the initial Stay period. The Applicants are seeking an increase in the amount of the Administration Charge in the ARIO to \$1.5 million.
- 7.12 The Monitor assisted the Applicants in the calculation of the Administration Charge and is of the view that the proposed amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, potential work involved at peak times, and the size of charges approved in similar CCAA Proceedings.
- 7.13 The Monitor understands that the DIP Lender does not object to the proposed quantum of the Administration Charge.

Directors' Charge

- 7.14 The Initial Order provides that the Applicants shall indemnify their respective directors and officers against obligations and liabilities that they may incur as directors and officers of the Ted Baker Group after the commencement of the Insolvency Proceedings, except to the extent that the obligation or liability was incurred as a result of an officer's or director's

gross negligence or wilful misconduct. The Initial Order provides for a super-priority charge over the Property in the amount of \$2.5 million in favour of Applicants' directors and officers as security for such indemnity (the "**Directors' Charge**"). For the purposes of the Initial Order, the Directors' Charge was limited to the amount reasonably necessary during the initial Stay period. The Applicants are seeking an increase in the amount of the Directors' Charge to \$5 million in the ARIO.

7.15 The Monitor understands that the Applicants hold directors' and officers' insurance policies that provide coverage for certain director and officer obligations. However, these policies contain certain exceptions, exclusions and carve-outs, and as a result, the policies may not provide adequate coverage to the Applicants' directors and officers during the Insolvency Proceedings. The Applicants' directors and officers will only be entitled to the benefit of the Directors' Charge to the extent they do not have coverage under directors' and officers' insurance policies or to the extent such coverage is insufficient to pay an indemnified amount.

7.16 The Monitor assisted the Applicants in the calculation of the Directors' Charge, taking into consideration the amount of the Applicants' payroll, vacation pay and federal, provincial and state sales tax liabilities. The components that comprise the Directors' Charge are as follows:

Revised Directors' Charge	\$000's
Provision for sales taxes	\$2,600
Provision for employee wages and source deductions	\$1,300
Provision for accrued vacation pay	\$700
Provision for employee benefits, EHT and other similar amounts	\$400
Total	\$5,000

7.17 The Monitor is of the view that the proposed increase to the Directors' Charge is required and reasonable in the circumstances.

DIP Lender's Charge

7.18 As discussed below, it is a condition precedent to the effectiveness of the DIP Term Sheet that the Court issue the proposed ARIO, among other things, granting the DIP Charge up to the maximum amount of \$28 million (being the current total commitment under the DIP Term Sheet). The DIP Lender's Charge does not secure any of the Applicants' obligations under the Existing Credit Agreement existing prior to the date of the proposed ARIO.

Priority of Charges in the ARIO

7.19 The priorities of the Charges under the ARIO are proposed to be as follows:

- (i) First – Administration Charge (to the maximum amount of \$1.5 million);
- (ii) Second – Interim Lender's Charge, until such Charge is terminated pursuant to the ARIO;
- (iii) Third – DIP Lender's Charge;
- (iv) Fourth – Security granted with respect to the Existing Credit Facility (excluding Interim Borrowings);

(v) Fifth– Directors’ Charge (to the maximum amount of \$5 million); and

(vi) Sixth – KERP Charge (to the maximum amount of \$250,000).

7.20 As described above, the Monitor believes that the Charges are reasonable in the circumstances. If granted, the Charges under the ARIO will rank in priority to the claims of all other secured and unsecured creditors.

Extension of the Stay Period

7.21 The Stay period under the Initial Order expires on May 3, 2024. Pursuant to the proposed ARIO, the Applicants are seeking an extension of the Stay to and including August 2, 2024.

7.22 The Monitor supports the Applicants’ request to extend the Stay for the following reasons:

- (i) the proposed Stay extension will permit the Ted Baker Group, 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 Ted Baker Group’s Merchandise and FF&E in an orderly and efficient manner;
- (ii) the proposed Stay extension will provide the Ted Baker Group with the time and stability necessary to continue discussions in respect of a potential going concern sale transaction and, if successful in this regard, return to Court to seek approval of such transaction;
- (iii) the Ted Baker Group has acted, and continues to act in good faith and with due diligence to advance their restructuring efforts and the Insolvency Proceedings;

- (iv) as reflected in the Updated Cash Flow Forecast, the Ted Baker Group is expected to have sufficient liquidity to fund their operations and the costs of the CCAA Proceedings during the extended Stay period, provided that the proposed ARIO is granted; and
- (v) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay extension.

8.0 UPDATE ON CHAPTER 15 CASES

- 8.1 As indicated in the Second Adams Affidavit and detailed above, the Initial Order authorized Ted Baker Canada to act as “foreign representative” for the purpose of having the CCAA Proceedings recognized and approved, by the US Court.
- 8.2 Following the issuance of the Initial Order, the Applicants commenced the Chapter 15 Cases, seeking, among other things, an order recognizing and enforcing these CCAA proceedings in the US, as well as a temporary restraining order to obtain the benefits of a stay of proceedings and certain relief in favour of the Interim Lender in respect of the Applicants’ assets located in the US, pending the US Court’s consideration of the petition to recognize the CCAA Proceedings in the US.
- 8.3 On April 26, 2024, the Applicants were granted provisional relief by the US Court in the form of a temporary restraining order (the “**Order Granting Provisional Relief**”), a copy of which is attached as Exhibit “D” to the Second Adams Affidavit. Among other things, the Order Granting Provisional Relief: (i) grants a stay of proceedings against the Applicants in the US; (ii) authorizes the Applicants to continue to borrow from the Interim

Lender; and (iii) applies the Initial Lender's Charge to the Applicants' assets in the United States.

