

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

SUPERIOR COURT  
(Commercial Division)  
(Sitting as a court designated pursuant to the  
*Bankruptcy and Insolvency Act (the "BIA")*,  
R.S.C. 1985, c. B-3)

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No.: 500-11-057804-201  
No.: 500-11-057805-208

IN THE MATTER OF THE NOTICES OF  
INTENTION TO MAKE A PROPOSAL OF:

FREEMARK APPAREL BRANDS RETAIL BE  
INC.

- and -

FREEMARK APPAREL BRANDS GROUP  
INC.

Debtors/Petitioners

- and -

RICHTER ADVISORY GROUP INC.

Trustee

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**FIRST MOTION FOR EXTENSION OF TIME TO FILE A PROPOSAL**  
**(Section 50.4(9) of the *Bankruptcy and Insolvency Act (the "BIA")*)**

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TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT OR THE REGISTRAR, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE DEBTOR RESPECTFULLY SUBMITS THE FOLLOWING:

**Introduction**

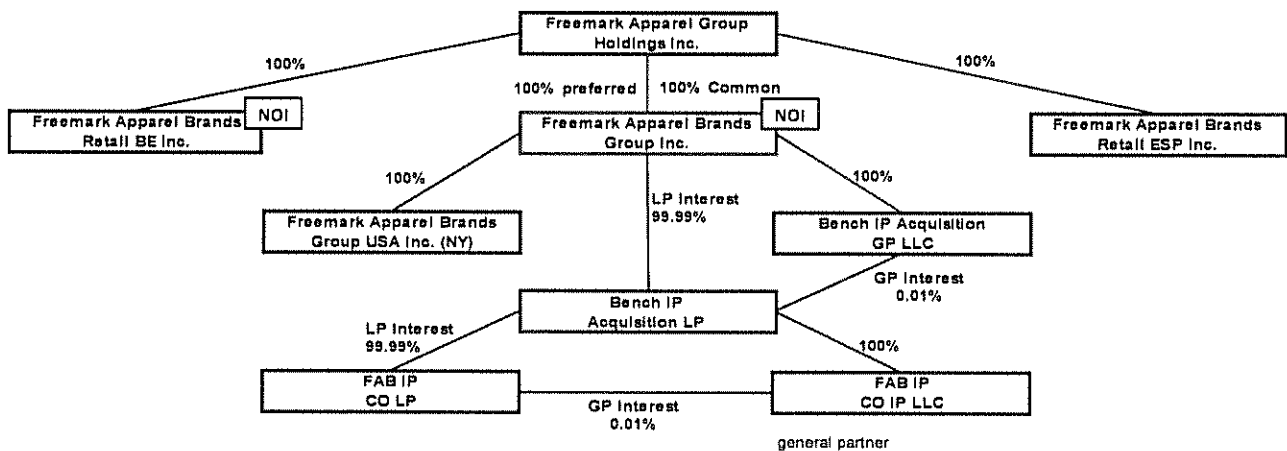
1. On January 21, 2020, Freemark Apparel Brands Retail BE Inc. ("**FAB Retail**") and Freemark Apparel Brands Group Inc. ("**FAB Wholesale**") and, together with FAB Retail, the "**Debtors**") each filed a notice of intention to make a proposal and Richter Advisory Group Inc. ("**Richter**") was designated as trustee, as appears from the Court record.

- By the present motion, the Debtors seek a first extension of time for the filing of a proposal until April 3, 2020, for the reasons more fully explained below.

## The Debtors' Business and Creditors

### (i) Business and Corporate Structure

- The Debtors are companies governed by the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, incorporated in 2017. Their registered office is located in Montreal.
- The organizational chart for the FAB group of companies (the "FAB Group"), which includes the two Debtors, can be represented as follows:



- The FAB Group is a retailer of branded apparel.
- FAB Retail operates a clothing retail business from a total of 25 retail locations throughout Canada under the Bench brand (the "Stores") and online. FAB Retail does not own any immovable property. All Stores premises are leased from third party landlords ("Landlords").
- FAB Wholesale operates the wholesale business of the FAB Group. FAB Wholesale has relationships with The Bay, Simons, Costco, Winners, Saks Off 5th and other retailers.
- Immediately prior to the filing of the NOI, the FAB Group had approximately 338 full-time and part-time employees. On January 21, 2020, approximately 25 employees were terminated. Most of the remaining employees are Store employees, which the Debtors intend to maintain until the completion of the Liquidation Sale (as defined below).

## (ii) Indebtedness and Obligations

9. The Debtors' only secured creditors are Accord Financial Inc. ("**Accord**"), Gordon Brothers Brands, LLC ("**GBB**") and Freemark Apparel Holdings Inc. ("**FAHI**").
10. Accord, the Debtors and other related entities are party to a Loan Agreement dated as at May 12, 2017, as amended (the "**Loan Agreement**").
11. The Debtors' obligations under the Loan Agreement are secured by first ranking security and liens on substantially all of the Debtors' assets.
12. As a result of the Debtors' insolvency and the imminent filing of the NOIs, on January 21, 2020, Accord, the Debtors and other related entities entered into a forbearance agreement (the "**Forbearance Agreement**").
13. The Forbearance Agreement was necessary to ensure that the Debtors would have access to financing during the NOI proceedings.
14. As at January 21, 2020, the Debtors owed approximately CA \$15.1 million to Accord.
15. As at January 21, 2020, the Debtors owed approximately US \$4,534,000 to GBB in respect of a balance of sale for the purchase of Bench Americas IP (as defined below).
16. As at January 21, 2020, the Debtors owed approximately CA \$14,686,335 to FAHI in respect of shareholder loans.
17. As at January 21, 2020 (the date of the filing of the NOI), FAB Retail owed an aggregate amount of approximately \$738,000 to various unsecured creditors, including trade creditors such as suppliers and Landlords. As at January 21, 2020 (the date of the filing of the NOI), FAB Wholesale owed an aggregate amount of approximately \$5.2 million to various unsecured creditors. The actual amounts owing to the Debtors' unsecured creditors may vary once a claims process has been put in place.

## Debtors' Activities Since the Filing of the NOIs

### (i) Liquidation Sale

18. On January 31, 2020, this Court rendered an order authorizing FAB Retail to conduct a liquidation sale (the "**Liquidation Sale**") of all of the retail inventory located in the Stores (the "**Merchandise**") and of all of the furnishings, fixtures and equipment located therein (the "**FF&E**").

19. FAB Retail has commenced the Liquidation Sale. However, the Liquidation Sale is not yet completed and it is expected that it will continue until at least the end of April, 2020 and may be extended as necessary.

**(ii) Sale and Investment Solicitation Process**

20. On February 7, 2020, the Debtors, with the assistance of Richter, launched a sale and investment solicitation process (the "**SISP**") in respect of:
  - (i) certain intellectual property and other rights relating to the "Bench" brand in respect to Canada, the United States and certain other jurisdictions in the Americas (the "**Bench Americas IP**") owned by FAB Wholesale through its wholly owned affiliate FAB IP CO LP ("**FAB IP**");
  - (ii) the right to acquire the certain intellectual property and other rights and licenses relating to the "Bench" brand for those territories not included within the Bench Americas IP (the "**Bench ROW IP**"). The Bench ROW IP is owned by an affiliate of GBB. FAB Wholesale has the exclusive option to purchase same, which option is currently exercisable; and
  - (iii) the order book owned by FAB Wholesale.
21. The SISP was launched with the issuance of a teaser to approximately 62 potentially interested parties consisting of strategic buyers and financial investors.
22. Richter created a virtual data room with the necessary information to enable interested parties to evaluate the intellectual property and the wholesale business.
23. To date, seventeen (17) parties have signed a confidentiality agreement and have been granted access to the digital data room. A further three (3) parties have requested the confidentiality agreement but have not yet returned an executed copy. In addition, Richter and the Debtors are responding to information requests from interested parties.
24. The bid deadline to submit an offer is March 6, 2020, at noon eastern time. Any offers received will be opened thereafter at Richter's offices.
25. Since the filing of the NOIs, the Debtors have had discussions with GBB regarding a possible forbearance agreement with GBB.
26. However, GBB has indicated that it would not forbear unless the Debtors agree to pay a material inducement to GBB to do so.
27. The Debtors have made certain offers to GBB, which have not been accepted, but the negotiations are continuing.

28. On February 11, 2020, GBB indicated that it would hire an investment/advisory firm to market the Bench Americas IP for a public disposition pursuant to Article 9 of the *Uniform Commercial Code*.

### Extension of Time

29. Since the filing of the NOIs, the Debtors, with the assistance of Richter, have been diligently working to assess its options and alternatives to maximize the value of its assets for the benefit of its creditors.
30. The extension of time sought herein will allow the Debtors to continue the Liquidation Sale which, as mentioned above, is not completed, is expected to continue until at least the end of April, 2020 and may be extended as necessary.
31. The extension sought herein will also allow the Debtors to complete the SISP and evaluate any offers that may be received. As mentioned above, numerous interested parties have signed a confidentiality agreement and begun their due diligence, but the bids are not due until March 6, 2020.
32. Richter supports the issuance of the order sought herein.
33. Accord Financial Inc., GBB and FAHI, the three secured creditors of the Debtors, have been notified of the presentation of the present motion and Accord and FAHI have confirm that they support the issuance of the order sought herein.
34. A copy of the Debtors' cash-flow statement and a copy of Richter's second report on the state of the Debtors' business and financial affairs, are communicated herewith, *en liasse*, as **Exhibit R-1**.
35. If the extension sought is granted, the Debtors as well as Richter are not aware that any creditor will be materially prejudiced. On the contrary, if the extension is not granted and the Debtors become bankrupt, a significant prejudice will be suffered by all of the Debtors' stakeholders, including its creditors.
36. The Debtors have acted and are acting in good faith and with due diligence.
37. The present motion is well founded in fact and in law.

### **FOR THESE REASONS, MAY IT PLEASE THE COURT TO:**

- [1] **GRANT** the present *First Motion for an Extension of Time to File a Proposal*;
- [2] **EXTEND** to April 3, 2020, the time granted to the Debtors, Freemark Apparel Brands Group Inc. and Freemark Apparel Brands Retail BE Inc., to file a proposal with the Official Receiver;
- [3] **ORDER** the provisional execution of the order to be rendered notwithstanding any appeal.

[4] THE WHOLE without costs, save in case of contestation.

MONTREAL, February 17, 2020

*Davies Ward  
Phillips & Vineberg*

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**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Counsel for Freemark Apparel Brands Group Inc.  
and Freemark Apparel Brands Retail BE Inc.