8.4 A hearing has been scheduled before the US Court on May 8, 2024, where the Applicants will seek approval of the requested recognition order and related relief.

9.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

9.1 Since the Filing Date, the primary activities of the Monitor have included the following:

- (i) contacting and liaising with the Potential Liquidators and populating the Data Room in connection with the solicitation of proposals to act as consultant in the realization process;
- (ii) reviewing and analyzing the proposals received from Potential Liquidators, in consultation with the Applicants and Interim Lender, and their representatives;
- (iii) engaging in negotiations with the Consultant, the Ted Baker Group and their respective counsel in respect of the Consulting Agreement and the Sale Guidelines;
- (iv) engaging with parties who have expressed an interest in pursuing a potential going concern transaction and populating a separate data room for these parties;
- (v) engaging with Canadian and US counsel to the Ted Baker Group and CIBC regarding the Chapter 15 Cases and Order Granting Provisional Relief;
- (vi) assisting the Ted Baker Group in developing the KERP;

- (vii) engaging in negotiations with CIBC, the Ted Baker Group and their respective counsel in respect of the DIP Term Sheet and the DIP Lender's Charge;
- (viii) monitoring the Ted Baker Group's cash receipts and disbursements, and assisting in preparing the Updated Cash Flow Forecast;
- (ix) activating the Case Website and coordinating the posting of Court-filed documents thereon;
- (x) engaging with certain suppliers, landlord and other stakeholders and their counsel who have reached out to the Monitor;
- (xi) completing and/or coordinating the notice requirements pursuant to paragraph 39 of the Initial Order, including, among other things:
 - (a) arranging for publication of notice of the Insolvency Proceedings, in the prescribed form, in *The Globe and Mail* (National Edition) on May 1, 2024 and May 8, 2024;
 - (b) arranging for notice of the Insolvency Proceedings, in the prescribed manner, to be emailed or mailed, on April 26, 2024 to all known creditors having a claim against the Ted Baker Entities of more than \$1,000; and
 - (c) activating the Monitor's toll-free number and email account for the Insolvency Proceedings, and responding to creditor and other inquiries received through those and other contact points; and

(xii) with the assistance of Bennett Jones LLP, counsel to the Monitor, preparing this First Report.

10.0 CONCLUSIONS AND RECOMMENDATIONS

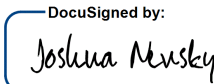
10.1 For the reasons set out in this First Report, the Monitor respectfully recommends that the Court grant the relief requested by the Applicants.

All of which is respectfully submitted to the Court this 2nd day of May, 2024.

**Alvarez & Marsal Canada Inc., solely in its capacity as
Monitor of the Ted Baker Group,
and not in its personal or corporate capacity**

Per:  D9F64CF39371408...

Greg Karpel
Senior Vice-President

Per:  FE076A542EF3427...

Josh Nevsky
Senior Vice-President

APPENDIX A
PRE-FILING REPORT

See attached.

Court File No.: _____

**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 TED BAKER CANADA INC., TED
BAKER LIMITED, OSL FASHION SERVICES CANADA INC.,
and OSL FASHION SERVICES, INC.

**PRE-FILING REPORT OF THE PROPOSED MONITOR
ALVAREZ & MARSAL CANADA INC.**

APRIL 24, 2024

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APPENDICES

Appendix A – Cash Flow Forecast for the 2-Week Period Ending May 5, 2024

Appendix B – Management’s Representation Letter Regarding the Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that Ted Baker Canada Inc. (“**Ted Baker Canada**”), Ted Baker Limited, OSL Fashion Services Canada Inc. (“**Fashion Canada**”), and OSL Fashion Services, Inc. (“**Fashion Services**”, and collectively with Ted Baker Canada, Ted Baker Limited and Fashion Canada, the “**Ted Baker Group**” or the “**Applicants**”) intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (the “**Initial Order**”), among other things, granting an initial stay of proceedings pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and appointing A&M as Monitor of the Applicants (in such capacity, the “**Monitor**”). The proceedings to be commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 The Applicants operate a fashion clothing and accessories retail, wholesale and e-commerce business in Canada and the United States facilitated by certain License Agreements with Authentic Brands Group (“**ABG**”).
- 1.3 In Canada, Ted Baker Canada operates 25 retail store locations under the Ted Baker (9), Lucky Brand (7) and Brooks Brothers (9) store banners, with approximately 280 employees. Ted Baker Canada also sells to customers through six retail concession locations in certain Hudson Bay Company stores in Canada.
- 1.4 In the United States, Ted Baker Limited operates 34 retail stores under the Ted Baker store banner only, with approximately 350 employees. Ted Baker Limited also sells to customers

through retail concession locations in 31 Bloomingdale's stores and one Macy's store in the United States.