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
(Commercial Division)  
(Sitting as a court designated pursuant to the  
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R.S.C. 1985, c. C-36)

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No.:500-11-057804-201  
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IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF:

FREEMARK APPAREL BRANDS RETAIL BE  
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-and-

FREEMARK APPAREL BRANDS GROUP INC.

Debtors/Petitioners

- and -

RICHTER ADVISORY GROUP INC.

Trustee

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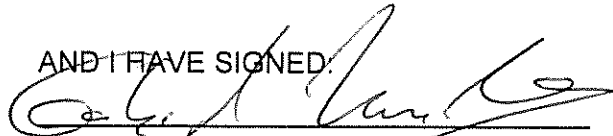
**ATTESTATION OF AUTHENTICITY**

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I, the undersigned, Gabriel Lavery Lepage, attorney, practising my profession with the law firm of Davies Ward Phillips & Vineberg LLP, having its principal place of business at 1501 McGill College Avenue, 26th Floor, in the City and District of Montréal, Province of Québec, solemnly affirm that:

1. On February 17, 2020, at 10:44 a.m., Davies Ward Phillips & Vineberg LLP received by email an Affidavit signed by Lawrence Routtenberg, dated February 17, 2020, a copy of such Affidavit is attached to this Attestation of Authenticity;
2. All the facts alleged herein are true.

AND I HAVE SIGNED.

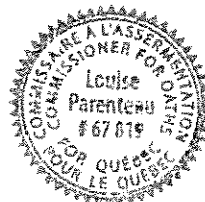


Gabriel Lavery Lepage

SOLEMNLY DECLARED BEFORE ME,  
in the City of Montréal, Province of Québec  
on this 17th day of February 2020

*Louise Parenteau*

Commissioner of Oaths

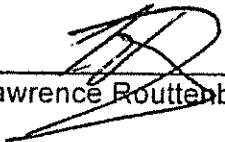


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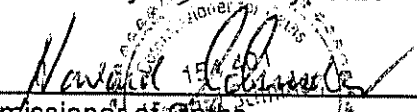
I, the undersigned, Lawrence Routtenberg, co-president of Freemark Apparel Brands Retail BE Inc. and Freemark Apparel Brands Group Inc., having a place of business at 5640, Paré Street, in the City of Mont-Royal, Quebec, solemnly declare the following:

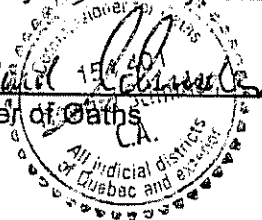
1. I am the co-president of the Debtors/Petitioners herein and I am duly authorized for the purposes hereof;
2. I have taken cognizance of the attached *First Motion for Extension of Time to File a Proposal*; and
3. All the facts alleged in the said motion are true.

AND I HAVE SIGNED

  
\_\_\_\_\_  
Lawrence Routtenberg

Solemnly affirmed before me in Montréal  
on the 17th day of February, 2020

  
\_\_\_\_\_  
Commissioner of Oaths





CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

S U P E R I O R C O U R T  
(Commercial Division)  
(Sitting as a court designated pursuant to the  
*Bankruptcy and Insolvency Act* (the "BIA"),  
R.S.C. 1985, c. B-3)

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No.: 500-11-057804-201  
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- and -

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INC.

Debtors/Petitioners

- and -

RICHTER ADVISORY GROUP INC.

Trustee

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LIST OF EXHIBITS

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**EXHIBIT R-1** *En liasse*, copy of the Debtors' cash-flow statement and copy of Richter Advisory Group Inc.'s report on the state of the Debtors' business and financial affairs

MONTREAL, February 17, 2020

*Darren Ward*  
*Phillips & Vineberg*

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**DAVIES WARD PHILLIPS & VINEBERG LLP**  
Counsel for Freemark Apparel Brands Group Inc.  
and Freemark Apparel Brands Retail BE Inc.

**R-1**

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
Court No: 500-11-057805-208,  
500-11-057804-201  
File No: 41-2607510,  
41-2607508

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

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IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF:

FREEMARK APPAREL BRANDS RETAIL BE  
INC.

and

FREEMARK APPAREL BRANDS GROUP INC.  
legal persons duly incorporated under the laws of  
Canada, having their principal places of business at  
5640 Pare Street, Mount Royal, Quebec, H3B 1M1

Petitioners / Debtors

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

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SECOND REPORT OF THE PROPOSAL TRUSTEE  
ON THE STATE OF PETITIONERS' BUSINESS AND FINANCIAL AFFAIRS  
February 17, 2020

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INTRODUCTION

1. On January 21, 2020, each of Freemark Apparel Brands Retail BE Inc. ("FAB Retail") and Freemark Apparel Brands Group Inc. ("FAB Wholesale") (collectively with FAB Retail, the "Debtors") filed a Notice of Intention to Make a Proposal (the "NOI"). Richter Advisory Group Inc. ("Richter") was named Trustee.
2. Prior to filing the NOI, this Court authorized Richter to act as trustee to the NOI. Such an authorization was required as an entity related to Richter acts as the auditor for the Debtors.

3. On or around January 27, 2020, the Debtors filed a Motion for the Issuance of an Order Authorizing a Liquidation Sale and Approving Ancillary Relief ("**Liquidation Motion**"). An order was rendered on January 31, 2020 approving the Liquidation Motion (the "**Liquidation Order**").
4. On January 27, 2020, the Proposal Trustee filed its First Report in support of the Liquidation Motion ("**First Report**").
5. On February 17, 2020, the Debtors filed the First Motion for the Extension of the Delay to File a Proposal (the "**First Extension Motion**"). The First Extension Motion will be heard on February 20, 2020.
6. In order to monitor the affairs and finances of the Debtors, the Proposal Trustee has been provided with access to the books, records and other important documents of the Debtors.

#### **PURPOSE OF THIS REPORT**

7. The purpose of this Second Report is to provide this Court with information pertaining to:
  - a) The background and operations of the Debtors;
  - b) The Debtors' creditors;
  - c) Post-filing operations;
  - d) The Sale and Investment Solicitation Process;
  - e) The Debtors' statement of projected cash flow for the period from January 13, 2020 to February 9, 2020 and the reported results therein;
  - f) The Debtors' request for a first extension of the statutory delay to file a proposal (the "**Proposal Period**") to April 3, 2020; and
  - g) The Trustee's recommendation that this Court render an order approving the First Extension Motion.

#### **TERMS OF REFERENCE**

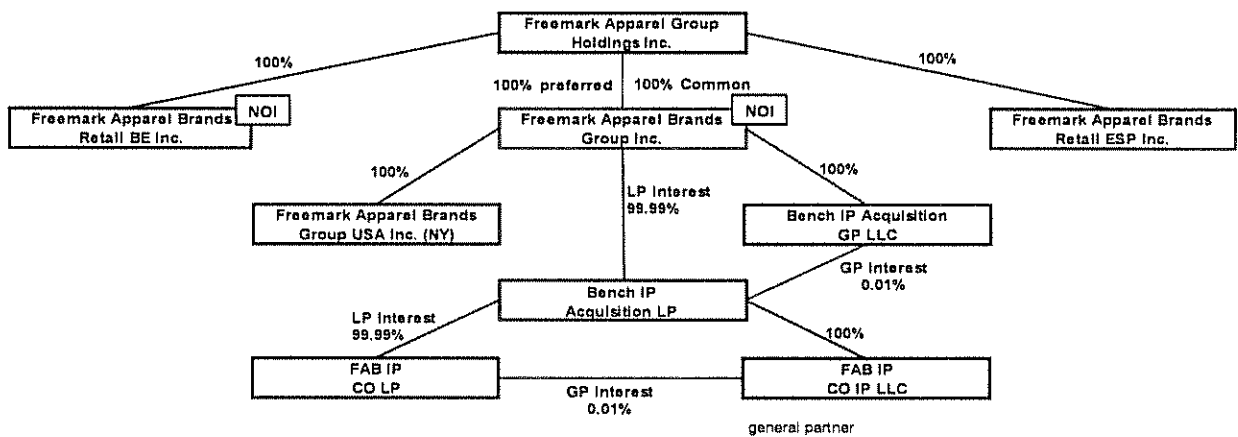
8. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited financial information prepared by the Debtors' representatives, the Debtors' books and records, and discussions with the Debtors' representatives and legal counsel (the "**Information**").
9. Except as otherwise described in this Second Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a

manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the Chartered Professional Accountant of Canada Handbook and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

**BACKGROUND AND OPERATIONS OF THE DEBTORS**

11. The information concerning the background and operations was set out in the First Report but is being reproduced for ease of reference.
12. The organizational chart for the FAB group of companies (the “FAB Group”), which includes the two Debtors subject to the NOI proceedings, can be represented as follows:



13. The FAB Group is a retailer of branded apparel. FAB Retail conducts its operations through a chain of 25 retail stores (throughout Canada) and through an e-commerce site. FAB Wholesale sells to a variety of customers including Costco, the Bay, Winners and other retailers.
14. The FAB Group's head office is located in Montreal as well as its warehouse and distribution center. All of the FAB Group's locations are leased from third parties.
15. Prior to the filing of the NOIs, the FAB Group employed approximately 340 people of which 25 were let go immediately prior to the filing.

## SECURED LENDERS

16. The information concerning the secured lenders and the unsecured creditors was set out in the First Report but is being reproduced for ease of reference.
17. At the time of the filing of the NOIs, the Debtors' books and records reflected amounts owing to the following secured creditors:
  - a) Accord Financial Inc. ("**Accord**") – \$15.1 million in respect of the operating loan advances. As of the date of this Report, the operating loan advances are approximately \$12.8 million;
  - b) Gordon Brothers Brands, LLC ("**GBB**") – \$5.9 million (~US\$4.5 million) in respect of the balance of sale owing on the purchase of the Bench intellectual property for the Americas; and
  - c) Freemark Apparel Holdings Inc. ("**FAHI**") – \$14.7 million in respect of shareholders loans.
18. As noted in the Liquidation Motion, Accord and the Debtors entered into a forbearance agreement ("**Forbearance Agreement**") by which Accord will continue to provide financing during the NOI proceedings subject to the terms of the Forbearance Agreement which requires, amongst other things, that FAB Retail liquidate all of its inventory.
19. As noted in the First Extension Motion, the Debtors have had discussions with GBB regarding a potential forbearance agreement. To date, no agreement has been reached although the Proposal Trustee has been informed that discussions are continuing.
20. The Proposal Trustee will be engaging independent legal counsel to provide the Trustee with an opinion regarding the validity and enforceability of the security granted by the Debtors to the secured creditors.