- 1.5 Ted Baker Canada and Ted Baker Limited are also party to agreements with certain wholesale customers who purchase bulk Ted Baker branded products from Ted Baker NA (as defined below), and then sell the products to their retail customers through their own stores and websites (www.tedbaker.ca in Canada and www.tedbaker.us in the United States).
- 1.6 Ted Baker Canada is a limited company incorporated pursuant to the laws of Nova Scotia and continued pursuant to the laws of Ontario. Ted Baker Limited is a limited company incorporated pursuant to the laws of New York (Ted Baker Canada and Ted Baker Limited, together "**Ted Baker NA**"), whose head offices are in Mississauga, Ontario and New York, New York, respectively.
- 1.7 Ted Baker Canada is a wholly-owned direct subsidiary of Fashion Canada, a company incorporated pursuant to the laws of Ontario and headquartered in Mississauga, Ontario. Ted Baker Limited is a wholly-owned direct subsidiary of Fashion Services, a company incorporated pursuant to the laws of Michigan and headquartered in Mississauga, Ontario. All or substantially all of the key operational and strategic and corporate decision-making relating to the Applicants' business is performed by and through Fashion Canada's head office in Mississauga, Ontario. A corporate chart depicting the legal structure of the Applicants is included in Section B to the Adams Affidavit (as defined below).
- 1.8 Since first entering the North American retail fashion clothing industry through an acquisition completed in early 2023, the Applicants' financial and operational performance

has struggled and the consolidated business has failed to achieve positive cash flow. Over the last year, the business has underperformed relative to budget and revenues have significantly declined, due in management's view to, among other factors: (i) supply chain disruption and accelerating payment terms following failures by ABG's operating partners in Europe and elsewhere to make payments to suppliers in the lead up to and as a result of the administration process in the UK in respect of that Ted Baker business; (ii) transition to a new technology platform during the busiest selling season, which exacerbated the supply delays; and (iii) generally poor sales performance.

- 1.9 Negative cash flows and working capital issues have caused a strain on the borrowing base under the Applicants' Existing Credit Facility (defined below), resulting in the Applicants being unable to pay their obligations in the ordinary course. These liquidity constraints have resulted in significant arrears owing to critical vendors, including in excess of \$2 million owing to ABG as of April 1, 2024, pursuant to the License Agreements (the "**Missed April Payments**"). On April 17, 2024, Ted Baker Limited and Ted Baker Canada received Notices of Breach from ABG as a result of the Missed April Payments. Under the terms of the License Agreements, ABG has the right to terminate the License Agreements if the Applicants' failure to make payments under the License Agreements is not cured within five business days.
- 1.10 The principal purpose of these CCAA Proceedings is to stabilize and maintain the Ted Baker Group's business, which urgently requires a stay of proceedings granted under the CCAA and related relief, including access to interim financing required by the Applicants. The Applicants intend to use the breathing room afforded by the CCAA to consider their next steps and restructuring alternatives in consultation with key stakeholders.

1.11 The Affidavit of Antoine Adams, a director and Corporate Secretary of each of the Applicants and the Chief Operating Officer of OSL Retail Services Inc. (“**OSL Retail**”), an affiliate of the Applicants, sworn April 24, 2024 in support of the CCAA application (the “**Adams Affidavit**”), provides a detailed summary of the Applicants’ background, including the events leading up to, and reasons for, the commencement of these CCAA Proceedings.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this pre-filing report (this “**Report**”) is to provide the Court with information, and where applicable, the Proposed Monitor’s views on:

- (i) A&M’s qualifications to act as Monitor (if appointed);
- (ii) the Ted Baker Group’s business and financial circumstances;
- (iii) the Ted Baker Group’s 2-week cash flow projection for the period April 24, 2024 through to May 5, 2024 (the “**Cash Flow Forecast**”);
- (iv) the Ted Baker Group’s proposed payments during the Cash Flow Forecast period;
- (v) the Ted Baker Group’s centralized cash management system;
- (vi) the Ted Baker Group’s intended next steps in these CCAA Proceedings, including the proposed commencement of Chapter 15 recognition proceedings;
- (vii) the opinions of counsel to the Proposed Monitor regarding the validity and enforceability of the security granted by the Applicants in favour of Canadian

Imperial Bank of Commerce (“**CIBC**”), in its capacity as agent for the senior secured lenders;

(viii) the proposed Court-ordered Charges (as defined below) over the property and assets of the Ted Baker Group (collectively, the “**Property**”) sought in the proposed Initial Order; and

(ix) the Proposed Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Report, A&M, in its capacity as the Proposed Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Ted Baker Group and has held discussions with management of the Ted Baker Group and its legal counsel (collectively, the “**Information**”). Except as otherwise described in this Report in respect of the Cash Flow Forecast:

(i) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this Report was prepared based on the Ted Baker Group's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 This Report should be read in conjunction with the Adams Affidavit, filed in support of the Applicant's application for relief under the CCAA. Capitalized terms used and not defined in this Report have the meanings given to them in the Adams Affidavit.

3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

4.0 A&M'S QUALIFICATIONS TO ACT AS MONITOR

4.1 Alvarez & Marsal Canada ULC, an affiliate of A&M, was engaged to act as a consultant to the Applicants on April 16, 2024, and, as such, the Proposed Monitor is familiar with the business and operations of the Applicants, its personnel and the key issues and stakeholders in the proposed CCAA Proceedings.

4.2 A&M is related to Alvarez & Marsal Holdings LLC, which is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services. The senior A&M professional personnel with carriage of this matter

include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Insolvency Trustees, and who have previously acted in CCAA matters of a similar nature and complexity in Canada.

4.3 A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and is not subject to any of the restrictions on who may be appointed as monitor set out in subsection 11.7(2) of the CCAA.

4.4 The Proposed Monitor has retained Bennett Jones LLP to act as its independent legal counsel.

4.5 A&M has consented to act as Monitor of the Ted Baker Group should the Court grant the proposed Initial Order.

5.0 BACKGROUND INFORMATION

5.1 Extensive background information on the Ted Baker Group as it relates to, among others, its recent financial and operating performance, retail footprint and sales channels, employees, assets and liabilities, and primary causes of financial difficulty are set out in the Adams Affidavit and is therefore not repeated herein.

6.0 SECURED CREDITORS

CIBC

6.1 CIBC is the main operating and senior secured lender to the Ted Baker Group pursuant to a credit agreement dated March 14, 2023 (as amended on August 3, 2023 and April 24, 2024, the “**CIBC Credit Agreement**”), among Ted Baker Canada (in such capacity, the “**Canadian Borrower**”) and Ted Baker Limited (in such capacity, the “**US Borrower**”) and, together with the Canadian Borrower, the “**Borrowers**”) as borrowers, and Fashion Canada (in such capacity, the “**Canadian Guarantor**”) and Fashion Services (in such capacity, the “**US Guarantor**”) and, together with the Canadian Guarantor, the “**Guarantors**”) and together with the Borrowers, the “**Credit Parties**”), CIBC and the other lenders from time to time party thereto as lenders (the “**Lenders**”) and CIBC, in its capacity as administrative agent to the Lenders (in such capacity, the “**Agent**”). Pursuant to the CIBC Credit Agreement, the Lenders provide revolving loans to the Borrowers in the aggregate principal amount of \$36.5 million (the “**Existing Credit Facility**”).

6.2 The maximum amount available for borrowing under the Existing Credit Facility is derived from a borrowing base formula based on the Borrowers’ receivables, inventory on hand and inventory in-transit, less outstanding letters of credit and availability reserves (including priority payables such as wages, worker’s compensation and certain taxes).

Security Review

6.3 The Proposed Monitor requested that its counsel, and its counsel’s local agents, conduct a review of the security granted by the Credit Parties in favour of the Agent in connection with the CIBC Credit Agreement. The obligations under the CIBC Credit Agreement are

secured by certain Canadian security documents granted in favour of the Agent (collectively, the “**Canadian Security Documents**”). The Proposed Monitor’s counsel has provided a written opinion to the Proposed Monitor (collectively, the “**Canadian Opinion**”), that, subject to the customary qualifications and assumptions set out therein, the security granted by the Ted Baker Group pursuant to each Canadian Security Document constitutes valid security interest in the collateral specified therein, enforceable in accordance with its terms, and perfected by registration in the provinces of Ontario, Quebec, Alberta, British Columbia, Nova Scotia, and Manitoba (the “**PPSA Jurisdictions**”) to the extent capable under applicable law. Based on a search conducted in respect of the Ted Baker Group in the PPSA Jurisdictions, the only lien registrations identified were in favour of the Agent and OSL Retail (as discussed below).

6.4 The obligations under the CIBC Credit Agreement are secured by certain US security documents granted in favour of the Agent (collectively, the “**US Security Documents**”). The Proposed Monitor’s Canadian counsel’s local agents, have provided draft written opinions to the Proposed Monitor (the “**US Opinions**”, and collectively with the Canadian Opinion, the “**Opinions**”) that, subject to the customary qualifications and assumptions set out therein, the security granted by the Ted Baker Group pursuant to each US Security Documents constitutes valid perfected security interest in the collateral specified therein, enforceable in accordance with its terms. The Opinions can be made available to the Court upon request.

6.5 Based on lien searches conducted respectively in respect of Ted Baker Limited in the office of the Secretary of State of New York under that state’s Uniform Commercial Code, Ted Baker Canada in the office of the Recorder of Deeds of the District of Columbia under the

Uniform Commercial Code of the District of Columbia and Fashion Services in the office of the Secretary of State of Michigan under that state's Uniform Commercial Code, the only lien registrations identified were in favour of the Agent.

OSL Retail

- 6.6 Fashion Canada issued a secured promissory note dated March 14, 2023, in favour of OSL Retail, pursuant to which Fashion Canada has promised to pay on demand to OSL Retail a principal amount of \$10 million. Fashion Canada granted a security interest to OSL Retail in all of its present and after-acquired undertaking and property pursuant to a general security agreement dated March 14, 2024.
- 6.7 Pursuant to a postponement, subordination and standstill agreement dated March 14, 2023 (the "**Subordination Agreement**") by OSL Retail to the Senior Lenders and the Agent, and acknowledged by Fashion Canada, inter alia, all debts, liabilities and obligations owing by Fashion Canada to OSL Retail were subordinated and postponed to all debts, obligations and liabilities owed by the Borrowers to the Senior Lenders and the Agent under the CIBC Credit Agreement.

7.0 INTERIM FINANCING

- 7.1 As set out in the Adams Affidavit, Ted Baker NA no longer has access to further availability under the Existing Credit Facility and CIBC had advised that it is unwilling to extend further credit to the Applicants outside of a CCAA process.
- 7.2 Accordingly, to support the Applicants' restructuring efforts and avoid an abrupt shutdown of the business, on April 24, 2024 CIBC entered into an amendment to the Existing Credit

Facility as a pre-condition to CIBC making further borrowings available under the Existing Credit Facility during the initial 9-day period.