## UNSECURED CREDITORS

21. Based on the books and records of the Debtors, unsecured creditors consisting of landlords, trade suppliers, service providers and others are owed the following amounts:
  - a) FAB Wholesale - \$5.2 million;
  - b) FAB Retail - \$0.7 million.
22. It should be noted that many of the suppliers for FAB Retail actually invoice FAB Wholesale as they are supplying products to both companies, and as such, the debts of the two companies are to some extent co-mingled.

23. We further note that the actual amounts owing may vary once a claims process has been put in place, in particular as landlords will have claims in respect of damages relating to the disclaimer of the retail leases.

#### POST-FILING OPERATIONS

24. Subsequent to the filing of the NOI's, FAB Retail commenced the liquidation of inventory in all of its retail locations. At the present time, no decision has been taken in respect of when FAB Retail will commence the closure of its retail locations. FAB Retail will assess the timing of store closures in early to mid-March 2020 based on the liquidation results at that time.
25. FAB Wholesale is servicing its customers in the ordinary course of business.

#### SALE AND INVESTMENT SOLICITATION PROCESS

26. The Debtors, with the assistance of the Proposal Trustee, launched a sale and investment solicitation process (the "SISP") on February 7, 2020 in respect of (i) certain intellectual property held by a wholly-owned subsidiary of FAB Wholesale (the "Bench Americas IP"); (ii) the current wholesale order book owned by FAB Wholesale, and (iii) the rights held by FAB Wholesale to exercise an option to purchase certain intellectual property owned by an affiliate of GBB in respect of licenses relating to the Bench brand for those territories not included in the Bench Americas IP (the "Bench ROW IP").
27. In respect of the SISP, we comment as follows:
  - a) The SISP was launched with the issuance of a teaser (Exhibit "A") to approximately 62 interested parties consisting of strategic buyers and financial investors;
  - b) The Proposal Trustee created a virtual data room with the necessary information to enable interested parties to evaluate the intellectual property and the wholesale business.
28. To date, seventeen (17) parties have signed a confidentiality agreement and have been granted access to the digital data room. A further three (3) parties have requested the confidentiality agreement but have not yet returned an executed copy. In addition, the Proposal Trustee and the Debtors are responding to information requests from interested parties.
29. The bid deadline to submit an offer is March 6, 2020, at noon eastern time. Any offers received will be opened thereafter at the Proposal Trustee's offices.

30. Notwithstanding the SISP, GBB has advised that it intends to launch its own sale process in respect of the Bench Americas IP, over which it holds a first ranking security interest pursuant to Article 9 of the Uniform Commercial Code.

#### THE DEBTOR'S CASH FLOW FORECAST

31. The reported results versus the Debtors' projections for the period January 13, 2020 to February 9, 2020, which are summarized in the table below, reflect a positive net cash flow variance of approximately \$1,168K mainly attributable to variances associated with stronger than forecast retail and wholesale sales in the period (a portion of which is timing related), partially offset by higher than forecast trade supplier payments and general expenses (a portion of which is also timing related):

<b>Freemark Apparel Brands Inc.</b>			
<b>Reported vs Projected</b>			
<b>For the period Jan 13 to Feb 9, 2020</b>			
<b>(\$000's)</b>	<b>Reported</b>	<b>Projected</b>	<b>Variance</b>
<b>Cash Receipts</b>			
Retail	\$ 3,672	\$ 2,525	\$ 1,147
Wholesale	4,101	3,204	898
Other	-	50	(50)
	<u>7,773</u>	<u>5,778</u>	<u>1,995</u>
<b>Disbursements</b>			
Purchases	(2,786)	(2,024)	(762)
Payroll	(806)	(817)	11
Operational Expenses	(636)	(665)	29
Rent	(339)	(289)	(50)
Freight & Duty	(69)	(28)	(41)
Insurance	(93)	(15)	(78)
Sales Taxes	16	-	16
Financial Charges	(169)	(144)	(25)
Professional Fees	(243)	(315)	72
	<u>(5,125)</u>	<u>(4,297)</u>	<u>(827)</u>
<b>Net Cash Flow</b>	<b>\$ 2,649</b>	<b>\$ 1,481</b>	<b>\$ 1,168</b>

32. In support of the extension sought, the Debtor has prepared a statement of projected cash flow (Exhibit "B") covering the period February 10, 2020 to April 5, 2020 which we summarize as follows:



<b>Freemark Apparel Brands Inc.</b> <b>Statement of Projected Cash Flow</b> <b>For the period Feb 10 to April 5, 2020</b> <b>(\$000's)</b>		<b>Total</b> <i>(55 days)</i>
<b>Collections</b>		
Retail		\$ 6,450
Wholesale		7,045
Other		50
		<b>13,545</b>
<b>Disbursements</b>		
Purchases		(5,010)
Payroll		(1,616)
Operational Expenses		(1,363)
Rent		(726)
Freight & Duty		-
Insurance		-
Sales Taxes		(810)
Financial Charges		(249)
Professional Fees		(419)
		<b>(10,194)</b>
<b>Net Cash Flow</b>		<b>\$ 3,351</b>
<b>Opening Revolver (Net of Cash)</b>		<b>\$ (12,775)</b>
Net Cash Flow		3,351
<b>Ending Revolver (Net of Cash)</b>		<b>\$ (9,423)</b>

33. The statement of projected cash flow was prepared on the basis of projected liquidation sales in the retail locations, ongoing wholesale sales in the normal course as well as collections of existing accounts receivables.