7.3 Such additional borrowings (each, an “**Interim Borrowing**” and collectively, the “**Interim Borrowings**”) are subject to the following conditions:

- (i) such Interim Borrowings are to fund obligations which the Applicants, with the consent of the Monitor and the Interim Lender, deem to be necessary for the preservation of the Property or their business;
- (ii) such Interim Borrowings do not, individually or in the aggregate, exceed \$7 million;
- (iii) such Interim Borrowings under the Existing Credit Facility accrue interest at the rates set out in the CIBC Credit Agreement;
- (iv) Fashion Canada and Fashion Services are deemed to guarantee the Interim Borrowings together with all interest accrued thereon and costs and expenses incurred in connection therewith in the same manner as the other Obligations (as defined in the CIBC Credit Agreement) that they have guaranteed under the CIBC Credit Agreement and the loan and security documents provided by them in connection therewith, without the need for any further documentation or guarantee from Fashion Canada or Fashion Services;
- (v) such Interim Borrowings mature on May 8, 2024 (as they are expected to be replaced by more traditional DIP financing prior to such date); and

- (vi) unless the Interim Lender provides its written waiver, the United States Bankruptcy Court shall have granted an Order pursuant to the Bankruptcy Code: (a) provisionally recognizing, ordering and giving effect to the Initial Order and the Interim Lender's Charge in the United States, and (b) granting such other provisional relief that is sought by the Applicants, at the request of the Interim Lender.
- 7.4 Further, having regard to CIBC's rights under the CIBC Credit Agreement and the existing defaults under the CIBC Credit Agreement, the Applicants will be required to submit draw requests for each expenditure during the initial 9-day period and CIBC will make a funding determination on a case-by-case basis.
- 7.5 The requested Initial Order contemplates that Interim Borrowings will be secured by way of a court-ordered charge (defined as the Interim Lender's Charge) subordinate only to the Administration Charge.
- 7.6 As indicated in the Adams Affidavit, CIBC has sweep rights over all existing Canadian bank accounts under the CIBC Credit Agreement, and has established a DACA (defined and described below) in respect of the main operating US bank account. Funds swept through these mechanisms during these CCAA proceedings will be used to partially repay the pre-filing balance owing under the Existing Credit Facility (i.e. a "creeping roll-up").
- 7.7 Leading up to these proceedings, the Proposed Monitor has been cooperatively working with CIBC and their advisors in connection with the sizing and structure of the Interim Borrowings, the ranking and sizing of the Charges, and the Cash Flow Forecast. The

Proposed Monitor understands that CIBC is supportive of the Interim Borrowings and the other relief requested.

7.8 The Proposed Monitor is supportive of the proposed Interim Lender's Charge because, among other things:

- (i) in the absence of the Interim Lender's Charge, the Applicants have no ability to draw under the Existing Credit Facility, and therefore have no liquidity to fund operations or these CCAA Proceedings;
- (ii) as confirmed by the Proposed Monitor's counsel, CIBC has valid registered security against each of the Applicants, and the Proposed Monitor is not aware of any creditor ranking in priority to CIBC at this time;
- (iii) the terms of the Interim Borrowings are not materially different than under the Existing Credit Facility; and
- (iv) the Proposed Monitor is not aware of any creditor that will be prejudiced by the Interim Lender's Charge.

8.0 CASH FLOW FORECAST

8.1 The Ted Baker Group has prepared a cash flow forecast (the "**Cash Flow Forecast**") for the period from April 24, 2024 to May 5, 2024 (the "**Initial Period**"). A copy of the Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") and Management's report on the cash-flow statement required by subsection 10(2)(b) of the CCAA are attached hereto as **Appendices "A" and "B"**, respectively.

8.2 The following table provides a summary of the Cash Flow Forecast for the Initial Period:

Ted Baker Group (Consolidated)	
Cash Flow Forecast	<i>Initial Period</i>
(USD \$000's)	
Receipts	
Sales Receipts	2,007
Sales Tax Collections	170
Total Receipts	2,177
Disbursements	
Rent	1,900
Payroll	1,256
Logistics and Duties	870
Other Vendors	3,500
Sales Tax Remittances	600
Restructuring Professional Fees	64
Total Disbursements	8,191
Net Cash Flow	(6,014)
<i>Cash & Interim Borrowings</i>	
Opening Cash Balance	1,196
Interim Borrowings	6,994
Disbursements	(8,191)
Ending Cash Balance	-
<i>Pre-Filing Revolver</i>	
Opening Balance	(29,651)
Net Cash Flow after cash disbursements	2,177
Ending Balance	(27,474)

8.3 During the Initial Period, total disbursements of approximately \$8.2 million are projected to be sufficiently funded from Ted Baker Group's cash on hand and the Interim Borrowings proposed to be provided by CIBC. Forecast cash receipts of approximately \$2.2 million are to be applied against the Company's outstanding pre-filing revolver balance.

8.4 The Proposed Monitor also notes the following with respect to the Cash Flow Forecast:

- (i) receipts reflect forecast sales from retail stores and e-commerce channels consistent with the Company's recent sales trend;

- (ii) the Ted Baker Group is not currently purchasing additional inventory and accordingly no merchandise payments have been included during the Initial Period;
- (iii) rent is forecast to be paid on May 1, 2024 for all store and office locations;
- (iv) Canadian and US payrolls are to be paid in the ordinary course; and
- (v) Logistics and Duties, and Other Vendors include logistics, warehousing and transportation services, information technology services, and other store-level and corporate costs required to facilitate the continued flow of goods in-transit and online sale deliveries.

8.5 Based on the Proposed Monitor's review,¹ nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast; (ii) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Ted Baker Group or do not provide a reasonable basis for the Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Cash Flow Forecast does not reflect the Cash Flow Assumptions.

¹ The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor under subsection 23(1)(b) of the CCAA. Subsection 23(1)(b) of the CCAA requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management. The Proposed Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

- 8.6 The Cash Flow Forecast has been prepared solely for the purpose and subject to the assumptions described above, and readers are cautioned that it may not be appropriate for other purposes.

9.0 CASH MANAGEMENT SYSTEM

- 9.1 As described in the Adams Affidavit, the Applicants have a centralized cash management system for the collection, transfer and disbursement of funds (the “**Cash Management System**”), which is maintained and administered by treasury and finance personnel based in Fashion Canada’s head office in Mississauga, Ontario and Ted Baker Limited’s head office in New York.

- 9.2 The Applicants maintain and administer 45 bank accounts. 41 bank accounts are held at CIBC (the “**Canadian Bank Accounts**”) and four are held in the US, comprised of three at HSBC and one at American Savings Bank (the “**US Bank Accounts**”). The balance outstanding under the Existing Credit Facility is paid down on a daily basis through the sweeping of certain Canadian Bank Accounts. Ted Baker Limited, CIBC and HSBC Bank USA, National Association (“**HSBC USA**”) have entered into a deposit account control agreement (“**DACA**”) in respect of the Applicants’ main US operating account held with HSBC USA.

- 9.3 Pursuant to the proposed Initial Order, the Ted Baker Group seeks approval of its continued use of the Cash Management System in substantially the same manner as before the commencement of these CCAA Proceedings, including the daily sweeping of certain Canadian Bank Accounts in repayment of the Existing Credit Facility. Given the scale and nature of the Ted Baker Group’s operations and the volume of transactions that are

processed daily within the Cash Management System, the Proposed Monitor is of the view that the continued use of the existing Cash Management System is required and appropriate during these CCAA Proceedings.

- 9.4 The Proposed Monitor is comfortable that the Cash Management System will allow the Applicants and the Monitor to adequately track all payments.

10.0 CHAPTER 15 RECOGNITION PROCEEDINGS

- 10.1 As discussed in the Adams Affidavit, the Applicants intend to seek recognition of these CCAA Proceedings under Chapter 15 of the United States Bankruptcy Code. The Applicants seeking to appoint Ted Baker Canada as the “foreign representative” for purposes of commencing such recognition proceedings.

- 10.2 The Proposed Monitor is supportive of Ted Baker Canada acting as the “foreign representative” and of the Ted Baker Group seeking Chapter 15 protection to protect the business and assets in the United States.

11.0 STAY OF PROCEEDINGS

- 11.1 The proposed Initial Order contemplates the granting of an initial 9-day stay of proceedings in respect of the Applicants, their business and the Property.

- 11.2 In the circumstances, the Proposed Monitor is of the view that the stay of proceedings is appropriate and is in the best interests of Ted Baker Group and its stakeholders given that:

- (i) absent the stay of proceedings, creditors – including third-party logistics providers, landlords, and ABG in respect of the License Agreements – will be in a position to

commence/continue claims or terminate agreements/licenses in respect of one or more of the Applicants;

- (ii) the proposed stay of proceedings will provide the breathing room required by the Ted Baker Group to stabilize its business and advance its restructuring options;
- (iii) the commencement of enforcement steps against the Applicants would be detrimental to the stability and success of the Ted Baker Group and these CCAA Proceedings; and
- (iv) the Ted Baker Group has acted, and continues to act, in good faith and with due diligence in commencing these CCAA Proceedings and seeking to preserve and maximize value for its stakeholders.

12.0 COURT-ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

- 12.1 In the addition to the Interim Lender's discussed above, the Proposed Initial Order seeks the granting of the Administration Charge and the Directors' Charge (together with the Interim Lender's Charge, collectively, the "**Charges**") over the Property of the Ted Baker Group, as described below.

Administration Charge

- 12.2 The proposed Initial Order provides for an initial Administration Charge in an amount not to exceed \$750,000 in favour of the Monitor, counsel to the Monitor and counsel to the Applicants. The Proposed Monitor understands that the Applicants intend to seek an increase in the amount of the Administration Charge to \$1.5 million at the Comeback Hearing.

- 12.3 The Proposed Monitor assisted the Ted Baker Group with the calculation of the Administration Charge and is of the view that the amount of the charge for the initial 9-day stay period is reasonable and appropriate in the circumstances, having regard to the nature of these CCAA Proceedings, the anticipated professional costs to be incurred during the initial 9-day stay period, the significant arrears already existing, and the size of charges approved in similar CCAA proceedings.

Directors' Charge

- 12.4 Consistent with the CCAA Model Order, the proposed Initial Order provides that the Ted Baker Group shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and officers of the Ted Baker Group after the commencement of these CCAA Proceedings, except to the extent that any such obligation or liability arises as a result of an officer's or director's gross negligence or wilful misconduct. The proposed Initial Order grants a charge over the Ted Baker Group's Property in the amount of \$2.5 million in favour of the Ted Baker Group's directors and officers as security for any such obligations or liabilities arising after the commencement of these CCAA Proceedings. The Applicants intend to seek an increase in the amount of the Directors' Charge to \$5 million at the Comeback Hearing.
- 12.5 The Proposed Monitor understands that the Ted Baker Group holds directors' and officers' insurance policies that provide coverage for certain director and officer obligations. However, these policies contain certain exceptions, exclusions and carve-outs, and as a result, the policies may not provide adequate coverage to the Ted Baker Group's directors and officers during these CCAA Proceedings. The Ted Baker Group's directors and officers will only be entitled to the benefit of the Directors' Charge to the extent they do

not have coverage under directors' and officers' insurance policies or to the extent such coverage is insufficient to pay an indemnified amount.