#### REQUEST TO EXTEND THE PROPOSAL PERIOD TO APRIL 3, 2020

34. The Debtors are requesting the extension of the Proposal Period to April 3, 2020 (the "Extension").
35. The Proposal Trustee supports the Debtors' request for the Extension for the following reasons:
- a) FAB Retail commenced its liquidation sales immediately following the commencement of the NOI. The projections indicate that the retail liquidation sales will run through the end of April 2020 and could be extended if required. It is thus necessary to continue the stay period in order to maximize value for the stakeholders;
  - b) The SISP was launched on February 7, 2020 and interested parties have begun their due diligence and bids are not due until March 6, 2020;
  - c) The Debtors are acting in good faith and with due diligence in taking steps to maximize the value of their assets for the benefit of their creditors;

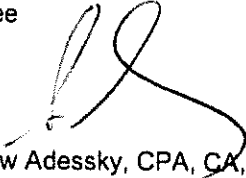
- d) It is the Proposal Trustee's view that the Extension will not materially prejudice or adversely affect any group of creditors; and
- e) Both Accord, GBB and FAHI have been advised of the Extension. Accord and FAHI have confirmed their support of the Extension sought herein.

**CONCLUSION**

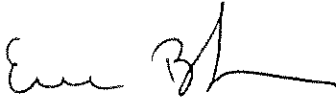
36. For the reasons outlined above, the Proposal Trustee supports the issuance of the conclusions sought in paragraph 7(g) of this report.

Respectfully submitted at Montreal, this 17<sup>th</sup> day of February 2020.

**Richter Advisory Group Inc.**  
Trustee



Andrew Adessky, CPA, CA, CIRP, LIT



Eric Barbieri, CPA, CA, CTP, CIRP, LIT

# Exhibit A

BRAND ACQUISITION OPPORTUNITY

**Bench.**

A WORLD CLASS ATHLEISURE STREET BRAND

Brand Overview

**Bench.**



**“From humble beginnings to global status...”**

- Inspired by an active 24hr lifestyle, Bench is a brand that designs, sources, and markets clothing and accessories for men, women and kids. Born in the heart of Manchester, England, it originated in the late 80s as a niche t-shirt brand.
- The brand direction today is inspired by multipurpose city clothing. The hoodie is an iconic piece of Bench heritage and has become a staple in each season's collection. Bench offers two core categories of products: athleisure and streetwear.
- These categories are rooted in the brand DNA and sustained by a contemporary and functional approach to product design. From humble beginnings to global status, Bench has become renowned for offering fashionable, comfortable, and timeless pieces.

***Bench is an ideal fit for multi-brand licensing groups and/or wholesaler-distributors wishing to expand their brand portfolio, as well as for North American or European retailers seeking a competitive edge by securing exclusive rights to a world class athleisure street brand.***

## BRAND ACQUISITION OPPORTUNITY

# Bench.

A WORLD CLASS ATHLEISURE STREET BRAND

### Key Investment Considerations



#### Multi-channel distribution network and strong licensees

The brand has a multi-channel distribution network, including wholesale and ecommerce, with annual sales exceeding 5 million units in Canada.

**Canadian wholesale distribution:** Costco, Mark's, Saks Off 5<sup>th</sup>, Winners & other major wholesale accounts.

**Canadian specialty products licensees:** Multiple well-established licensees in various product categories.

#### European distribution:

- Main licensee is a major UK brand distributor, which has been a mainstay at the forefront of the fast fashion sector within the UK and worldwide for more than 20 years.
- Specialty Bench products are also distributed in Germany and other European markets via several additional licensees.

#### Significant growth potential

Bench is positioned for major growth in multiple channels:

- U.S. wholesale & licensing: *significant opportunity to expand brand awareness in US market.*
- Licensing of non-core categories in existing markets: *discussions under way to add eyewear and bedding licenses in NA.*
- Growth of existing Canadian and US E-Commerce, and launch of Global E-Commerce: *currently more than 250,000 registered online users in Canada.*
- US & International Costco.
- Global licensing.

#### Strong brand equity

Bench is widely recognized for its multipurpose city clothing and has built extremely strong equity in Canada, the UK and Germany. The Brand is currently widely available in those markets.

#### Investment opportunity

FAB is seeking to monetize its interest in the Bench Brand via a sale transaction either to a single purchaser interested in owning the Global Bench IP, or multiple acquirers interested in regional ownership of the Bench Brand (Canada, USA, rest of world). FAB will also entertain opportunities to enter into a strategic partnership.