- 12.6 The Proposed Monitor assisted the Ted Baker Group in the calculation of the initial quantum of the Directors' Charge, taking into consideration the amount of the Ted Baker Group's payroll, vacation pay and federal and provincial/state sales tax liabilities during the initial 9-day stay period. The components that comprise the proposed Directors' Charge are estimated as follows:

Proposed Directors' Charge	\$000's
Provision for employee wages and source deductions	\$1,300
Provision for sales taxes	\$400
Provision for accrued vacation pay	\$700
Provision for employee benefits, EHT and other similar amounts	\$100
Total	\$2,500

- 12.7 The Proposed Monitor understands that the directors and officers of the Ted Baker Group have advised that they are not willing to continue in their current roles absent the protection afforded to them under the Directors' Charge. In the circumstances, the Proposed Monitor is of the view that the Directors' Charge is required and reasonable.

Priority of Charges Created by the Proposed Initial Order

- 12.8 The priorities of the Charges are proposed to be as follows:

- (i) First – Administration Charge (to the maximum amount of \$750,000);
- (ii) Second - Interim Lender's Charge;

(iii) Third – security granted with respect to the Existing Credit Facility (excluding Interim Borrowings); and

(iv) Fourth – Directors' Charge (to the maximum amount of \$2.5 million).

12.9 As set out above, the Proposed Monitor believes that the Charges are reasonable in the circumstances.

13.0 INTENDED NEXT STEPS IN THESE CCAA PROCEEDINGS

13.1 The Proposed Monitor understands that, subject to obtaining the proposed Initial Order, during the period prior to the Comeback Hearing, the Ted Baker Group intends to commence the Chapter 15 proceedings, and work with its key stakeholders to develop a plan to maximize value for the benefit of its creditors and other stakeholders.

14.0 CONCLUSIONS AND RECOMMENDATIONS

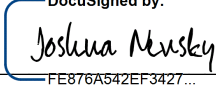
14.1 For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Ted Baker Group in the proposed Initial Order is reasonable, appropriate and necessary having regard to the Ted Baker Group's current circumstances. As such, the Proposed Monitor supports the Ted Baker Group's application for CCAA protection and respectfully recommends that the Court grant the Initial Order containing the relief requested by the Ted Baker Group.

All of which is respectfully submitted to the Court this 24th day of April, 2024.

**Alvarez & Marsal Canada Inc., solely in its capacity as
Proposed Monitor of Ted Baker Canada Inc., Ted Baker Limited, OSL Fashion Services
Canada Inc., and OSL Fashion Services, Inc., and not in its personal or corporate capacity**

Per: 
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Greg Karpel
Senior Vice-President

Per: 
FE876A542EF3427...

Josh Nevsky
Senior Vice-President

APPENDIX B
UPDATED CASH FLOW FORECAST

Ted Baker Retail**Cash Flow Forecast (Consolidated)**

Unaudited, in USD \$ 000's																	
Notes	Week 1 Apr 28	Week 2 May 05	Week 3 May 12	Week 4 May 19	Week 5 May 26	Week 6 Jun 02	Week 7 Jun 09	Week 8 Jun 16	Week 9 Jun 23	Week 10 Jun 30	Week 11 Jul 07	Week 12 Jul 14	Week 13 Jul 21	Week 14 Jul 28	Week 15 Aug 04	TOTAL	
Receipts																	
Collections	1	456	1,507	1,507	2,680	4,461	6,859	6,330	8,771	7,974	8,772	9,131	7,398	4,079	-	-	69,923
Sales tax collected		32	135	135	404	258	398	421	418	563	640	527	322	294	-	-	4,546
Total Receipts		488	1,642	1,642	3,084	4,719	7,257	6,750	9,188	8,537	9,412	9,658	7,719	4,373	-	-	74,469
Disbursements																	
Duties, Freight & Warehousing	2	-	2,120	1,600	384	960	814	843	859	1,125	2,377	-	-	-	-	-	11,082
Rent & Occupancy	3	3	2,799	163	241	18	1,226	22	1,547	20	-	1,223	711	1,083	16	142	9,213
Payroll & Benefits	4	745	176	1,203	207	998	198	968	184	970	184	968	184	1,147	184	-	8,314
Sales tax remittances		71	450	-	-	-	932	-	-	-	-	2,957	-	-	-	1,250	5,661
Licensing Fees	5	-	-	-	227	-	869	-	760	-	839	-	798	-	326	-	3,818
Liquidation Fees & Expenses	6	-	-	345	121	343	190	425	181	546	253	512	210	222	-	-	3,349
Bank Fees, IT & Other	7	-	-	123	476	160	188	194	193	556	251	210	166	458	-	-	2,974
Restructuring Professional Fees	8	63	-	1,003	1,380	-	601	-	426	-	484	-	358	-	358	-	4,674
DIP Financing Fee	9	-	-	-	-	-	150	-	-	-	-	150	-	-	-	-	300
Total Disbursements		882	5,545	4,438	3,036	2,479	5,167	2,452	4,149	3,217	4,387	6,019	2,427	2,910	883	1,392	49,385
Net Cash Flow		(394)	(3,904)	(2,796)	48	2,240	2,090	4,299	5,039	5,320	5,025	3,638	5,292	1,463	(883)	(1,392)	25,084
Cash & Borrowings																	
Cash on hand																	
Opening Cash Balance		1,498	289	-	2,137	2,128	2,098	1,152	1,154	4,111	4,109	4,109	1,081	2,331	2,837	1,953	1,498
Interim Borrowings		123	5,257	-	-	-	-	-	-	-	-	-	-	-	-	-	5,379
Minimum cash maintenance		-	-	2,137	(9)	(30)	(946)	2	2,957	(2)	-	(3,028)	1,250	(897)	(184)	-	1,250
Cash Receipts (Disbursements)		(882)	(5,545)	-	-	-	-	-	-	-	-	-	-	1,403	(700)	(1,392)	(7,117)
Debt Repayment		(450)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(450)
Ending Cash Balance		289	-	2,137	2,128	2,098	1,152	1,154	4,111	4,109	4,109	1,081	2,331	2,837	1,953	561	561
Pre-filing Revolver																	
Opening balance (excl. LCs)		25,246	24,308	22,667	23,410	20,316	15,567	7,585	5,000	5,000	5,000	5,000	4,999	957	-	-	25,246
Repayments		(938)	(1,642)	496	(3,093)	(4,749)	(8,204)	(2,585)	-	-	-	(76)	(4,042)	(957)	-	-	(25,790)
Interest Expense		-	-	247	-	-	222	-	-	-	-	75	-	-	-	-	544
Ending Pre-filing Revolver		24,309	22,667	23,410	20,316	15,567	7,585	5,000	5,000	5,000	5,000	4,999	957	-	-	-	-
DIP Financing																	
Opening balance		-	123	5,379	9,817	12,853	15,332	20,568	18,857	16,775	11,453	6,428	-	-	-	-	-
Add: Interim Borrowings		123	5,257	-	-	-	-	-	-	-	-	-	-	-	-	-	5,379
Draws		-	-	4,438	3,036	2,479	5,167	2,452	4,149	3,217	4,387	6,019	-	-	-	-	35,344
Repayments		-	-	-	-	-	-	(4,163)	(6,231)	(8,539)	(9,412)	(12,610)	-	-	-	-	(40,955)
Interest Expense		-	-	-	-	-	69	-	-	-	-	163	-	-	-	-	231
Ending DIP Financing		123	5,379	9,817	12,853	15,332	20,568	18,857	16,775	11,453	6,428	-	-	-	-	-	-

**Ted Baker Retail
Cash Flow Forecast
Notes and Summary of Assumptions**

Disclaimer

*In preparing this illustrative forecast (the “**Forecast**”), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast reflects assumptions including those discussed below with respect to the requirements and impact of a filing in Canada under the Companies’ Creditors Arrangement Act (“**CCAA**”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of US dollars.*

1) Collections

Includes receipts from (a) the sale of goods through retail and concession stores, and from certain wholesale customers, and (b) the collection of existing accounts receivable. The Realization Process is forecast to commence on May 9, 2024, subject to Court approval of the Consulting Agreement and Sale Guidelines.

2) Duties, Freight & Warehousing

Includes costs to import, package, and ship merchandise to the retail stores.

3) Rent & Occupancy

Includes payments required to operate the stores during the Sale Term through July 31, 2024, including rents, property taxes, utilities, security, cleaning and supplies. Starting June 1, rent is forecast to be paid in equal instalments on the first and fifteenth of each month.

4) Payroll & Benefits

Includes payroll, benefits and taxes. The Forecast includes \$250,000 of KERP payments during the week ending July 21, 2024.

5) Licensing Fees

Includes fees payable to the Ted Baker brand licensor, calculated as a percentage of sales.

6) Liquidation Fees & Expenses

Includes estimated fees to the Consultant pursuant to the Consulting Agreement.

7) Bank Fees, IT & Other

Includes credit card processing fees, IT costs and other miscellaneous expenses, including certain fees paid to OSL Retail.

8) Restructuring Professional Fees

Includes payments to the Applicants’ Canadian and US legal counsel, the Monitor, Monitor’s legal counsel, the Secured Lender’s counsel and financial advisor.

9) DIP Financing Fee

Includes the DIP Financing fee of \$300,000, payable in two equal instalments on May 31, 2024, and July 1, 2024.

APPENDIX C
MANAGEMENT'S REPRESENTATION LETTER REGARDING CASH FLOW
FORECAST

T E D B A K E R
L O N D O N

Alvarez & Marsal Canada Inc.
200 Bay Street, Suite 3501
Toronto ON M5J 2J1

Attention: Mr. Joshua Nevsky and Mr. Greg Karpel

May 1, 2024

Dear Sirs:

Re: Ted Baker Canada Inc., Ted Baker Limited, OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (together, the “Ted Baker Group”, or, the “Applicants”) – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast

In connection with the Ted Baker Group’s proceedings under the *Companies’ Creditors Arrangement Act*, the management of Ted Baker Group have prepared the attached cash flow statement for the period April 24, 2024 to August 4, 2024 (the “**Cash Flow Forecast**”) and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of Ted Baker Group during the CCAA proceedings.

Ted Baker Group confirms that the hypothetical assumptions on which the Cash Flow Forecast is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of Ted Baker Group and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Forecast (the “**Notes**”).

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Yours truly,

DocuSigned by:

Antoine Adams

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Per: Name: Antoine Adams
Title: Corporate Secretary

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

Court File No.: CV-24-00718993-00CL

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT OF TED BAKER CANADA INC., TED BAKER LIMITED, OSL
FASHION SERVICES CANADA INC. AND OSL FASHION SERVICES, INC.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

BENNETT JONES LLP

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Suite 3400, P.O. Box 130
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Counsel for Alvarez & Marsal Canada Inc.,
solely in its capacity as Monitor and not in its
personal or corporate capacity