BRAND ACQUISITION OPPORTUNITY  
**Bench.**  
A WORLD CLASS ATHLEISURE STREET BRAND

### Financial Overview

- Worldwide annual sales CAD \$125M at wholesale value
- Royalty revenues in excess of CAD \$9.5M

#### Canada

~\$80M Sales at Wholesale  
\$6.0M Annual Royalties

#### Europe

~\$45M Sales at Wholesale  
\$3.6M Annual Royalties

### Sale and Investment Solicitation Process

- On January 21, 2020, Freemark Apparel Brands Group Inc. ("FAB") filed a Notice of Intention to Make a Proposal ("NOI") under the Bankruptcy and Insolvency Act ("BIA").
- Richter Advisory Group Inc. ("Richter" or "Trustee") was named Trustee.
- Richter is conducting an accelerated formal sale and investment solicitation process for the intellectual property and current order book owned by FAB.
- Detailed information relating to the Bench intellectual property will be made available, in a virtual data room, upon signature and receipt by Richter of the Confidentiality Agreement (attached hereto). All inquiries and any requests for additional information should be made directly to Richter.
- Upon execution of the Confidentiality Agreement, interested parties will also be provided with a process letter setting out the terms of the solicitation process and associated timelines. **Interested parties will be required to submit Binding Offers by no later than 12:00 PM ET on Friday, March 6, 2020.**
- Documents relating to the NOI are available on the Trustee's website at: <https://www.richter.ca/insolvencycase/freemark-apparel/>
- Any transaction will be subject to approval by the Court and secured lenders.

BRAND ACQUISITION OPPORTUNITY  
**Bench.**  
A WORLD CLASS ATHLEISURE STREET BRAND

**About Richter**

Founded in Montréal in 1926, Richter is a licensed public accounting firm that provides assurance, tax and wealth management services, as well as financial advisory services in the areas of organizational restructuring, business valuation, corporate finance, litigation support, and forensic accounting. Richter has offices in Toronto, Montréal and Chicago. Our team is composed of more than 450 partners, specialists, high level professionals and administrative staff.

**Confidentiality and Disclaimer**

This document has been prepared based on information provided by our client and is intended to provide preliminary information to interested parties to formulate the basis of their investment and/or transaction intent. The information contained herein is confidential and proprietary to our client. Accordingly, the reader agrees to treat all information as strictly confidential and shall not disclose, either in part or in whole, to any party not directly involved in the investment and/or transaction decision.

This document is not intended for general circulation or publication and cannot be reproduced in any form without the written permission of our client and of Richter Advisory Group Inc. This document does not constitute a prospectus, offering memorandum or public offering. No guarantees are made or implied with regards to the investment and/or transaction that may ultimately result.

**Enquiries concerning this Investment Opportunity  
should be directed to**

**Richter Advisory Group Inc.**

**ERIC BARBIERI**  
PARTNER  
EBarbieri@richter.ca  
514.934.8693

**ANDREW ADESSKY**  
PARTNER  
Aadessky@richter.ca  
514.934.3513

# **Exhibit B**



District of: Québec  
Division No.: 01-Montréal  
Court No.: 500-11-057805-208  
Estate No.: 41-2607508, 41-2607510

FORM 29  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Freemark Apparel Brands Group Inc. and Freemark Apparel Brands Retail BE Inc. "Debtors"  
Of the City of Mont-Royal  
In the Province of Québec

The attached statement of projected cash flow of the Debtors, as of the 17th day of February 2020, consisting of the period from February 10, 2020 to April 5, 2020, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

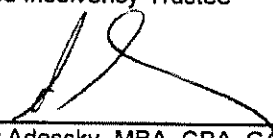
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal, in the Province of Quebec, this 17th day February 2020.

Richter Advisory Group Inc.  
Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Andrew Adessky, MBA, CPA, CA, CIRP, LIT  
1981 McGill College, 11th Floor  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Québec  
Division No.: 01-Montréal  
Court No.: 500-11-057805-208  
Estate No.: 41-2607508, 41-2607510

FORM 29 – ATTACHMENT  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Freemark Apparel Brands Group Inc. and Freemark Apparel Brands Retail BE Inc. "Debtors"  
Of the City of Mont-Royal  
In the Province of Québec

**Purpose:**

The Debtors filed a Notice of Intention to Make a Proposal on January 21, 2020. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors (the "Company"), for the period February 10, 2020 to April 5, 2020, relating to the filing of relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on February 17, 2020, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

**Projection Notes:**

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period February 10, 2020 to April 5, 2020, considering the economic conditions that are considered the most probable by management. As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

**Assumptions:**

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal and restructuring;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

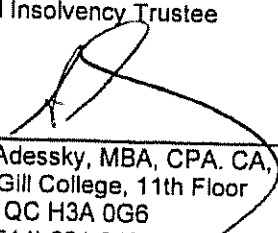
The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montréal in the Province of Quebec, this 17th day February 2020.

Richter Advisory Group Inc.

Licensed Insolvency Trustee

Per:

  
\_\_\_\_\_  
Andrew Adessky, MBA, CPA, CA, CIRP, LIT  
1981 McGill College, 11th Floor  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Québec  
Division No.: 01-Montréal  
Court No.: 500-11-057805-208  
Estate No.: 41-2607508, 41-2607510

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Freemark Apparel Brands Group Inc. and Freemark Apparel Brands Retail BE Inc. "Debtors"  
Of the City of Mont-Royal  
In the Province of Québec

The management of the Debtors has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 17th day of February 2020, consisting of the period from February 10, 2020 to April 5, 2020.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

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

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montreal in the Province of Quebec, this 17th day of February 2020.

  
\_\_\_\_\_  
The Debtors

  
\_\_\_\_\_  
Name and title of signing officer

District of: Québec  
Division No.: 01-Montréal  
Court No.: 500-11-057805-208  
Estate No.: 41-2607508, 41-2607510

- FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Freemark Apparel Brands Group Inc. and Freemark Apparel Brands Retail BE Inc. "Debtors"  
Of the City of Mont-Royal  
In the Province of Québec

**Purpose:**

The Debtors filed a Notice of Intention to Make a Proposal on January 21, 2020. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtors (the "Company"), for the period February 10, 2020 to April 5, 2020, relating to the filing of relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on February 17, 2020 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

**Projection Notes:**

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period February 10, 2020 to April 5, 2020, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

**Assumptions:**

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan.

(b) Projected Cash Disbursements

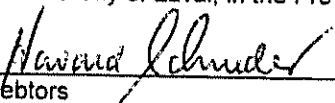
The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal and restructuring;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Laval, in the Province of Quebec, this 17th day of February 2020.

  
The Debtors

  
Name and title of signing officer

District of: Québec  
 Division No.: 01-Mont-éal  
 Court No.: 500-11-057805-208  
 Estate No.: 41-2607508, 41-2607510

**Statement of Combined Projected Cash Flows for:  
 Freemark Apparel Brands Group Inc.  
 Freemark Apparel Brands Retail BE Inc.**

Projected Weekly Cash Flow	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Total
	16-Feb-20 (Projected)	23-Feb-20 (Projected)	1-Mar-20 (Projected)	8-Mar-20 (Projected)	15-Mar-20 (Projected)	22-Mar-20 (Projected)	29-Mar-20 (Projected)	5-Apr-20 (Projected)	8-Week (Projected)
Collections									
Retail	\$ 735	\$ 862	\$ 694	\$ 748	\$ 928	\$ 828	\$ 898	\$ 758	\$ 6,450
Wholesale	366	366	366	1,072	1,219	1,219	1,219	1,219	7,045
Other	50	-	-	-	-	-	-	-	50
	<b>1,151</b>	<b>1,229</b>	<b>1,061</b>	<b>1,819</b>	<b>2,147</b>	<b>2,047</b>	<b>2,115</b>	<b>1,977</b>	<b>13,545</b>
Disbursements									
Purchases	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(5,010)
Payroll	(158)	(311)	-	(342)	(158)	(307)	-	(342)	(1,516)
Operational Expenses	(223)	(170)	(130)	(212)	(149)	(162)	(148)	(168)	(1,363)
Rent	(15)	(150)	-	(214)	(15)	(150)	-	(182)	(725)
Freight & Duty	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Sales Taxes	-	-	-	-	-	-	-	-	-
Financial Charges	(17)	-	(113)	(10)	-	-	-	(810)	(810)
Professional Fees	(136)	(71)	(35)	(35)	(35)	(35)	(35)	(109)	(249)
	<b>(1,176)</b>	<b>(1,328)</b>	<b>(905)</b>	<b>(1,439)</b>	<b>(984)</b>	<b>(1,281)</b>	<b>(810)</b>	<b>(2,272)</b>	<b>(10,194)</b>
Net Cash Flow	(25)	(99)	156	380	1,163	766	1,305	(295)	3,351
Opening Revolver (net of cash)	(12,775)	(12,799)	(12,898)	(12,742)	(12,363)	(11,200)	(10,433)	(9,128)	(12,775)
Closing Revolver (net of cash)	\$ (12,799)	\$ (12,898)	\$ (12,742)	\$ (12,363)	\$ (11,200)	\$ (10,433)	\$ (9,128)	\$ (9,423)	\$ (9,423)

*Harold Schneider*  
 Howard Schneider, CFO

Date Feb 17, 2020

*AS*

Date 2/17/20

Andrew Adessky, MBA, CPA, CA, CFP, LIT

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

SUPERIOR COURT  
(Commercial Division)  
(Sitting as a court designated pursuant to the  
*Bankruptcy and Insolvency Act* (the "BIA"),  
R.S.C. 1985, c. B-3)

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No.: 500-11-057804-201  
No.: 500-11-057805-208

IN THE MATTER OF THE NOTICES OF  
INTENTION TO MAKE A PROPOSAL OF:

FREEMARK APPAREL BRANDS RETAIL BE  
INC.

- and -

FREEMARK APPAREL BRANDS GROUP  
INC.

Debtors/Petitioners

- and -

RICHTER ADVISORY GROUP INC.

Trustee

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**NOTICE OF PRESENTATION**

TO: the Service List

TAKE NOTICE that the attached *First Motion for an Extension of Time to File a Proposal* will be presented for hearing and allowance on February 20, 2020 at 8:45 am in room 16.10 of the Montréal Courthouse, located at 1 Notre-Dame Street East, in the City of Montréal, Province of Québec, or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, February 17, 2020

*Dave Ward*  
*Phillips & Vineberg*

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DAVIES WARD PHILLIPS & VINEBERG LLP  
Counsel for Freemark Apparel Brands Retail BE  
Inc. and Freemark Apparel Brands Group Inc.

No. 500-11-057804-201  
500-11-057805-208  
**S U P E R I O R C O U R T**  
Commercial Division  
District of Montréal

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**IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF:**

**FREEMARK APPAREL BRANDS RETAIL BE  
INC.**

**-and-  
FREEMARK APPARTEL BRANDS GROUP INC.**

Debtors/Petitioners

**-and-**

**RICHTER ADVISORY GROUP INC.**

Trustee

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**First Motion for Extension of Time to File a  
Proposal, Affidavit, List of Exhibit and Notice of  
Presentation**

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**ORIGINAL**

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Counsel for Debtors/Petitioners  
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DAVIES, WARD PHILLIPS & VINEBERG S.E.M.C.R.L. s.r.l.

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